



Possibilities Architects:
Inspiring Ascending Beyond

Policy Report

Analyzing China's Attitudes Towards Iran and the Middle East

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Preliminary Explanation: This report has been prepared on the basis of informal study, observation, and reflection, as well as subsequent discussions with Chinese non-governmental actors (including think tanks, universities, companies, and others). It carries no governmental or sovereign character on the part of any side. The principal objective is to examine whether political and strategic developments over the past two years have led to any change in China's perception of the Middle East and Iran. Given that China is a country that adopts its foreign policy positions strategically and alters them only gradually over time, answering this question may help clarify potential opportunities for cooperation.

Section One: The Strategic Importance of the Region for China and Iran's Challenges

The Middle East and Energy Security: The Middle East and the Persian Gulf hold high strategic importance for China. This region has evolved into a focal point of intersection and confrontation among various stakeholders, extending well beyond issues such as Palestine, Lebanon, and similar cases, and has assumed a long-term strategic dimension. The Persian Gulf constitutes a cornerstone of China's energy security, as a substantial portion of the country's energy imports is supplied through this route. Consequently, the sustainability of stability in this region is vital to China's economic engine.

Iran–West Tensions: Tensions between Iran and the United States have a direct, negative, and deterrent impact on Iran–China economic relations, particularly given China's extensive and beneficial economic engagement with the United States. Moreover, Chinese counterparts express confusion regarding the lack of clarity and coherence in Iran's overarching strategy toward repairing relations with the West—especially with the United States. This uncertainty is at times exacerbated by divergences between the positions of the government and those of various components of the broader governing system.

Iran's Domestic Challenges and Tensions: Chinese economic actors harbor

significant concerns regarding the potential for internal tensions in Iran and their possible scope, as such developments could adversely affect their economic activities. In addition, Chinese stakeholders have specific concerns regarding the current situation and future prospects of actors associated with the “Axis of Resistance.” From their perspective, domestic issues in Iran—such as the risk of socio-economic unrest, depreciation of the national currency, and weak governance—have rendered the attraction of investors increasingly difficult. Beyond the primary constraints arising from sanctions, Chinese companies operating in Iran have, through a federated structure, compiled a documented assessment identifying specific bottlenecks affecting their operations. This list details numerous precise and concrete (rather than general) obstacles hindering Chinese companies, and is potentially suitable for submission to relevant governmental and sovereign authorities for the purpose of removing such barriers. However, no clear institutional authority within the government or related bodies has been identified to pursue and resolve these issues on behalf of these companies. It is noteworthy that these companies are among those that have continued their operations in the Iranian market despite extensive sanctions-related limitations and penalty risks. Accordingly, sustained engagement, continuous communication, and dedicated efforts to resolve the challenges they face are of considerable value.

Section Two: Mutual Clarity of Perceptions
Iranian Political and Commercial Views of China: Within Iran’s political discourse, prevailing perceptions of China include expectations of political support in the United Nations Security Council, disregard for sanctions, military assistance, and the role of a comprehensive strategic partner. These expectations, however, do not align with the realities of the post-polar global environment. As a result, Chinese actors complain that Iranian narratives reflect a limited understanding of China and rely on oversimplified assumptions. Additionally, there exists a degree of China-skepticism or China-avoidance within certain segments of Iranian society. China and the United States: China maintains a substantial trade surplus with

the United States, creating significant bilateral investment capacity. Furthermore, China has achieved notable technological advancements, to the extent that even the United States and European countries recognize its technological importance. With changes in global technological arrangements, Europe in particular has shown little hesitation in utilizing China's capacities to support its own development. China's Economy, Development, and President Xi's Grand Approach: China's economy is undergoing a transition from export-oriented production to production aimed at domestic consumption by its middle class (approximately 450 million people), whose demands are more modern than in the past. In general, given China's rising position in global affairs, an understanding of China—and of the psychology of President Xi Jinping himself—is essential for any serious actor in the international arena, including governments, academics, corporations, and other non-state actors. For China, President Xi represents leadership on the scale of Mao Zedong and Deng Xiaoping. Drawing on Max Weber's classical framework, one might argue that Mao brought power to China, Deng brought wealth, and Xi has brought global stature. Whereas China's earlier approach was largely isolationist, Xi now seeks a global community under Chinese leadership. Within this overarching framework, President Xi has introduced four global initiatives:

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| 1. | Global | Development | Initiative |
| 2. | Global | Security | Initiative |
| 3. | Global | Civilization | Initiative |
| 4. Global AI Governance Initiative | | | |

The core of China's approach rests on "development" as the principal model for the present and future world, accompanied by security, with civilizational dialogue serving as its sustaining nervous system. Within this framework, unity and equality among countries constitute the basis of Beijing's policymaking model. As noted, President Xi's leadership focuses on restoring China's global stature, such that the country has abandoned its former passive posture and avoidance of reactive behavior, instead shaping global trends

