

# The Significance of the China-Iran Deal: A New Paradigm Is Taking Hold!

by Hussein Askary

July 14—The *New York Times* bragged on July 11 that it had obtained a copy of a draft of the China-Iran strategic agreement containing a long list of infrastructure projects to be built by China in Iran in exchange for oil over 25 years. Although it is true that an Iranian-Chinese trade and economic cooperation agreement is being discussed, this story is nothing new in Iran and has been under consideration since President Xi Jinping visited Tehran in January 2016. Although no official drafts have been made public, the discussion has been ongoing inside Iran for some time. The escalating, reckless behavior and bullying leveled against China and Iran by U.S., British and EU foreign policy officials has now definitely accelerated this process in the recent months and weeks.

More importantly, China seems to have shifted its position away from carefully avoiding sanctions and confrontation with the U.S. over dealing with nations considered as enemies by the U.S. It is now openly cooperating with them. For example, there is now an open confrontation between the U.S. embassy and Chinese embassy in Lebanon on this issue. This shift is occurring as China is moving to quickly diversify its markets for trade and investment and seeking to find alternative partners to the EU and U.S.

## A Game-Changer

The Iran-China 25-year trade and economic cooperation agreement, still under discussion, is a real game-changer in global terms, but not by and of itself. It comes on the heels of the recent discussions of a Lebanese-Chinese comprehensive infrastructure and agro-industrial investment agreement; last September's Iraq-China 10-year "oil for infrastructure" agreement;<sup>1</sup> and the China-Pakistan Economic Corridor (CPEC), now well underway.

Taken together, these developments create a com-



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*An Iran-China trade and economic cooperation agreement has been under consideration since President Xi visited President Rouhani in Tehran in January 2016.*

pletely new era of economic cooperation, peace and prosperity following a 40-year era of destruction wrought upon Southwest Asia by British-American geopolitical wars. This shift, which is spearheaded by the Belt and Road Initiative announced by China in 2013, is what Helga Zepp-LaRouche, the founder and chairwoman of the Schiller Institute, calls a "new paradigm" in international relations.

If you look at a map of the world, what else will you see next to the land-based bridge extending from China's Xinjiang province through Pakistan, Iran, Iraq, and Lebanon? First, you will find Afghanistan and Syria, where a decade-long war has been raging. If President Trump fulfills (or is allowed to fulfill) his promise of withdrawing from Afghanistan and Syria and a genuine peace process is launched, the hand of the British Empire, which has controlled these regions for more than 200 years through the Great Game, will be removed.

Second, to the north of this region, you find Central Asia and the Caucasus, where cooperation between these nations and Russia and China will create a new dynamic of cooperation among sovereign nations instead of the geopolitical manipulations they have been subjected to since the fall of the Soviet Union. Turkey,

1. For details of the China-Iraq agreement and its implications, read this author's [article](#), "A Solution is Possible: Iran, Iraq and the World in This Moment of Crisis," in *EIR*, Vol. 47, No. 2, January 10, 2020, pp. 5-15.

which is in a deep economic and political crisis, is also finding itself forced to look East.

This is the main reason that not only the British and the EU countries are completely enraged by China's Belt and Road Initiative and Russia's Eurasian Economic Union. Their centuries-long control over global economic and strategic affairs is being challenged. These forces of the old paradigm have nothing to say to those nations, other than lectures about democracy, economic sanctions, regime-change, and bombs. The EU tried to offer the Caucasus and Central Asian nations an alternative to the BRI, and "after several years' labor, it delivered a mouse" (an Arabic saying), a two-page PowerPoint [sheet](#) called, "Connecting Europe and Asia: The EU Strategy," and a 13-page [memorandum](#) full of nice words and wishful thinking.

Needless to say, these tiny projects will end up like the much-touted oil and gas pipelines, like poor Nabucco, that American and European companies were supposed to build in the 1990s and 2000s to help these landlocked nations to export their oil and gas while bypassing Russia. All these projects "went down the pipes," so to speak. On the contrary, Russia became more pivotal for the gas and oil exports to the EU, and the pipelines (North Stream and Blue Stream) were finally built by ... Russia, bypassing the Caucasus and Central Asia!

These nations do not seem to have any more illusions about what the EU or the U.S. is capable, or rather incapable, of delivering. All of these nations, except for Georgia, have become full members or observers, together with China and Russia, of the Shanghai Cooperation Organization (SCO), which is a framework for economic and security cooperation. India and Pakistan are members, too. But India has one foot in the new paradigm and the other in the old one, as certain powerful political forces in India still harbor illusions of playing the role of dagger in the soft belly of China.

## The New Paradigm

The fact that there is a new paradigm and a new situation in the world was emphasized by the Iranian Foreign Minister Javad Zarif in a [press conference](#) on July

5 (one week before the *New York Times* published its report). In response to lawmakers who were asking about the China deal, Zarif said:

We respond to the strength of U.S. strategy in the region with neighborhood policy. But another point that should be considered in our foreign policy is the shift in global power.

In his typical sense of humor, he added:

For this reason, while maintaining a comprehensive policy to sit in front of the six world powers (U.S., Russia, Britain, France, China and Germany) and, as Mr. Trump puts it, to create the conditions for Mr. Bolton to worry about our meeting

with Mr. Trump, we also had the same authority as with China. We are negotiating a 25-year contract.

Emphasizing that there are no secret issues in the agreement with China, Zarif said:

When Mr. Xi talked about this agreement during the meeting with the Supreme Leader [Ayatollah Khomeini in January 2016], we announced the issue to the people. During my visit last

year (January 1, 2020) to China, it was announced again. When China responded to our draft, it was announced again, and when China agreed to negotiate with us, it was announced, and we will announce it whenever an agreement is reached.

However, the draft of the agreement was never published, but was obviously sent to the members of the Iranian Parliament for consideration. It is quite probable that a copy of that was leaked and ended up in the hands of the *New York Times*. But that does not change much of the matter, because there do not seem to be any "secret" clauses in the agreement related to allowing China to build military bases on Iranian soil. Any educated observer who knows anything about the history of Iran or China would realize that this is an impossibility. Iran and China already have military and security cooperation agreements. In December 2019 they con-



Mohammad Javad Zarif, Foreign Minister of Iran: "We are negotiating a 25-year contract with China."

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ducted joint naval exercises in the Gulf of Oman together with Russia.

The draft is most likely solely dedicated to oil exports to China and the building of infrastructure including railways, telecommunications, ports, airports, and industries with special focus on petrochemicals.

The agreement is not likely to be signed before March 2021, according to Mahmoud Vaezi, Foreign Policy Advisor of the Iranian President, as discussions in the parliament and negotiations on the practical details with China could take months.

Shedding more light on this agreement, on June 23, Iranian Government Spokesman Ali Rabiei said the following about the agreement in a press conference:

We believe that this program will open a new chapter in the sphere of relations between the two great civilizations of China and Iran and will be a joint step in deepening relations. An important part of it has been done by understanding and the negotiations will be conducted soon.

In each of these areas, a diverse range of fields of cooperation such as crude oil, petrochemicals, railways, offshore connections to promote the Silk Road and development issues such as eradicating poverty and improving people's livelihoods in less developed areas are considered. How it will work and be implemented will be discussed in separate negotiations.

This is an example and a starting point for expanding the vision of bilateral cooperation with friendly nations and building on strategic relations in order to ensure long-term and mutual benefits with all countries that are willing. Accordingly, we are ready to work with all neighbors and countries in the region to develop a clear and comprehensive roadmap; and we deeply believe that there is no other way than multilateralism and the development of regional and inter-regional cooperation to meet the diverse challenges facing growth and development.

I recently wrote about the Lebanon-China agreement (see the article in this issue of *EIR*), which refers



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*Mahmoud Vaezi, Chief of Staff of the Iranian President: "This [agreement with China] will open a new chapter in relations between the two great civilizations of China and Iran."*

to the creation of a direct connection between the Mediterranean ports of Lebanon and Syria, through Iraq to Iran, and further along the New Silk Road to Central Asia and China.

### **Iran-Pakistan Relations**

Another important factor in this new situation are the economic relations between Iran and Pakistan. Iran built a gas pipeline to the border with Pakistan (completed in 2008) with the intention of extending it to India (the Peace Pipeline), offering Pakistan natural gas at preferential prices for its power generation and chemical industries. However, Pakistan, which was pulled deeply into the "war on terrorism" instigated by the Anglo-American-Saudi forces, was forced by the

U.S., Britain and its allies in the Persian Gulf to borrow money from British banks at 4-5 percent interest to buy Qatari liquified gas (LNG) at market prices.

