

on 43 projects worth \$8 billion⁷⁷. In January 2001, Sinopec and the National Iranian Oil Company (NIOC) signed an agreement to exploit Zavareh-Kashan oil field, and Sinopec took charge of the operation. Simultaneously, the two companies also signed an agreement worth \$150 million to upgrade two NIOC refineries⁷⁸. On December 9, 2007, Sinopec signed an agreement with the Iranian Ministry of Oil to develop the Yadavaran oil field in southwestern Iran, which turned out to be one of the most significant deals that China signed with Iran so far.

China also applied its equity ownership strategy in Iran through Sinopec who holds a 51% equity share of the Yadavaran field. As a side note, the field is supposedly the largest untapped oil field in the world, with an estimated oil reserve of over 300,000 million barrel of crude oil. By 2009, Iran provided 11% of China's oil import, ranking third after Saudi Arabia and Angola. According to Chubin⁷⁹, Chinese oil companies have signed long-term contracts with Iran worth \$200 billion. More than a hundred Chinese companies are currently operating in Iran's oil and gas facilities. The essence of Sino-Iranian relations comes from the abundance of Iranian oil and gas reserves, associated with Western withdrawal from Iranian markets and economic sanctions. China simply moved into the economic vacuum created by U.S. policy,⁸⁰ which helped Iran obtain a reputation of "reliable supplier,"⁸¹ weakening the impacts of sanctions, and allowing Iran to create new bonds with China.

Iran's Nuclear Program and International Sanctions

The Sino-Iranian relationship has worried many actors in the region. Giving the lack of trust between the Kingdom and Iran, Saudi Arabia is concerned about the current state of affairs between China and Iran. Thanks to China's growing investment in hydrocarbons, it is evident that Chinese companies have successfully obtained several oil contracts in Iran, strengthening the ties between two countries. However, Beijing has been cautious in its approach towards Tehran: China's foreign policy is driven by commerce and China has carefully separated its oil interests from rising nuclear concerns in Iran⁸². As suspicions rose regarding Iran's potential nuclear programs, China's support for Iran became a significant source of conflict in U.S.-Sino relations in the 1990s. Later on, as confrontation with Iran intensified in 2004, Washington pressured Beijing to cease its cooperation with Iran on the Yadavaran oil field. In 2005, when the International Atomic Energy Agency (IAEA) determined that over a period of eighteen years, Iran had conducted nuclear activities without reporting them, China attempted to delay and soften U.S. measures against Iran. In particular, China opposed U.S. efforts to send the matter to the United Nations Security Council and insisted that the IAEA was the adequate venue for dealing with the issue. In 2006, China repeatedly urged Iran to respond "positively" and "flexibly"⁸³ to the proposals made by the European Union or Russia.

However, when Iran declared that it would continue uranium enrichment and ignored the deadline specified in Resolution 1696, China finally agreed to join the other permanent

77 (Hongtu, 2010. Pp 21

78 Olimat Muhammad S., *China and the Middle East: From Silk Road to Arab Spring*, Reprint Edition, New York, Routledge, 2015. Pp. 56

79 Chubin .2010 pp. 31

80 Alterman.2008. Pp. 21

81 Chubbin (2010), pp. 65-66.

82 Feng .2010.Pp 23

83 Alterman & Garver, *The Vital Triangle, China, The United States and the Middle East*, CSIS, Centre for Strategic and International Studies, Washington DC. 2008, Pp 43.