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**Shifting geopolitics**

Last week, Iran and China signed a massive economic pact. Under this agreement, China will invest $400 billion in several sectors in Iran over the next 25 years.

In exchange Iran will provide oil to China on favorable terms. This brings to fruition the approach initiated by Chinese President Xi towards Iran in 2016. At that time, having just completed an agreement with global powers which were supposed to open Iran to Western investment, Iran was reluctant to engage with China.

Now that the previous US administration has blown up the so-called Iran nuclear deal, Iran felt free, even eager, to respond positively to Chinese outreach. The new Biden Administration has shown eagerness to revive the 2015 deal with Iran, but it may be too late to revive it as originally agreed. One can hardly blame Iran for being suspicious of any new agreement it may sign with the US. After all, it only takes one US election cycle for any agreement to be trashed by a new administration.

In addition to the damage to US credibility from the Trump administration’s actions, it is now becoming clear the impact may be much more far reaching. China now has a significant opening into the Middle East. The deal with Iran comes when China is involved in far-reaching economic programs in Pakistan under the Belt and Road Initiative and is even making inroads into Bangladesh.

Very soon China will have meaningful influence in Pakistan, Sri Lanka and Bangladesh, as well as now in Iran. The shifting alliances can soon bring Turkey, Iran and Pakistan into close relationship with China. While the US is growing its relationship with India as a counterweight to China, the emerging new alliances in South Asia are starting to look like the other side of the same coin.

There is some concern about how far the Iran-China economic agreement can be implemented in light of US sanctions. An attempt to kneecap the Iran-China deal may lead to action against US business interests in China. These have not been directly threatened by China so far, but one wonders how long one-sided US pressure will prevail before Western interests in China also come under pressure.

While the US has primarily focused on the Middle East through its security and energy interests and Israeli interests, and lately through Saudi urgings, the sands in the region may have started to shift. It may take years for the full picture to emerge, but one can safely say last week’s Iran-China deal could have a foundational impact on regional geopolitics.

The world may be slowly slipping into a new economic cold war. The tense relations between an existing superpower and an emerging one are likely to keep shaking alliances well into the future. Countries in South Asia, and particularly Pakistan and Bangladesh, will have to carefully navigate these choppy waters. The risk to all involved may be profound.

Bangladesh has had a cozy relationship with India since its independence five decades ago. However, the recent violent protests against PM Modi’s visit to Dhaka point to challenging times ahead for the relationship, just as China makes further inroads into Bangladesh on the back of large projects.

Watching the moves in the political corridors of Washington, one has to wonder if the present US administration can deftly make the much-needed adjustments in its foreign policy posture. The present US political structure is too complex and riddled with dysfunctionality, not the least of which is the pressure of many foreign lobbies. One can only hope the US will manage to act with a clear eye on its own long-term interests.

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