


# China's Economic Influence in International Organizations and Consequences for Iran

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## **Abstract**

The concept of power has consistently been a focal point in international relations and political theories, particularly within the realist school of thought. Traditionally, power discussions centered primarily on military capabilities; however, the dimensions of power have evolved, with economic power emerging as a critical factor in international politics. In recent years, China has experienced unprecedented economic growth, demonstrating resilience in the face of global financial crises and the COVID-19 pandemic. This research investigates the impact of China's economic power on its standing within international organizations. It first outlines key indicators of economic power—such as GDP based on purchasing power parity, current account balance, foreign currency reserves, patents, and oil trade balance—and examines their influence on policy. Subsequently, the study analyzes China's increasing presence and influence in major international institutions, including the United Nations and its specialized agencies (e.g., the International Monetary Fund, World Bank, and World Trade Organization). The findings indicate that China's economic power has significantly enhanced its position within these institutions, thereby strengthening its role in the international system.

**Keywords:** Economic power, International organizations, United Nations, International Monetary Fund, Foreign exchange reserves.

## **Introduction**

In recent years, especially after the recent global financial crisis, we have seen more and more Chinese influence in international organizations and institutions. This Chinese progress can be seen in the creation of the Asian Infrastructure Development Bank, which could be a competitor to the International Monetary Fund, as well as the addition of the yuan to the IMF's foreign exchange portfolio. We are also witnessing the unprecedented progress and influence of the Chinese in the United Nations, including the organization's peacekeeping operations, UNHCR, UNIDO and other UN institutions.

In the aftermath of the economic crisis, China's calls for greater representation in institutions such as the World Bank and the International Monetary Fund became more vociferous, and other nations, including western developed nations, have seemed to signal a greater receptivity to this notion. The moral authority and credibility the Chinese can now carry into a variety of international economic institutions is greater than it ever has been.

In the aftermath of the Second World War and the Great Depression, the United States was in a position to stamp its philosophical imprint on a panoply of multilateral institutions, ranging from the United Nations, the World Bank, the IMF, and the WTO predecessor organization, the General Agreement on Tariffs and Trade (GATT). In subsequent decades, as additional international or regional organizations came into being, the US continued to be highly effective in ensuring these newer additions also reflected to a large extent the same underlying philosophies.

In the years and decades to come, organizations will evolve differently, and in some respects, away from the U.S.- influenced philosophical foundations upon which they were built. Institutional policies and governance structures will gradually shift to reflect the priorities, needs, and interests of a wider range of countries. New organizations, built upon a different set of assumptions and philosophies, will come into being, and in some instances, challenge the relevance of their predecessors.

China did not have a seat at the table when the rules were written for the first-generation international institutions. But China has seat at the table today, and it's getting bigger. It will use its rising influence to shape, to the extent it can, the rules of the game. China has shown a seriousness of purpose in its approach to international institutions, and has learned to "play the game" well. While the United States was the driving force behind the establishment of the post-War international institutional architecture, China might

ultimately prove to be a more adept navigator of the terrain. Of potentially even greater impact is China's ability to shift influence towards new institutions that might not necessarily be grounded in the same philosophical underpinnings. (Olson & Prestowitz, 2011, pp. 4-6)

On the other hand, China has made remarkable progress in the economic field since 1980. In such a way, that it now has the largest GDP after the United States. Given that China managed to weather the recent financial crisis more effectively than many other powers, this research seeks to explore the implications of China's economic strength on its status within the United Nations and, in relation to Iran, the potential impact of China's ascendance in international organizations for Iran.

To address these inquiries, the article will first outline a theoretical framework that examines the relationship between economic power and international politics. It will analyze key indicators of China's economic performance and discuss its recent influence across various international institutions, including the United Nations, the World Trade Organization, and the International Monetary Fund. Finally, the implications of China's growing prominence in these organizations for Iran will be assessed.

### **1. Theoretical Framework**

The examination of power is fundamental to the study of international relations, particularly within the realist paradigm, where power serves as the central tenet. As articulated by Morgenthau, regarded as the father of realism, power is the primary driving force behind governmental actions and the cornerstone of intergovernmental relations. Realists identify various elements that constitute national power, which Morgenthau enumerates to include geography, natural resources, industrial capacity, military readiness, population dynamics, national character, diplomatic quality, and governmental effectiveness. Similarly, Kenneth Waltz highlights factors such as population size, territory, natural resources, economic strength, military capabilities, political stability, and prestige as determinants of a nation's position within the global power structure.

Recent scholarship by Mearsheimer distinguishes between two principal dimensions of power: "hidden power," encompassing economic assets and population, and "military power," which is predominantly influenced by military size. While some theorists offer a more nuanced understanding of power, emphasizing its

relative nature, Robert Dahl famously defines power in terms of coercion, positing that an actor possesses power over another when they can compel actions contrary to the latter's preferences.

Despite differing perspectives on the nature of power, traditional frameworks remain influential in international relations discourse. Scholars have increasingly focused on the implications of shifting global economic structures, utilizing various economic indicators to assess changes in power dynamics.

This research underscores the importance of examining economic power through two primary dimensions: the capacity of a state to exert influence over others and the ability to ensure its own security and autonomy. Economic power can be assessed through a set of indicators grouped into four categories: market share, self-financing capacity, innovation and technology, and self-sufficiency in natural resources. Each category encompasses specific metrics, such as GDP based on purchasing power parity, current account balance, patents granted, and trade balances in essential commodities.