through infrastructure development. This approach could create valuable opportunities for Iran, as increased U.S. dominance in the region would challenge Xi's strategic projects and negatively affect Central Asia, West Asia, and North Africa. At the same time, Chinese counterparts state that they face significant ambiguity in many preliminary matters, including the identification of suitable partners in Iran. Within a dual analysis of China's political system—distinguishing between “those close to the core of power” on one hand and “economic actors” on the other—the former group believes that greater support for Iran is necessary to prevent regional shifts detrimental to China's interests. Additionally, challenges associated with Iran's oil sales, including internal competition and price reductions, further complicate relations. The prevailing conclusion is that “establishing communication with key individuals in China can generate positive political will for cooperation.” Nevertheless, it is evident that Beijing's priorities in the global environment differ from Tehran's. China's preference for multilateral cooperation with other countries outweighs any inclination toward embracing tension or resistance against imposed features of the international system. For analytical realism, this Chinese prioritization must be taken into account. Accepting these real priorities within China's governance system can be beneficial in adjusting Iran's perspectives, approaches, and expectations—both at the level of governance and in economic cooperation. Conversely, on the Chinese side, a distorted image of the Islamic Republic of Iran as an unstable system—due to external pressures, the imposition of military operations, and potential internal protests—negatively affects China's accurate understanding of Iran's domestic and international conditions, as well as the real possibilities for cooperation and the development of governmental and non-governmental relations. Governance in the Islamic Republic of Iran, shaped by both voluntary and imposed factors, is inherently distinct from prevailing Chinese perceptions, just as it does not conform to Western models. Consequently, the resilience and durability of Iran's governance system—taking into account territorial, historical, and unique political considerations, irrespective of their origins—

must be recognized. As with the previously noted perspective, the accuracy and realism of political and economic actors' perceptions will significantly influence their practical calculations in engaging with the Islamic Republic of Iran.

Section Three: Reasons for the Limited Progress in Iran–China Relations

Four principal reasons can be identified for the slow advancement of Iran–China relations:

1. China's Foreign Policy Strategies: China's foreign policy strategies are rooted in its status as a developing economy focused on meeting the needs of a population of 1.5 billion people. This has resulted in a conservative and economically pragmatic approach. Beijing occupies a relatively favorable position in the international system and prefers gradual internal reforms over fundamental structural change. Chinese officials also tend to enter the arena after conflicts have concluded.

2. China's Foreign Policy Priorities: Two issues dominate China's overarching priorities: (1) territorial integrity and the "One China" principle; and (2) the United States (China has largely grown through American capital and believes that China–U.S. relations will shape the future of the world). In recent years, however, U.S. policies have partially disrupted this dynamic. Since the Obama era in particular, bilateral engagement can be characterized as a form of "managed confrontation." Subsequently, China's neighbors, the Korean Peninsula, and Russia constitute the next tier of foreign policy priorities.

3. The Shadow of Other Issues over Bilateral Relations: Iran–U.S. relations have consistently affected Iran–China relations. Following the conclusion of the JCPOA, China's reluctance to deepen relations with Iran diminished; however, sanctions reimposed after the U.S. withdrawal reignited China's caution. China's relations with Arab countries and Israel also influence the scope and nature of its engagement with Iran. China views the Arab world as a cohesive whole, and President Xi's 2016 visit to Iran was, at China's insistence, accompanied by visits to Saudi Arabia and Egypt. China–Israel cooperation is also extensive—at times even provoking U.S. objections to

Israel—which in turn has made China cautious about actively supporting Iran in instances such as the twelve-day war.

4. Iran's Level of Expectations: Iran's expectations of China often go unmet because the Islamic Republic's foreign policy strategy constrains its choices in the global environment. Influenced by a bipolar, Cold War-style outlook, there is an implicit expectation that China and Russia will neutralize the effects of Western sanctions in Iran's favor or share the costs of this confrontation. Such expectations, however, exceed both the capacity and priorities of these countries. Consequently, the party holding such expectations—namely Iran—may experience disappointment regarding the level of its relations with China and Russia. In reality, not only is there no such readiness on the Chinese (or Russian) side, but Iran, due to self-imposed foreign policy constraints, has to a large extent become a “low-cost partner” for China (and Russia), thereby limiting its own bargaining power across a range of issues.

5. China's Core Grievance: Iran's Emergency-Oriented Approach: As a further obstacle, some Chinese political, policy, and commercial actors believe that “Iran focuses excessively on the West and subsequently on Russia, and seeks an extensive relationship with China only in times of emergency.” The 25-year agreement was proposed in part to correct this approach; however, the inclusion of certain unnecessary and unrealistic provisions—ultimately rejected by the Chinese side—reinforced this perception. As a result, the psychological dimension of the agreement failed to effectively reshape Chinese political perceptions.

Section	Four:	Recommendations
1.Utilizing Chinese Engineering and Management Consultancy Firms:	One key recommendation is to leverage Chinese expertise and cooperation across various sectors, particularly in “airports and air transit.” This initiative could begin as a pilot project, whereby Chinese firms contribute through technology transfer, investment, and the application of efficient management models to enhance Iran's aviation infrastructure. Chinese participation in the management of national aviation infrastructure and air transit would also strengthen Iran's airspace security, while simultaneously mitigating the	

securitization of this domain through the visible and active presence of Chinese partners.

2.A China-Inspired Foreign Policy:The second recommendation involves incorporating elements of China's foreign policy into Iran's diplomatic approach, which may entail integrating or drawing inspiration from Beijing's conservative, pragmatic, and development-oriented principles. This would include prioritizing domestic imperatives such as territorial integrity and economic growth, while avoiding unnecessary confrontations. By drawing on the Chinese model, Iran could base its foreign policy on gradual internal reforms and multilateral cooperation, thereby strengthening its position in the international system and managing relations with major powers more effectively.

One particularly instructive aspect of China's prioritization model is the realism embedded in its concept of "priority": first, the number of truly high-priority issues is very limited; and second, issues that do not rank at the top of the priority list are readily subordinated to higher-priority concerns and the overall strategic approach.