BEYOND OIL?: CHINESE NATIONAL INTERESTS AND THE SINO-IRANIAN RELATIONSHIP

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<table>
<thead>
<tr>
<th>Table of Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Section I: China’s National Interests and Incentive Structure</td>
<td>4</td>
</tr>
<tr>
<td>Preservation</td>
<td>5</td>
</tr>
<tr>
<td>Prosperity</td>
<td>9</td>
</tr>
<tr>
<td>Power</td>
<td>12</td>
</tr>
<tr>
<td>The Great Chinese Tightrope Act</td>
<td>16</td>
</tr>
<tr>
<td>Section II: The Sino-Iranian Relationship</td>
<td>17</td>
</tr>
<tr>
<td>Economic and Commercial Relations</td>
<td>18</td>
</tr>
<tr>
<td>Political and Diplomatic Relations</td>
<td>21</td>
</tr>
<tr>
<td>Strategic Relations</td>
<td>25</td>
</tr>
<tr>
<td>Section III: Chinese Interests and the Future of Sino-Iranian Relations</td>
<td>30</td>
</tr>
<tr>
<td>Preservation, Prosperity, and Power in China’s Iran Foreign Policy</td>
<td>30</td>
</tr>
<tr>
<td>The Future of Sino-Iranian Relations</td>
<td>32</td>
</tr>
<tr>
<td>Conclusion</td>
<td>39</td>
</tr>
<tr>
<td>Bibliography</td>
<td>42</td>
</tr>
</tbody>
</table>
INTRODUCTION

Iran’s admission in September 2009 regarding its formerly secret uranium enrichment plant near Qom and the UN Security Council’s faltering efforts, in concert with Germany and IAEA, to broker a deal with Iran over its nuclear activities has brought the Sino-Iranian relationship into the spotlight. Based on the relatively close and multifaceted relationship Beijing shares with Tehran, the United States and its allies have been calling on China to exert ever-greater pressure on Iran if it fails to comply with full IAEA inspection requirements. In a January 29, 2010 speech given in Paris, Secretary of State Hillary Clinton commented on China’s position. Trying to convey America’s comprehension of China’s predicament, she stated that U.S. understood that sanctioning Iran would seem counterproductive to China based on its need for natural resources, but that China should think about the longer-terms implications.¹

Secretary Clinton is certainly not alone in her recent appraisal of China’s motivations. As the Sino-Iranian relationship and its potential strategic implications have gained ever-greater scrutiny over the past couple years, both government and scholarly assessments of the relationship have hinged on the exchange of Iran’s oil and natural gas resources for China’s tempered diplomatic protection of Iran’s actions regarding its nuclear programs. There is no doubt that China’s interest in Iran’s energy supplies is an important part of the current Sino-Iranian equation, but the question arises as to whether this is the entire picture. Additionally, Secretary Clinton’s comments imply that China’s current behavior is focused on achieving its near-term interests and not its long-term ones. Do the Chinese agree with this assessment of their behavior? Given the importance of China’s position

vis-à-vis U.S.-led attempts to quell Iran’s potential nuclear ambitions, the question is whether U.S. assessments of China’s interests are indeed both complete and accurate.

What drives state behavior is perhaps one of the greatest debates within International Relations (IR) Theory. When specifically looking at China, this debate is particularly diverse. John Mearsheimer, Thomas J. Christensen, and Robert Kagan highlight the centrality of China’s drive for military and economic power and its awareness of the balance of power both regionally and globally as its true motivation behind its behavior.² Robert S. Ross, Alastair Iain Johnston, and Jianwei Wang address China’s recognition of its own continued weakness. They likewise emphasize China’s primary interest in taking advantage of the current system of economic interdependence and its emphasis on multilateralism.³ Others such as Yong Deng, David Kang, William A. Callahan, and Peter Hays Gries point to ideational factors such as identity, narratives, and nationalism as key factors in motivating Chinese behavior.⁴ While each of these authors tends to emphasize their notion over the others, few would argue that one distinct notion drives Chinese foreign policy to the exclusion of the others.