The findings derived from these indicators illuminate the economic power of a nation and can signify structural shifts within the global economic landscape. The implications of increased economic power for international politics and a country's status within the international system are manifold. These include fostering specialized human resources for research and development, achieving technological superiority for competitive advantage, utilizing economic surplus for domestic development projects, enhancing media influence, bolstering military capabilities, and leveraging economic strength in international institutions.

This article will first analyze selected economic indicators in relation to China and subsequently explore the influence of China's economic power on its position within international organizations, with a particular focus on the United Nations, the World Trade Organization, the International Monetary Fund, the World Bank, and UN peacekeeping operations.

## **2. China's Economic Power in Economic Indicators**

In this section, we will present some economic indicators that show China's remarkable economic power.

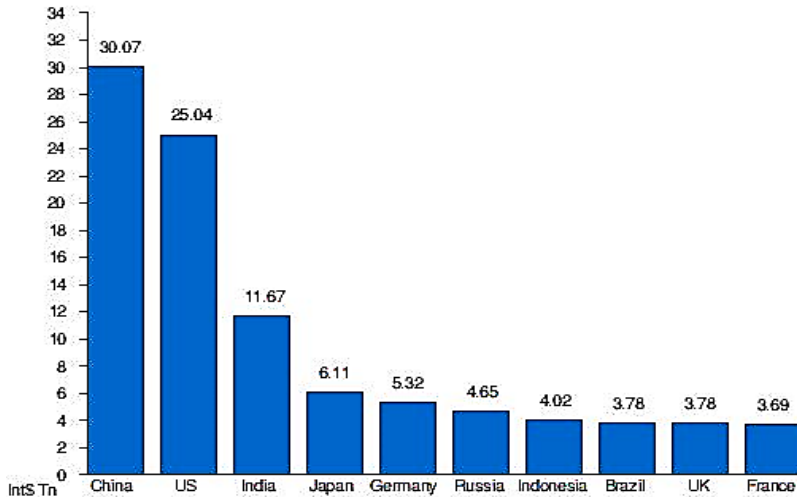
### **2-1. GDP by Purchasing Power Parity**

Purchasing power parity (PPP) is a type of economic indicator that is used as a technique to determine the value of different currencies. Purchasing power parity is a measure of prices in different countries

that uses the prices of specific goods to compare the absolute purchasing power of countries' currencies.

Practically, the ratio of the price of a basket of goods in one place is divided by the price of the basket of goods in a different place. The purchasing power parity index can be used to compare economies in terms of gross domestic product, labor productivity, and real individual consumption, and in some cases to analyze price convergence and compare the cost of living between locations. According to the OECD report, PPP is calculated through a basket of goods that contains a final product list that covers about 3,000 consumer goods and services, 30 occupations in government, 200 types of equipment goods, and about 15 construction projects (OECD, Frequently Asked Questions, 2022).

In the chart below, we can see the superiority of China in this index in 2022:

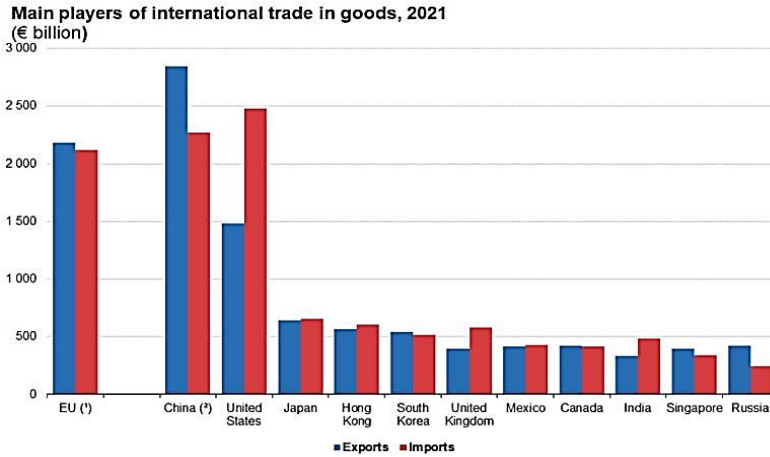


Source: (IMF World Economic Outlook Database, October 2022)

**Chart (1): Global Top Ten Economies by GDP (PPP) for 2022**

## 2-2. Share in the Imports of Goods

This index shows the size of a country's market and global dependence on its domestic markets, which itself can be a component to show economic power. In chart 2, we see China's second place in the import of goods and its first place in the export of goods during 2021:



Source: (Eurostat Data Analysis, September 2021)

**Chart (2): Key Participants in International Trade**

**2-3. Current Account Balance**

A current account surplus indicates that the value of a country's foreign assets (assets minus liabilities) has grown in a specific period, and a current account deficit indicates a decrease. (Ghosh, March 28, 2012) The following table shows that China ranks first among countries in the current account balance (billion U.S. dollars) of 2021, despite It's high budget and expenses:

**Table (1): Leading Countries by Current Account Balance in 2021**

|    |                          |       |
|----|--------------------------|-------|
| 1  | China                    | 317.3 |
| 2  | Germany                  | 313.6 |
| 3  | Japan                    | 142.2 |
| 4  | Russia                   | 122.3 |
| 5  | Taiwan Province of Ch... | 114.7 |
| 6  | Netherlands              | 91.6  |
| 7  | Korea                    | 88.3  |
| 8  | Switzerland              | 75.5  |
| 9  | Norway                   | 72.1  |
| 10 | Singapore                | 71.9  |

Source: (IMF World Economic Outlook Database, October 2022)

## 2-4. Foreign Exchange Reserves

Foreign exchange reserves are assets in foreign currency held by the central bank of a country. These assets may include foreign currencies, bonds, Treasury bills, and other government securities. Most foreign exchange reserves are held in US dollars, and China is the largest holder of foreign currency reserves in the world. Economists suggest that it is better to hold foreign exchange reserves in a currency that is not directly tied to the country's own currency (Rodrik, 2006, p. 258).