On August 3, 2018, the *Pakistan Express Tribune* reported that the British Standard Chartered Bank (SCB) would extend a \$200-million commercial loan (at 4.2% interest) to Pakistan to finance LNG imports. The SCB is one of Pakistan's largest lenders, with \$1.1 billion in loans in 2016-2017 alone. This process increased Pakistan's trade deficit massively, with \$14 billion (U.S.) annually for energy imports alone. Before China arrived on the scene with the CPEC, Pakistan was already entangled in a complex debt trap set up by the Western multilateral lenders, the Paris Club, the International Monetary Fund, and the World Bank.

Now that the new Pakistani government under Prime Minister Imran Khan has adopted a "Pakistan first" policy and is deeply engaged with China in massive infrastructure projects, defying all threats from the West, Pakistan is now free to reconsider such projects with Iran. The CPEC and the China-Iran agreement could enable the building oil and gas pipelines from Iran through Pakistan to China, thus securing the flow of oil and gas from the Gulf to China without passing through troubled straits and challenging seas. If India could be brought into the picture, it would be a massive coup against the forces in the West who are fomenting confrontation and wars in Asia.

This China-Iran agreement can truly become a game-changer but cannot be viewed as such without



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*Under Prime Minister Imran Khan, Pakistan has deeply engaged with China in massive infrastructure projects, defying all threats from the West.*

taking into consideration the big picture. As in the case of the massive pressure which is being put on Lebanon to abandon its plans to join the Belt and Road and China, this agreement with Iran is highly likely to become the target of destabilization and provocation campaigns.

I do not believe that it is in the genuine interest of the peoples of the European nations or the American people to stand in the way of peaceful cooperation among other nations. On the contrary, it will be beneficial for them to join hands with China and Russia to accelerate the global fight against poverty, disease, and armed conflicts. Therefore, this issue should become one of the key points of discussion on the agenda of the summit of the five permanent members of the United Nations Security Council, which has been called for by President Vladimir Putin, and is now agreed to by all five nations, and is expected to convene in September 2020.

### **Appendix: China Has No Allies, Only Partners!**

One of the major obstacles that prevents people around the world from understanding what China, the Chinese leadership and the Chinese people think and do is the problem of projection. It is the projection of a mindset shaped by at least the past 200 years of the British Empire,—brainwashing its own people and its victims with the satanic poison called geopolitics.

Geopolitics argues that humans and nations are driven by their greed and lust for power, indulging in a zero-sum-game type of fight of all against all. In such a world, there is no place for morals or harmony. There are only self-interests. And sometimes, you make alli-

ances to undermine rivals, or pit two rivals against each other and take advantage of their weakened positions. In that world, there are no permanent friends, but only permanent interests. In that world, there are only limited resources, and the winner takes it all. In that world, you cannot create new resources, nor share them with others. Those infected with this oligarchical thinking, project this diseased mindset onto China.

In the Belt and Road Initiative, China has treated everyone outside China equally as a partner or potential partner. China believes that humans should be friendly to each other and promote each other's well-being and interest. In the British Empire, this Chinese "friendliness" is perceived as a "trick" and strategy of "stooping to conquer."

There are many geopolitically-minded people today who are trying to interpret this China-Iran cooperation as a geopolitical move by China to create new alliances in Southwest Asia to counter the U.S. and its "allies." This is complete baloney, because the U.S. and Britain's closest allies in the Persian Gulf, such as Saudi Arabia and the United Arab Emirates, are China's largest trade partners.

China's intentions are to be found in its undertakings. It is building strong partnerships with almost all nations of the region, based on the physical-economic projects of the Belt and Road Initiative. Some of these nations are even involved in severe political, economic, and even military conflicts by proxy against each other. But China is hoping that jointly working to build the New Silk Road will make those nations appreciate the merits of cooperation more than fighting.

This author, through his association with the late Mr. Lyndon LaRouche, Helga Zepp-LaRouche and others in the international Schiller Institute, has advocated the building of a new world economic system that is just and beneficial for all. We have drafted many designs for how this could look, and we have had dialogues with representatives of all these nations, without prejudice. Some have listened more than others. China has come closest to resembling this intention, through the proposal of jointly building the Belt and Road.

The United States and other nations in Europe have great contributions to the progress of mankind in their history. These achievements were based on sound philosophical, scientific, and moral principles, like the U.S. Declaration of Independence. A revival of these principles is key today for co-existence among the nations of the world, who are otherwise, once again, facing the threat of a new global war.