In recent years, some sinologists have attempted to explain Chinese motivations in its foreign policy in a more all-encompassing fashion, yet coming up with a clear and

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Fei-Ling Wang has recently put forward the argument that China’s foreign policy under the Chinese Communist Party (CCP) is motivated by “a peculiar incentive structure of preservation, prosperity, and power/prestige.” He grounds this incentive structure in a strategic worldview that is plagued by a persistent sense of insecurity on the part of Beijing, which continues to exist despite China’s growing wealth and capabilities. Explaining his notion of preservation, Wang highlights the maintenance of the CCP’s political position and general internal order and stability within China. He then turns to prosperity, highlighting the centrality of economic growth to the Chinese mindset and labeling it “a new, quasi-religion”. Finally, Wang turns to power, which he defines in terms of both military capabilities and national prestige. He argues that an increasing Chinese frustration with a conservative foreign policy coupled with growing nationalist sentiments are the main contributors to calls for increasing China’s national power. Ultimately, Wang argues that preservation, prosperity, and power can be viewed as concentric circles that together form the basis of China’s foreign policy goals.

This paper seeks to build upon Wang’s preservation-prosperity-power framework as the incentive structure for Chinese foreign policy under the CPP. It does so in the first section by further fleshing out and expanding upon Wang’s definitions of preservation,

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7 Ibid, 32.

8 Ibid, 41.
prosperity, and power within the Chinese context. Using this expanded framework, the second section will test it out by examining Chinese relations with Iran over the past three decades along the economic, political, and strategic fronts. The goal of this section is to identify which of China’s interests are served in its relations with Iran and how. The third section will draw upon the first and second sections in highlighting the relevance of the preservation-prosperity-power framework for China’s interests in Iran and how those interests will impact relations in the future.

The development of Chinese foreign policy and its relations with Iran are both multifaceted and ever-unfolding. It would be impossible to cover every aspect of the Sino-Iranian relationship in this paper, let alone the full scope of the relationship’s implications given the number of entities with vested interests in how Sino-Iranian relations play out. Moreover, the ability to predict China’s future behavior has proven tenuous at best over the past couple of decades. Primary information regarding the beliefs of China’s decision-makers and the decision-making process of the Chinese Communist Party (CCP) is still difficult to obtain. Additionally, many sinologists often question whether the CCP leadership actually possesses a clear and actionable plan for the future. Nevertheless, the purpose of this process is to paint a more holistic picture of China’s interests in Iran than has previously been done and contribute to the growing literature on China’s developing foreign policy in the Middle East.

**CHINA’S NATIONAL INTERESTS AND INCENTIVE STRUCTURE**

Today, most Sinologists and other scholars of Chinese foreign policy agree that China’s foreign policy decision-making is largely rationalist, pragmatic, and
opportunistic. The Mao years of ideologically-driven foreign policy decisions have long been replaced with the national-interest driven mind-set instituted by Deng Xiaoping in the late 1970s and 1980s. Likewise, as Chinese scholar Yong Deng notes, understanding Chinese views of their own national interests remains the key to understanding the guiding logic of Chinese foreign policy.

Current Chinese foreign policy reflects a delicate balancing act in which the Chinese are acting upon multiple, and often competing, interests. This conflict partially stems from inherent tensions in the way in which Chinese interests are formed, or as Wang calls it, China’s incentive structure. Within China’s incentive structure, how China views itself, the international environment, and the available tools it can use to achieve its goals all play a major role. This section will focus on the Chinese notions of preservation, prosperity, and power and how each fits into Chinese foreign policy calculations. I present the argument that, currently, preservation followed by prosperity are the primary goals of Chinese foreign policy and that the power, as the Chinese define it, is the means by which China seeks to achieve these goals. After elucidating China’s views on each of these concepts, I will discuss how the interplay between the three manifests itself in China’s foreign policy.

**Preservation**

The Chinese need for self-preservation is arguably the most undervalued or under-recognized influence in Chinese foreign policy. As Thomas Kane highlights, “every

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nation values its self-determination, but the Chinese cherish this principle with a passion that often seems to have faded in America and Western Europe.”

This emphasis on preservation stems largely from the Chinese historical experience, particularly from the “century of humiliation” (typically thought of starting with the First Opium War (1839-1842) and lasting through to the establishment of the People's Republic of China (PRC) in 1949), the Tiananmen Square incident in 1989, and the fall of communism at the end of the Cold War. Callahan notes that the discourse on the century of humiliation is arguably the master narrative of modern Chinese history and China’s very deliberate appeal to the idea of national humiliation can greatly inform how we understand China’s international politics. As Tellis highlights, a primary product of China’s experiences has been “an intense fear of social chaos and political fragmentation or collapse, usually seen as ‘just-around-the-corner’ and often closely associated with aggression and intervention from the outside.” Accordingly, China’s victim narrative and resultant need to avoid repeating those experiences have produced a persistent fixation with China’s preservation.