In Table 2, it can be seen that the Chinese have the most foreign currency reserves in the world, and this helps them a lot to influence international organizations and institutions:

**Table (2): Leading Countries by Foreign Currency Reserves in 2022**

| Rank | Country      | Foreign Currency Reserves (USD billions) |
|------|--------------|--|
| 1    | China        | \$3,480                                  |
| 2    | Japan        | \$1,376                                  |
| 3    | Switzerland  | \$1,033                                  |
| 4    | Russia       | \$630                                    |
| 5    | India        | \$599                                    |
| 6    | Taiwan       | \$548 (as of Dec. 31, 2021)              |
| 7    | Hong Kong    | \$504                                    |
| 8    | Saudi Arabia | \$451                                    |
| 9    | South Korea  | \$449                                    |
| 10   | Singapore    | \$365                                    |

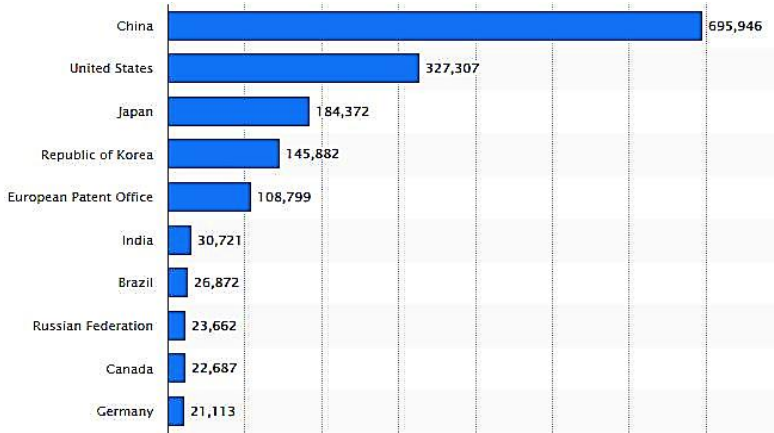
Source: (Picardo, Investopedia, June 2022)

## 2-5. Patent Applications

Patent applications are worldwide requests made through the Patent Cooperation Treaty procedure with a national patent office for exclusive rights to an invention, a product or process that provides a new way of doing something, or a new technical solution to a problem that are requested in the long run. This index has a great impact on the all-round progress of a country, especially in the economic and military fields.

The following chart shows the number of patents in 2021, which

again shows the remarkable superiority of the Chinese in this field:



Source: (Statista Research Department, December 13, 2022)

**Chart (3): Leading Ten Countries by Patent Filings in 2021**

## 2-6. Import of Crude Oil

Global purchases of imported crude oil in 2021 totaled \$1.028 trillion, driven by the crude oil energy needs of 125 countries. Overall, the dollar cost of crude oil purchased by all importing countries has increased by 15.9 percent since 2017, when the value of imported crude oil purchases globally reached \$886.5 billion. Total crude oil import costs increased 44.9% from \$709.4 billion in 2020. The five main importers of this fossil fuel commodity are China, the USA, India, South Korea, and Japan. Combined, these five major crude oil importers accounted for nearly three-fifths (58.8%) of the world's total imported crude oil spending on international markets.

The table below shows that the Chinese have overtaken the Americans after years of being the number one importer of oil, and there are whispers that oil will be traded in yuan in the future, as maintaining the value of the dollar depends heavily on it. It has oil transactions in dollars, and since the Chinese have now become the largest importer of crude oil, it is possible that they will do their oil transactions in yuan in the future, which of course depends on the will of the Chinese to weaken the dollar because the weakening too much dollar will automatically hurt their dollar reserves as well. In the same recent visit, Chinese President Xi Jinping told Riyadh in December 2022 that the Shanghai Oil and Natural Gas Exchange "will be fully used to settle the yuan in the oil and gas trade."

(Ghana, S&P Global Commodity Insights, 11 Dec 2022).

**Table (3): Leading Crude Oil Importing Countries in 2021**

| rank | country       | US\$ billion | % of imported crude oil |
|------|---------------|--------------|-------------------------|
| 1    | China         | \$229.3      | 22.3%                   |
| 2    | United States | \$138.4      | 13.5%                   |
| 3    | India         | \$106.4      | 10.4%                   |
| 4    | South Korea   | \$67         | 6.5%                    |
| 5    | Japan         | \$63.1       | 6.1%                    |
| 6    | Germany       | \$40         | 3.9%                    |
| 7    | Netherlands   | \$36.3       | 3.5%                    |
| 8    | Italy         | \$29.9       | 2.9%                    |
| 9    | Spain         | \$29.6       | 2.9%                    |
| 10   | Thailand      | \$25.5       | 2.5%                    |

Source: (Workman, World's Top Exports, May 15, 2022)

generally, by examining most of the indicators that were proposed in the section of the theoretical framework related to economic power, it was observed that China's economic power has made significant progress in most of these indicators, and at the same time, China has tried to gain its place in international organizations to promote its position in the international system; which will be discussed further.

### **3. China's Position in International Organizations**

China's perspective on international organizations, particularly following the late 1970s, emphasizes the importance of maintaining governmental sovereignty amidst growing interdependence and globalization. While these organizations are officially acknowledged as subjects of international law, China contests the notion of such entities possessing supranational political authority akin to that of the state. The Chinese view international organizations as platforms that enhance their global prestige, bolster internal legitimacy, and address the challenges associated with globalization. Simultaneously, they advocate for resolving disputes through bilateral mechanisms, reflecting a preference for a realist approach over a liberal one (Ikenberry and Lim, 2017, pp. 4-5).

