

A Blow to US... China to Invest \$280bn in Iran

Sectors Targeted by Sanctions

By [Middle East Monitor](#)

Global Research, October 07, 2019

[Middle East Monitor](#) 7 September 2019

Region: [Asia](#), [Middle East & North Africa](#)

Theme: [Global Economy](#)

China is planning to invest \$280 billion in Iran's oil, gas, and petrochemical sectors that are being affected by US sanctions, according to [Petroleum Economist](#) magazine.

The energy affairs magazine quoted a senior source who was linked to the Iranian Oil Ministry, as stating that this enormous investment represents a key point in a new agreement between the two countries. This was confirmed during Iranian foreign minister [Mohammad Javad Zarif's](#) visit to China in late August, to present a roadmap for the strategic comprehensive partnership agreement, which concluded in 2016.

According to the magazine, [Beijing](#) also pledged to invest \$120 billion in Iran's oil sector and industrial infrastructure.

This vast amount will be disbursed during the first five years of the agreement's entry into implementation, with possible additional investments in subsequent similar periods, if both parties agree.

In return, Iran will grant Chinese companies the priority right to participate in tenders for any new, frozen or incomplete projects to develop oil and gas fields, as well as all petrochemical projects, including the provision of technology and staff to implement these projects.

This comprises the deployment of up to 5,000 Chinese security officers in Iranian territories to secure Chinese projects, as well as the involvement of other staff and resources in securing oil, gas or petrochemical exports from Iran to China, including those across the Gulf, the source explained.

The agreement also permits China to purchase oil, gas and petrochemical products at low prices, with the right to delay the payment of these prices for two years in the Chinese national currency (Yuan) or other "easy currencies" with which Beijing makes profits, through its projects in Africa and the former Soviet republics, without resorting to transactions in USD.

According to the source, this agreement grants China a total discount of around 32 per cent on all oil, gas, and petrochemical products from Iran.

This plan also emerged during the course of China's "[One Belt, One Road](#)" initiative, in which Beijing intends to take advantage of the low-cost labour force available in Iran, to establish factories to be supervised by Chinese prominent companies.

In return, the new agreement enables Tehran to strengthen its partnership with Beijing, a permanent member of the UN Security Council, and raise the level of production in three of its largest oil and gas fields, in addition to China's approval to increase the volume of oil imports from Iran.

The source stressed that the main points of the new agreement will not be publicly announced, although they represent a significant shift in the balance of power in the world's oil and gas sectors.

*

Note to readers: please click the share buttons above or below. Forward this article to your email lists. Crosspost on your blog site, internet forums. etc.

The original source of this article is [Middle East Monitor](#)
Copyright © [Middle East Monitor](#), [Middle East Monitor](#), 2019

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Middle East Monitor](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca