

It's hard not to see China wherever you look in Iran.

From Chinese goods flooding markets to its business people eager for deals as Western business interests flee, Iran likely will further embrace Beijing as an alternative market for its crude oil and financial transactions amid uncertainty over the nuclear deal.

That doesn't mean China offers a safe haven to Iran without conditions. Beijing will try to extract the maximum benefit, analysts say, and there is growing concern that China may take advantage of Iran.

Iran "has had to rely on China to offset the Western-induced isolation, predominantly championed by the United States," said Arianne Tabatabai, an associate political scientist at the RAND Corp. who recently co-authored a book exploring Iran's ties with China and Russia. "I think that what we're going to see is the return of a quasi-monopoly of key sectors of the Iranian economy by the Chinese."

Trade and ties between China and Iran date back over 2,000 years to the ancient Silk Road caravan routes that brought the textile to Europe. Modern relations began under then-ruler Mohammad Reza Shah in 1971 after the Americans acknowledged Beijing's Communist government. The 1979 Islamic Revolution that overthrew the shah caused ties to cool until the mid-1980s.

For China, Iran for years served as a crucial gas pump for its rapid economic growth. Up until 2012, Iran was China's third-largest source of crude oil imports, according to the U.S. Energy Information Administration.

Then came sanctions over Iran's nuclear program, sparked by the West's fears that Tehran's enrichment and stockpiling of uranium could allow it to build nuclear weapons. Iran has denied wanting atomic bombs.

The U.S. under President Barack Obama and European nations pressured China and other Asian countries to cut back on their purchases of Iranian crude, leading to the 2015 nuclear deal. Under it, Iran agreed to limit its enrichment of uranium in exchange for Western sanctions being lifted.

Now with President Donald Trump's decision to pull America from the accord, Iranians likely see China as one of the few avenues now open to them.

"China is a vast economy and has enough middle-sized companies that don't have a lot of exposure to the U.S. that Iran is going to be able to continue large quantities of trade there, assuming the Chinese government lets that happen and wants that to happen," said Peter Harrell, a fellow at the Washington-based Center for a New American Security and a former U.S. diplomat who worked on Iranian sanctions issues with Beijing.

The Chinese have stressed they want the nuclear deal to continue and support any talks toward that end.

"China has been carrying out open, transparent and normal business cooperation with Iran in the economic, trade and energy sectors. Such cooperation is reasonable, legitimate and lawful," Chinese Foreign Ministry spokesman Lu Kang said in August. "It contravenes no U.N. Security Council resolutions or international obligations China has pledged into, undermines the interests of no one, and thus deserves to be respected and maintained."

He added, in an apparent dig at the Trump administration: "China always believes that reckless imposition of sanctions or threatening to use them will not help solve the issues." China already faces a billion-dollar tariff fight with Washington itself.

First among China's wants likely is Iran's energy supplies as other U.S. allies cut off their purchases by a November deadline. Nearly a quarter of all of Iran's oil exports went to China in 2017, according to the Energy Information Administration, making it the Islamic Republic's biggest single market. While oil imports from Iran have dropped some 20 percent between May and August, "China will keep any reductions to a minimal level," the Eurasia Group said Wednesday.

After French oil major Total SA pulled out of a \$5 billion, 20-year agreement to develop the Iran's massive South Pars offshore natural gas field, growing rumors circulated that China would take over the concession.

Meanwhile, India may face growing pressure to pull out of Iran's Chahbahar port on the Gulf of Oman after pledging \$500 million to improve it, allowing China to expand its own presence there. China already has invested in Pakistan's Gwadar port, some 80 kilometers (50 miles) away. Both provide a link to Afghanistan and other landlocked central Asian nations.

"China is really going to be the major savior of Iran because even though other countries say they're not going to comply with U.S. sanctions - India for example - when push comes to shove, they can't afford to risk their relationship with the United States," Tabatabai said.

But already, there are rumblings of concern among the Iranian public.

At Tehran's Grand Bazaar, most acknowledge Chinese goods are substandard to the ones sold by Western firms and remember how they flooded the market when nuclear sanctions bit into the country in 2006. Fishermen along Iran's southern coast already complain about Chinese firms gaining access to their fishing grounds.

Analysts expect Beijing also will ring major discounts from Tehran for buying whatever crude it otherwise can't sell after the November deadline.

China "will want to articulate the moral high ground" by mentioning the U.S. backed out of the nuclear deal, but business will come first, Harrell said. China remains both Iran's top import and export market.

"One thing I'm sure China is doing with the sanctions is leaning on Iran to get oil price concessions," Harrell said.

The one thing China, the world's top oil importer, does not want to see happen is any military action driving up the price of crude oil.

When Iranian President Hassan Rouhani made veiled threats about Iran's ability to close off the Strait of Hormuz, the Chinese immediately reached out to the Iranian government to express concern.

"If Iran does something stupid that sends global crude oil prices from \$73 to \$100 a barrel, China is actually the biggest loser by the move by far," Harrell said. "They have a very strong interest in stability, particularly in the Middle East."--AP