China's engagement with international organizations is driven by several overarching objectives. These include fortifying and safeguarding the state, enhancing international status, preserving strategic independence, and maintaining an external environment conducive to domestic developmental goals. Moreover, China seeks

to effect global reforms through these organizations, influence international law, and represent the interests of the developing world. This approach aims at redistributing international power and promoting a distinct vision of global order while resetting international standards and policies. Additionally, China intends to advance its domestic development goals through foreign investment, trade expansion, technology transfer, and development aid (Kent, 2001, pp. 132-142).

In this context, we will explore China's role and influence within the United Nations following the ascent of its economic power.

### **3-1. United Nations Organization**

The Republic of China (ROC) was a founding member of the United Nations and one of the five permanent members of the Security Council until 1971. The ROC became a member of the United Nations on October 24, 1945. In 1949, the Chinese Communist Party won the Chinese Civil War in mainland China and established the People's Republic of China (PRC), claiming to be the sole legitimate government of China. The ROC government retreated to the island of Taiwan. The People's Republic of China (PRC), now called China, was admitted to the United Nations in 1971 when it voted on its 21st application.

China was initially ineffective in participating in international organizations, but after its economic progress, its participation in international organizations is expanding and deepening. The main feature of China's current participation in international organizations can be summarized as a comprehensive interaction with all kinds of international organizations in large areas. China, after skepticism and reconsideration, has completely distanced itself from its old thinking about international organizations. Instead, it has developed a new national strategy to attract international organizations, has made many efforts to join joint global programs through international organizations, and attaches great importance to multilateral diplomacy in international organizations.

China pursues concerted efforts to secure executive leadership positions in the UN International Civil Service in UN agency headships based in the Senior Management Group and the Executive Board. China identifies these directorates as an important lever for advancing the interests of the People's Republic of China through the United Nations, as these positions have organizational control to guide and implement the agency's agenda. (Courtney and Lam, 2021, p. 1152)

Although all UN officials must be neutral, the reality is that these sought-after posts connect domestic capitals to the UN, so nationality is an asset for appointees. As former head of the United Nations Department of Economic and Social Affairs (DESA) Wu Hongbo noted, "As a [Chinese] international employee, when it comes to China's sovereignty and national security, we will undoubtedly defend our country's interests." (Courtney and Lam, December 18, 2022)

One of the proofs of this claim that the Chinese have made significant progress in the United Nations and related organizations in recent years is the acquisition of important positions in these organizations by the Chinese, which we can see in the following table:

**Table (4): China's Representation in the United Nations (2007-2010)**

| Year | Position  | Name                       |
|------|---|----------------------------|
| 2007 | WHO Director General                                | Margaret Chan Fung Fu-chun |
| 2007 | Deputy Secretary General of the United Nations      | Sha Zukang                 |
| 2008 | Senior Vice President of the World Bank             | Lin Yifu                   |
| 2010 | Special Advisor to the Managing Director of the IMF | Zhu Min                    |
| 2008 | WTO Dispute Settlement Body                         | Zhang Yuejiao              |
| 2009 | FAO Deputy Director General                         | He Changchui               |
| 2010 | Deputy Director General of WIPO                     | Wang Binying               |

Source: (Zhihai, 2011, p. 89)

In addition, China is currently the only country to lead more than one UN specialized agency, chairing the Food and Agriculture Organization and the International Telecommunication Union. Beijing secured these roles at a time when there was relatively little interest in multilateral governance agencies, prompting some countries to drop their membership and facilitating China's ability to maneuver for leadership positions. For example, in the late 1990s, Australia and the United States formally withdrew from the United Nations Industrial Development Organization. In contrast, China retained its membership and chaired the agency from 2013 to 2021. China also holds two other political leadership positions in the UN

Secretariat: Deputy Special Representative of the Secretary-General for the UN Mission in South Sudan, appointed in May 2020; These recent political appointments have been facilitated by the reduction of US multilateral leadership under the Trump administration, following the actual or threatened withdrawal of the US from a range of international agreements and agencies, including the World Health Organization. (Feltman, September 2020)

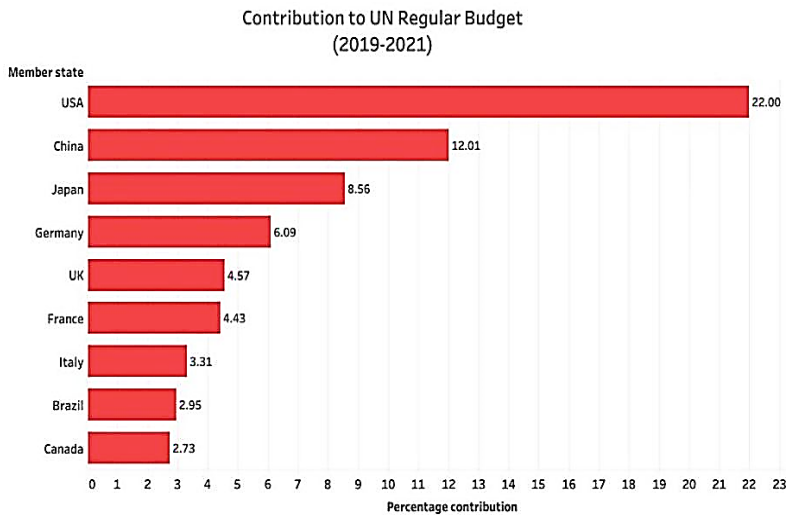
Another indicator and evidence that shows the progress and influence of the Chinese in the United Nations is the contribution paid by each country to provide the organization's budget, the noteworthy point of which is that from 1990 to 2000, the Chinese were even among the first 15 countries providing They are not the funders of the organization, but they have made remarkable progress since 2001. This can be found in the following table:

