



## **HOW THE WAR ON IRAN BENEFITS CHINA'S ECONOMIC AND ENERGY GOALS**

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Since the start of the US/Israeli attacks on Iran, there has been a [school of thought](#) that the military actions will “kill two birds with one stone,” destroying Iran’s nuclear capabilities while hurting its [strategic partner](#) China by impacting its energy security and reducing its increasing influence in the Middle East.

While it is true that, in the short-term, China’s oil supply is disrupted given the fact that China has been the [biggest importer](#) of Iranian oil. Diplomatically, China is put in a bind between supporting a Shia-led Iranian theocracy or the predominantly Sunni Muslim Gulf countries, over which China has gained [significant clout](#) through decades of cultivation and extensive trade and investments.

On balance, however, China likely will have much more to gain in both the short and long run, despite the above immediate challenges, for several reasons.

Geopolitically and propaganda-wise, the invasion plays right into China’s well-published [narrative](#) that the US is a reckless, unpredictable, and unreliable hegemon, which helps burnish and validate China’s claim as a neutral, non-interfering, and trustworthy partner.

While condemning the war, China still intends to roll out the red carpet for Trump’s much-anticipated but [now-delayed](#) state visit to the country. Facing plunging domestic polls, stubborn consumer inflation, and jumping gasoline prices, it would not be hard to imagine that Trump wants a quick win to distract voters at home,

especially when the mid-term elections are only seven months away. But after threatening China repeatedly with sky-high tariffs and [capturing](#) China’s “old friend” Maduro, letting Trump get away with declaring victory is the last thing Beijing is willing to do.

Sensing the pressure on Trump and his weakened hand, a more likely scenario is that China will make symbolic concessions, such as stepped-up cooperation in cracking down on fentanyl smuggling and the purchase of US products to create a conducive environment for Xi’s meeting with Trump later in the year on US soil. However, a breakthrough in reducing China’s \$1.1 trillion trade surplus and curbing the country’s continued expansion of massive excess manufacturing capacity, two of the top priorities of both the Biden and Trump administrations, likely will be out of reach.

True, disrupting China’s oil supply from the Middle East presents a threat to China’s already [struggling consumer economy](#) and [pessimistic consumer sentiment](#). However, the harm comes with steep political and economic costs to Trump at home with little benefit accrued for the US. According to Center on Global Energy Policy at Columbia, in 2025, China imported about [half of its crude oil](#) and almost one third of its liquefied natural gas from the Middle East, including Iran. With shipments through the chokepoint Strait of Hormuz severely restricted by Iran and, with Trump threatening (and then postponing) the bombing of Iranian energy facilities unless a peace deal is reached soon, manufacturing cost and domestic consumption for China’s export-dependent GDP will suffer a double whammy, in addition to uncertainty over US tariffs. Despite all this, Gavekal Dragonomics China Macro Research [estimates](#) that as of April 2026, China has stockpiled approximately 1.3 billion barrels of crude oil in combined strategic and commercial reserves, roughly equal to four months of oil imports, softening the blow of energy disruption and providing a reasonable cushion for China to secure alternative sources of supply.

The biggest beneficiary from China’s need to make up for the Middle East reduction will be Russia, further justifying and solidifying the two countries’ “no limits” partnership and throwing a lifeline to Putin’s dead-end invasion of Ukraine. The fact that China is self-sufficient in coal, has made [world-beating progress](#) in alternative energy, and possesses both the know-how and capacity

to ramp up nuclear power generation can ensure that, among the biggest economies, it will be one of the least-impacted in case of runaway crude oil and natural gas inflation.

China is the undisputed leader and biggest exporter in green energy, a silver lining for China amid the war and a brewing global energy crisis. Meanwhile, the world has received another rude and urgent awakening on the need to accelerate new energy transition and adoption, in spite of Trump's withdrawal from the Paris Agreement for a second time, and China stands ready to benefit from the pent-up demand. China's "[Three New Shining Objects](#)"—wind, solar, and battery technologies and products—aided by [China Speed](#), can help countries quickly lessen their energy crunch in the short term and aid their transition to cheaper and sustainable energy in the long run, and counter Trump's policy to increase the use of fossil fuel. China already has total dominance on the supply chain of the "Three New Shining Objects." Iran war-induced green energy acceleration will undoubtedly tighten China's chokehold on this critical massive source of new energy.

In a nutshell, while China was unlikely part of Trump's Iran war calculation, China could turn out to be an unintended beneficiary and, and contrary to popular opinion, be bruised considerably less than other countries.

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