

Beijing's Leverage Game in Jeopardy

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China's international power play to undermine the Western liberal order importantly relies on the leverage Beijing can exercise over quasi-vassal states. Of these, Venezuela has already collapsed, and Iran is about to go the same way. Only Russia remains solidly in China's grip.

"Decent people should welcome its decapitation," wrote **Martin Wolf**, the much-respected Chief Economics Commentator of the **Financial Times**, in an op-ed piece discussing **the deep troubles faced by the tyrannical theocratic regime in Iran** as a consequence of the intense military operations undertaken by Israel and the United States. While Wolf's argument is absolutely correct, it does not mean that there is quasi-general acceptance and approval in the Western world of the military intervention against Iran; on the contrary, critics argue **that Israel and the US are flagrantly violating international law with their actions.**

Spanish Prime Minister **Pedro Sanchez** was one of the most outspoken heads of government in condemning the Israeli and American actions. However, **he and the other critics are, say, 90% wrong**, and this is for basically two reasons. **The major reason is that not much remains of that international order.** In the **UN Security Council**, the main guardian of international law, **China and Russia possess veto power that is systematically used by both to protect their fellow members of the Axis of Resistance and/or the Axis of Upheaval** (more on this later in this blog). Thus, the West is rendered powerless to take any action based on the rules of international law against the worst offenders of international law. This is a highly regrettable situation, **but simply accepting it and sitting on the sidelines is no longer a defensible position in the world of 2026.**

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Secondly, **the theocratic tyranny in Iran is the quintessential example of a systematic offender of international law and basic human rights.** Dissidents have been systematically imprisoned, tortured, and eliminated since the beginning of the ayatollah's reign in 1979. During the **January 2026 protests** against the regime, **at least 20,000 Iranians were killed.** The Tehran regime has **never stepped away from its declared intention to completely annihilate the Jewish state of Israel.** There have been constant lies about the nuclear program being developed with the undeclared but very real aim of, among other things, said annihilation. Recently, **an enormous weapons buildup has been taking place within Iran,** focusing on the development of ballistic missiles capable of hitting targets far beyond the Middle East. **The Tehran regime has also been a constant supporter and instigator of international terrorism,** providing massive support and encouragement to groups like **Hamas, Hezbollah,** and the **Houthi Ansar Allah** terrorists in **Yemen.** Last but not least, Iran's naval forces pose a constant threat to international shipping and trade flows.

To put it mildly, **there are legitimate reasons to remove this murderous regime.** However, this does not mean that military actions against Iran are flawless; far from it. They seem to exhibit some of the now well-known **Trumpian modus operandi:** impulsive, focused on merely smashing the status quo without fully and rationally considering the consequences of the actions undertaken. The tariff war, the Greenland threats, and the frontal attack on the American central bank (the Fed) are other major examples of the current White House's strategy, which creates significant volatility and uncertainty.

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That Other Dimension

In addition to all the elements enumerated above, there is also another factor that should be very much present in the discussion of the reasons behind the combined attack by Israel and the United States on Iran. More specifically, **it has become hard to ignore the fact that the war on Iran is a new step in the United States' attack on regimes closely linked to the power play that China has been meticulously developing over the past two decades.** Russia, Venezuela, and Iran were the crown jewels in China's sophisticated strategy

aimed at breaking the dominance of the US-led liberal political and economic order, if not its complete destruction.

Never before in human history has a country benefited as much from that international liberal order as China has in the past 50 years. However, as my co-author Dieter Van Esbroeck and I argue in **our forthcoming book *The Paper Continent***, it has never been the intention of the Beijing regime to integrate into that liberal world order. China's long-term aim is to **break US and dollar hegemony and establish a China-dominated order.** This is the major reason why Xi Jinping has publicly argued on several occasions that China should try to dominate international supply chains as much as possible—not so much for economic gains, but **for the enormous geopolitical power and leverage** that such domination entails.

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Especially since **Xi Jinping's rise to quasi-absolute power in China**, it has been the strategy of the communist regime **to develop close relations with crucial states on which sufficient leverage could be exercised over time to make them align with Beijing's interests.** Russia is obviously a crucial state in Europe, just as Venezuela is in Latin America and Iran in the Middle East. Most analyses also include North Korea in this strategy, but China's relationship with Kim Jong Un's rogue regime in Pyongyang is less straightforward than is often assumed. Not long ago, Kim explicitly referred to China as "a longstanding enemy" of North Korea. Descriptions such as "enduring mutual distrust" and "frosty relations" regularly appear in analyses of the relations between Beijing and Pyongyang.