**Table (5): Contribution Shares of Three Key Countries to the UN Budget (2001-2018)**

| Year | % of China's share | the position of China | % of the second place (Japan) | % of the first place (USA) |
|------|--------------------|-----------------------|-------------------------------|----------------------------|
| 2001 | 1.54%              | 13                    | 19.62%                        | 22%                        |
| 2002 | 1.54%              | 13                    | 19.66%                        | 22%                        |
| 2003 | 1.53%              | 13                    | 19.51%                        | 22%                        |
| 2004 | 2.05%              | 9                     | 19.46%                        | 22%                        |
| 2005 | 2.05%              | 9                     | 19.46%                        | 22%                        |
| 2006 | 2.05%              | 9                     | 19.46%                        | 22%                        |
| 2007 | 2.62%              | 9                     | 16.62%                        | 22%                        |
| 2008 | 2.66%              | 9                     | 16.62%                        | 22%                        |
| 2009 | 2.66%              | 9                     | 16.62%                        | 22%                        |
| 2010 | 3.18%              | 8                     | 12.53%                        | 22%                        |
| 2011 | 3.19%              | 8                     | 12.17%                        | 22%                        |
| ---- | ----               | ----                  | ----                          | ----                       |
| 2016 | 7.92%              | 3                     | 9.68%                         | 22%                        |
| 2017 | 7.92%              | 3                     | 9.68%                         | 22%                        |
| 2018 | 7.92%              | 3                     | 9.68%                         | 22%                        |

Source: (Browne, 2013, pp. 6-25; UN.org)

For the years 2019 to 2021, according to the chart below, China's position has been promoted to the second rank in providing funding to the United Nations, which will certainly influence the decision-making process and its role in the United Nations.



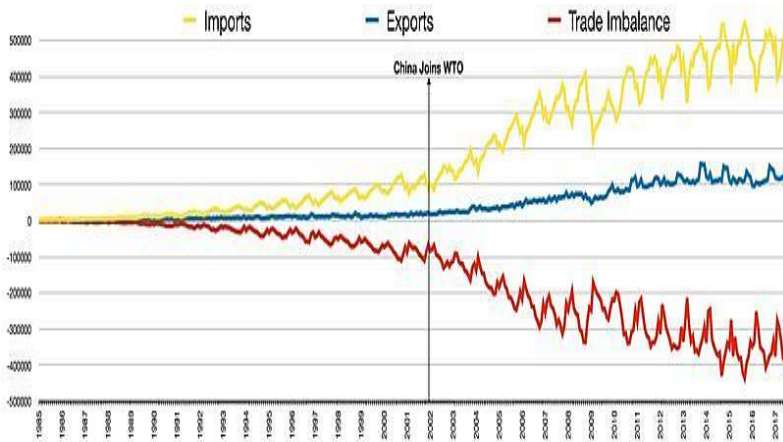
Source: (UN General Assembly, Committee on Contributions, February 11, 2021)

**Chart (4): Major Contributors to the UN Budget (2019-2021)**

As we have seen, the Chinese were able to increase their participation in the United Nations and try to increase their influence on these organizations quickly after gaining economic power, financial support, and high currency reserves to pursue their interests in this way as well.

### 3-2. World Trade Organization (WTO)

China became a member of the World Trade Organization on December 11, 2001. China's admission to the World Trade Organization came after a long process of negotiations and significant changes in the Chinese economy. In fact, after the economic boom in the early 90s, the Chinese wanted to join the WTO so they could use all the capacities of the global markets to increase their economic power. In the chart below, we can clearly see that after the Chinese became a member of the WTO, their trade balance was much better than that of the United States, and in a way, what led the American statesmen, especially Trump, to a trade war with China was this negative trade balance compared to The Chinese have been:



Source: (U.S. Census Bureau, October 2017)

**Chart (5): U.S.-China Trade Trends from 1985 to 2017**

The speed of Chinese progress in this organization can be seen from the share of this country in providing the annual budget of this organization, which is a factor for exerting more opinion and influence in the negotiations and decision-making of the organization. As we can see in the table below, although the Chinese joined the organization much later than the older powers, it now has the second place after the United States in funding the organization, which stems from China's strong economy and power. It will provide them with such a budget so quickly, and it will be a factor in increasing their effective role in this organization.

**Table (6): Top 10 Contributors to the WTO Budget in 2017**

| rank | Country           | Share of funding (%) |
|------|-------------------|----------------------|
| 1    | USA               | 11.237               |
| 2    | china             | 9.594                |
| 3    | Germany           | 7.312                |
| 4    | Japan             | 4.269                |
| 5    | France            | 3.821                |
| 6    | England           | 3.768                |
| 7    | South Korea       | 3.042                |
| 8    | Netherlands       | 2.978                |
| 9    | Italy             | 2.781                |
| 10   | Hong Kong (China) | 2.638                |

Source: (World Trade Organization Annual Report, 2017)

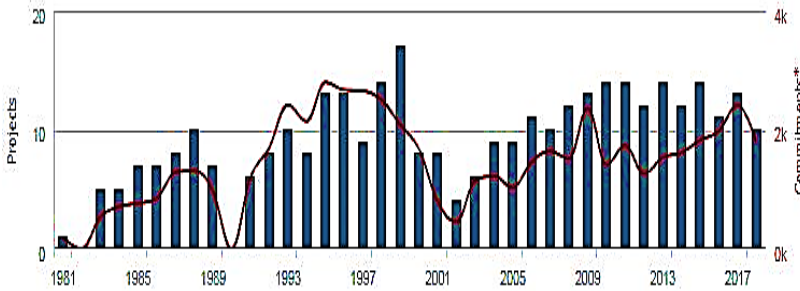
### 3-3. World Bank

The World Bank is another name for the International Bank for Development and Reconstruction (IBRD). Together with its four other branches: the International Development Agency, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Center for Settlement of Investment Disputes, they form the World Bank Group. Today, more than IBRD is referred to as the World Bank, which is also the case in our opinion in this article.

The People's Republic of China (PRC) joined the International Monetary Fund and the World Bank in April 1980. Before that, the Republic of China (ROC) became a member of these two financial institutions. The Republic of China originally joined the IBRD on December 27, 1945. However, the PRC gained the status of the ROC in 1980 as China. After the PRC joined the World Bank, the country first received its initial accreditation in 1981. In 1989, the World Bank ceded its loan to China for almost a year in response to the Tiananmen Square incident. In addition to receiving loans for projects, the World Bank played an important role in advising China on its economic reform policies implemented in the 1980s. With continuous economic growth, China was able to gain more voting power in 2010, at the same time that some developed countries were losing some of their power in favor of emerging countries.

Until June 2017, totally 101 projects in China are still ongoing, funded by the World Bank's loans. These projects are mainly focused on financial support and technical assistance such as pension reforms, urban housing reforms, energy market reforms, environmental protection, labor market development, development of security networks, interest rate liberalization, and foreign trade liberalization. From 1999 to 2011, China borrowed about \$40 billion from the IBRD, and by 2011, China had received more than \$5 billion from the International Finance Corporation (IFC) to invest in 220 private sector projects (Bretton Woods Project, September 14, 2011).

In the chart below, we can see all the projects and loans that IBRD gave to China from 1981 to 2018, which totaled 375 projects, amounting to about 60 billion dollars.

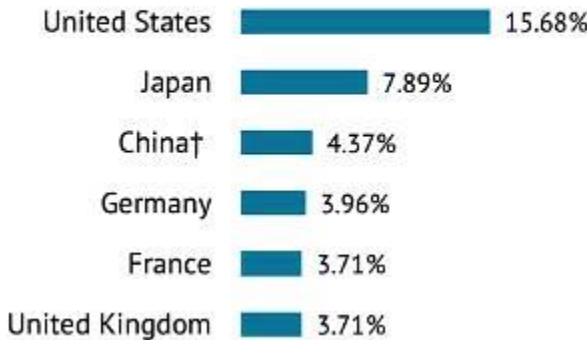


Source: (projects.worldbank, 2018)

**Chart (6): Overview of IBRD Projects in China (1981-2018)**

Finally, we are witnessing a rise in China's voting rights and influence within the World Bank. Countries' voting power and share allow them to impact the bank's financial policies and reap the associated benefits. The chart below illustrates the top six powers in the World Bank's voting rights as of 2019, highlighting China in third place, despite its relatively slower development compared to other leading powers:

### Voting Power at the World Bank



Source: (Morris, Scott & et al., Center for Global Development, October 11, 2019)

**Chart (7): Voting Rights of the Top Six Powers in the World Bank (2019)**

### 3-4. International Monetary Fund (IMF)

China founded the International Monetary Fund in 1945 with 34 other countries. In April 1980, the People's Republic of China established official relations with the International Monetary Fund. Relations

between China and the International Monetary Fund are generally related to the administration of the International Monetary Fund and the Special Drawing Right (SDR). (China and the IMF in [imf.org](http://imf.org))

China is trying to increase its political and decision-making power within the IMF. The voting system of the International Monetary Fund calculates each country's vote based on the amount of its monetary quota in the fund. China has tried to increase its quota. In May 1980, the Chinese government requested to adjust its contribution to the International Monetary Fund. China's contribution increased from SDR 1.2 billion to SDR 1.8 billion with the approval of the IMF Board. China also won a seat on the International Monetary Fund's board of directors, increasing the number of IMF directors to 22 members. In 2017, China's quota at the IMF was SDR 30.5 billion, accounting for 6.09% of the total vote.

To strengthen the balance of power at the International Monetary Fund, China has called for changes that shift voting power to developing and emerging economies. In 2010, the Fund's Chinese chief executive, Zhou Xiaochuan, addressed the board and argued that giving emerging economies more power was essential for legitimacy, accountability, and long-term health.

China is cooperating with BRICS, an alliance of Brazil, Russia, India, China, and South Africa, to advance the "rebalancing project." BRICS has been trying hard to get more votes and a voice in the "Re-negotiation of the International Fund Management" (Momani, 2017, pp. 270-275).

On October 1, 2016, the Chinese yuan officially joined the SDR basket and became the foreign currency of the International Monetary Fund, along with the US dollar, the British pound, the euro, and the Japanese yen. The IMF conducts a quarterly survey called COFER, or monetary composite of official foreign exchange reserves. This survey collects information about the foreign exchange reserves of member countries. With the recent addition of the Chinese yuan, the types of currencies in the fourth quarter of 2016, according to the COFER report, included the US dollar, Euro, Japanese yen, British pound, Swiss franc, Australian dollar, Canadian dollar, and Chinese yuan. For the five SDR reserve currencies, the corresponding value of their foreign currency reserves was as follows:

- USD: 5,052.94 billion dollars
- Euro: 1,559.26 billion dollars
- Chinese Yuan: 84.51 billion dollars
- Japanese yen: 332.77 billion dollars

-British pound: 349.33 billion dollars (Review of SDR Valuation, International Monetary Fund, December 2016)