While the Venezuelan domino in China's power game has fallen, the Iranian one has not yet completely collapsed but is severely staggering under the combined Israeli-American attacks. China has spent billions of dollars in recent years building Iran into a loyal asset. In 2021, the two regimes signed a 25-year **Comprehensive Strategic Partnership**, in which China committed itself to \$400 billion in investment across the Iranian economy. Chinese companies **Huawei** and **ZTE** built Iran's telecommunications network, while **Tiandy**, another Chinese firm, is working on the installation of a copy of China's facial recognition system aimed at maximizing social control over the citizenry. Chinese technology is also instrumental in the theocracy's control of the internet. Moreover, **China is actively engaged in Iran's military buildup.** However, it is telling that the crumbling Shiite regime has not responded to

China's public pleas to keep the notorious **Strait of Hormuz** open for shipping. One-third of China's massive crude oil imports and a quarter of its LNG imports pass through this Strait.

At the outbreak of the current war, China was buying 80% of Iran's crude oil production at steep discounts of up to 50% off world crude oil prices. China applied the same strategy to Venezuela, with which the Beijing regime began intense cooperation shortly after Hugo Chavez's election victory in 1998. In recent years, Beijing has purchased between 50% and 90% of Venezuelan crude oil production, also at steep discounts, partially related to Venezuela's \$60 billion oil-backed debt owed to China. There are straightforward reasons why Venezuela was such an attractive partner for China. Not only does Venezuela possess the largest proven oil reserves in the world (300 billion barrels), but it also has important deposits of critical minerals, gold, bauxite, nickel, iron ore, and coltan. Additionally, in Venezuela, China has been actively engaged in building military infrastructure, such as two modern satellite tracking stations. In 2023, the Maduro regime and Beijing established an "all-weather strategic partnership."

The 'Dragon-Bear' Embrace

With shaky relations with North Korea, the Venezuelan ship underwater, and the Iranian one close to that status, **only Russia remains a solid partner in China's anti-Western power play through the so-called Axis of Resistance or Upheaval.** China is already the largest buyer of Russia's oil and gas, and with all the upheaval in the Middle East following the Iran war, Russia is bound to become even more important in China's imports of crude oil and gas. Russian fossil fuels are also bought at steep discounts by China as compensation for China's support of Russia in its war on Ukraine. The steep discounts enjoyed by China on most of its fossil fuel imports significantly contribute to a further strengthening of China's international competitiveness.

China's support for Russia has been present since the beginning of Putin's war against Ukraine but was significantly increased in the second half of 2025 through enhanced intelligence sharing, expanded supply of drone parts, including fiber-optic cables and lithium batteries, and closer overall military cooperation. The Russian war effort in Ukraine increasingly depends on the support coming from China. Xi Jinping's promise that China would not provide weapons to Russia has proven to be an outright lie.

It remains to be seen how China will deal in the coming months and years with the setbacks it has recently encountered in its geopolitical strategy, which heavily relies on creating powerful leverage over significant client states in different parts of the world. **One thing is certain: China will do everything in its power to avoid a defeat of Russia in the Ukrainian war.** For China, the continuation of the Ukrainian conflict is imperative for various reasons. The Ukrainian war divides the West, consumes important Western resources, and increasingly turns Russia, fabulously rich in fossil fuels and other raw materials, into a Chinese vassal state. These elements perfectly align with China's long-term strategy focused on undermining the Western political and economic order. Moreover, China gains valuable military intelligence directly from the frontline battles in Ukraine.

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That battlefield intelligence, combined with the experience in Iran, presents another wake-up call for the communist regime in Beijing. **Chinese military equipment underperforms.** China supplied Iran, among other things, with sophisticated CM-302 supersonic anti-ship missiles and HQ-9B air defense systems. Both systems, which were supposed to be state-of-the-art, did not perform as expected, as was also the case with the Chinese drones and radars at Iran's disposal. **Is it a coincidence that as the shortcomings of this Chinese military equipment became obvious in Iran, the Beijing regime decided, as reported by Reuters, to significantly scale back its air force activity around Taiwan?**