The currency composition of the SDR basket is reviewed every five years. In the table below, we can see the weight of the years 2016 and 2022 for the currencies of the SDR in a comparative form, and we see the increase of the Chinese share in this basket:

**Table (7): Comparative Analysis of SDR Portfolio for 2016 and 2022**

| SDR Currency basket | 2016 <sup>2</sup> | 2022 <sup>1</sup> |
|---------------------|-------------------|-------------------|
| U.S. dollar         | 41.73%            | 43.38%            |
| euro                | 30.93%            | 29.31%            |
| Chinese Yuan        | 10.92%            | 12.28%            |
| Japanese Yen        | 8.33%             | 7.59%             |
| British pound       | 8.09%             | 7.44%             |

Source: (Special Drawing Rights, International Monetary Fund, July 29, 2022)

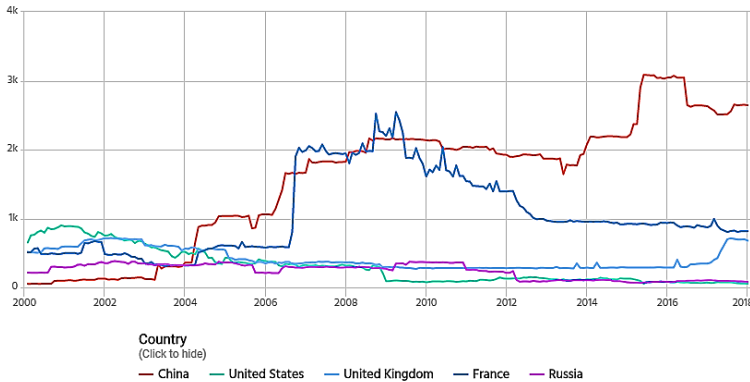
All these figures show the influence and rapid progress of the Chinese in this important organization. However, with all these developments, they are not satisfied with this situation and seek to create parallel institutions against the IMF. Among these measures is the creation of the "New Development Bank" in BRICS as well as the "Infrastructure Investment Bank of Asia," whose main budget has been created by the Chinese themselves through the support of their reserve currency in order to gain more influence among the developing countries and put pressure on the financial institutions of Bretton Woods. Praveen, development and cooperation, 29 July 2022).

### 3-5. United Nations Peacekeeping Operations

Among the organizations and programs in which the Chinese had a significant presence after economic progress was the United Nations peacekeeping operation. Among the reasons for more presence in this field, it should be considered to maintain the readiness of military forces, attracting public opinion, and strategic presence in different regions. The impressive presence of the Chinese in peacekeeping operations can be clearly seen in the chart below, so that the Chinese today have the largest share of forces in the operations:

1. Special-Drawing-Right-SDR, Factsheets 2016

2. Special-Drawing-Right-SDR, Factsheets 2022



Source: (China Power Team, 2018)

### Chart (8): Deployment of Military Forces by the Top 5 Countries in Peacekeeping Operations (2000-2018)

Chinese military experts said the People's Liberation Army is trying to improve the combat capabilities of its peacekeepers and is expected to be deployed in war-torn areas in Africa, as China plays a major role in UN missions.

According to Beijing-based military expert Zhou Chenming, overseas peacekeeping missions are currently part of actual combat training for the PLA. According to him, in the past, China had minimal participation in these peacekeeping missions, and the PLA only transferred a small number of its armed forces, and training was carried out by affiliated units; this was insufficient, Zhu said, and they are now preparing the military themselves for the conditions they will find.

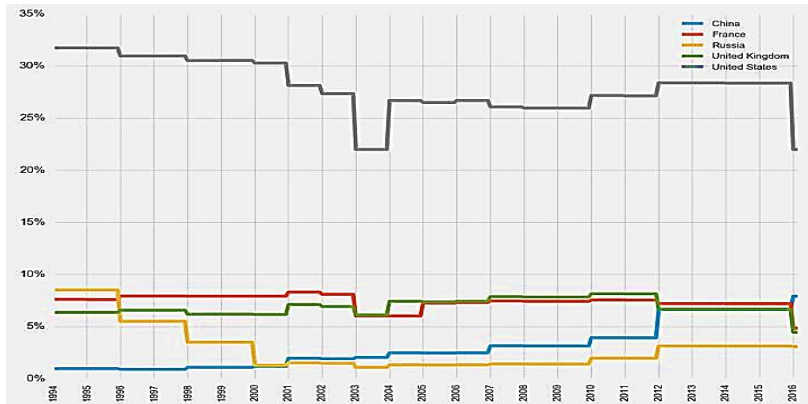
China has pledged to train 2,000 peacekeepers from other countries and provide \$100 million in military aid to the African Union. China has already trained 1,100 foreign soldiers and plans to train 900 by 2020, said Lt. Col. Zhou Bo, director of the Security Cooperation Center under the Defense Ministry's Office of Military Cooperation.

In August, China opened its first military base in Djibouti, which is said to be used for anti-piracy logistics, peacekeeping, and humanitarian aid operations. Beijing sent security forces to Mali in 2013 and a battalion of combat troops to South Sudan the following year, marking the first time the PLA has sent troops abroad to protect civilians.

According to the PLA, over the past 27 years, 36,000 Chinese have been on UN peacekeeping missions, of which 13 have been killed. The PLA said China currently has nine units serving in UN

missions, accounting for about 91.5 percent of the peacekeeping force. (South China Morning Post, 2018)

In addition to providing military forces for peacekeeping operations, the Chinese have also played a very important role in providing financial resources for these operations, which shows the impact of China's economic power in undertaking such obligations. In the chart below, we can see the increase in the share of the Chinese in financing UN peacekeeping operations between 1994 and 2016:



Source: (International Peace Institute, December 2016)

**Chart (9): Financial Contributions of Countries to UN Peacekeeping Operations (1994-2016)**

According to chart 9, we can see that the Chinese were responsible for approximately 2.5% of financing operations in 2003, and this share increased to approximately 8% in 2016.

By looking at the ten main financial sources of UN peace operations in 2019-2021, we also see the increasing role of China in financing this UN body in recent years:

**Table (8): Key Financial Contributors to Peacekeeping Operations (2019-2021)**

| rank | Country       | Share of the budget |
|------|---------------|---------------------|
| 1    | United States | 27.89%              |
| 2    | china         | 15.21%              |
| 3    | Japan         | 8.56%               |
| 4    | Germany       | 6.09%               |
| 5    | Great Britain | 5.79%               |
| 6    | France        | 5.61%               |
| 7    | Italy         | 3.30%               |
| 8    | Russia        | 3.04%               |

| rank | Country           | Share of the budget |
|------|-------------------|---------------------|
| 9    | Canada            | 2.73%               |
| 10   | Republic of Korea | 2.26%               |

Source: (United Nations Peacekeeping Funding Overview (December 2022))

#### 4. Implications for Iran

China in recent years has increased its cooperation with Iran and has diversified bilateral relations through the 25-year cooperation agreement. As the nuclear talks remain at an impasse, Iran's foreign policy agenda largely has been focused on strengthening the "axis of resistance," for which Chinese support is vital. With limited options to enter the international energy market amid mounting U.S. sanctions, a large majority of Iranian oil is exported to China. China has offered critical diplomatic support in Iranian nuclear talks and has supported Iran's membership in regional organizations like the Shanghai Cooperation Organization (SCO). In recent years, China has also participated in joint naval drills with Iran and Russia in the Gulf of Oman as a show of force against the West amid escalating regional tension. (Moonakal, July 09, 2022)

The importance of increasing China's power in international organizations and regimes for Iran can be analyzed in two ways. First, using China's development model for Iran; second, it is the help that China can give to Iran in the current situation, considering its position in international organizations.

Iran can achieve its economic goals sooner by modeling China's development in the economic field and its localization, and then it can improve its position in the international system.

China, as one of the main powers of the international system, is trying to change the current structure of this system and also reduce its distance with the USA. By becoming an economic, political, military, and cultural power, China is trying to turn itself into an independent great power and finally take an active role in managing international trends so that other competitors cannot limit China's interests and goals.

Considering the importance of China's position in the international system and taking into account the capabilities of this country in the economic, military, and political fields, as well as China's critical view of the USA-centered structure of the international system, it can be stated that the comprehensive cooperation between Iran and China has many benefits for the Islamic Republic of Iran. In the economic field, due to its high power and its effective presence in economic organizations and

institutions, China can help a lot to improve Iran's economic situation, especially in the conditions of USA sanctions. Also, due to China's political power, active and influential presence in international institutions and regimes, as well as having the veto right of the Security Council, this country can, in line with political-diplomatic support, neutralize the policies of the United States and the West against Iran and in international negotiations also have a favorable effect on Iran's interests.

Among the cases where China's position in international organizations has been able to help Iran is Iran's membership in the Shanghai Cooperation Organization, as well as the votes that China sometimes gave in the United Nations and affiliated institutions in support of Iran or at least hindered in supporting Iran. Or at least, in supporting Iran, it has prevented the formation of a resolution against Iran.

Also, in the future, if Iran is serious about becoming a member of the World Trade Organization, the promotion of China's position in this organization can help Iran.

In the end, a few points should be noted. First, China uses active internationalism in its current foreign policy and has a broad multi-vector policy. For example, in the Yemen crisis, it absolutely does not support one side and tries to achieve its interests from the parties and tries to cooperate with all the countries for which it is beneficial. Second, China is a distinct country in the international system that is not looking for a strategic ally in the world. They believe that their power alone can solve all their problems. Therefore, they are looking for win-win cooperation. So, based on the cooperation model of this country, Iran should always have a balanced behavior and try to take advantage of the opportunities obtained first in order to balance the relations and then benefit from it.

### **Conclusion**

China is a major player in the global economy and an important source of development assistance for other countries, as well as an attractive model of economic development for other countries. The recent global financial crisis caused China to have a bolder presence in its activities in international organizations. The American Institute of Economic Strategy has stated in a report that the economic weakness of the United States and the recovery of the Chinese after the financial crisis mean that in the coming years and decades, international organizations will evolve differently and away from the philosophies and influences of the United States.

This institute has stated in its report that new organizations are built based on a set of different assumptions and philosophies and will emerge and, in some cases, challenge the previous organizations. If when the past organizations and international institutions were being formed, China just sat on the sidelines, today the Chinese have a bigger table and chair in international organizations, and they use their growing influence to shape the rules of the game as much as possible.

The report of the Economic Strategy Institute finally states that the United States must understand that its period of influence is over and that China is no longer a mere listener in international organizations that remains silent on currency issues. For example, China currently has direct influence over the International Monetary Fund and the G-20 over its currency. And finally, this report advises the United States to be more pragmatic about the inevitable progress of the Chinese in international organizations and try to bring the Chinese along (foreign policy blogs, April 2011).

Generally, we see that the increase in China's power has had a significant effect on the promotion of China's position in international organizations and institutions. And this particular effect is evident in the World Trade Organization, the International Monetary Fund, and the United Nations. This in itself shows that power is no longer just about its military dimension as in the past and classical realism, and today the economic dimension of power is very important to determine the position of a country in the structure of the international system.

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