The notion of preservation exists on multiple levels. The first and perhaps most obvious is that of territorial integrity or physical preservation of the Chinese state. The colonization of parts of China and the manipulation of the Chinese government by Japan and the western powers during the century of humiliation has been viewed by the Chinese as a product of not only outside imperialistic ambitions but also of the political and military weakness of the Chinese governing regimes at the time. Thus, ever since Mao

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13 Callahan, “National Insecurities,” pp. 204.
Zedong announced his Five Principles of Peaceful Coexistence in 1954, the maintenance of a territorially unified China that would be strong enough to fend off any negative external influences has been a key foreign policy goal.

In the sixty years since the founding of the PRC, this attachment to a unified China has in many ways become even stronger as it has taken on an important symbolic dimension. As PRC Minister of Foreign Affairs Yang Jiechi recently emphasized, the return of Macao and Hong Kong to China in 1997 and 1999 “redressed the century-long national humiliation, and was of great significance for the great cause of reunifying the motherland.”15 It is in this same light that the Chinese continue to view any form of Taiwanese or Tibetan independence or separatist activity in the Xinjiang province as completely unacceptable. Overall, while the Chinese have demonstrated their patience in attaining the goal of a unified China and have increasingly subordinated the Taiwan issue to other pragmatic considerations of foreign policy,16 the One China policy continues to serve as a foundation for Chinese foreign and domestic policy.

A second important form of preservation is that of political preservation, which takes on both an external and internal dimension. China’s need to preserve internal order and stability is arguably the most fundamental motivation behind its foreign policy. As the leader of a single-party dominated semi-authoritarian state, the CCP has done a remarkable job adapting and integrating its own interests in survival into the interests of the Chinese state. In the wake of the Cold War, the CCP faced an enormous crisis as it could no longer rely on communist ideology as a pretext for its ruling legitimacy. In its

15 BBC Monitoring Asia Pacific, “Foreign Minister Reviews China’s 60-Year Diplomacy”, October 6, 2009.
attempts to maintain its ruling position amongst the collapse of communist regimes surrounding it, the CCP transformed its image to a more nationalist one, identifying itself as the protector of the Chinese state and the only party that could ensure China’s continued growth and stability along its path to restored greatness.\(^{17}\) As a result, the CCP’s survival and the general maintenance of internal stability and order have become inherently linked to China’s ability to continue growing and securing its position within the international order. In this respect, Chinese notions of internal preservation have enormous implications for its foreign policy decisions.

Externally, China’s ideas of political preservation have translated into a whole-hearted acceptance and advocation of the principles of sovereignty and non-interference. As Deng succinctly puts it, “by Chinese nationalist logic, the loss or weakening of sovereignty is associated with China’s experience as the sick man of East Asia, the victim of the strong. Thus China most tenaciously holds to its identity as a sovereignty state.”\(^{18}\) Although Carlson’s recent analysis has shown that, over the past two decades, the Chinese position toward sovereignty has become somewhat more acquiescent, it is still slow to evolve and highly complex.\(^{19}\) In cases where China has supported international intervention, its support has been largely for UN peacekeeping operations where full Security Council support exists, the country in question has requested help, and the area has not typically been a primary strategic concern. Nor has China’s dislike of economic sanctions changed much, partially due to China’s own experiences as a developing country that has been sanctioned itself. Moreover, NATO’s humanitarian intervention in

\(^{18}\) Ibid, 49.
Kosovo and the U.S.-led war on terrorism have garnered some criticism and wariness by the Chinese as western pretexts to violate a nation’s sovereign rights at their own discretion. In sum, it is hard to overestimate the degree to which China continues to uphold a state’s right of sovereignty and its distaste for intervention in what it sees as a state’s internal affairs.

A final form of preservation exists at the socio-cultural level. As mentioned above, the end of the Cold War with the fall of the Soviet Union and the Color Revolutions in Europe created a deep crisis for the Chinese regime. After years of in-depth analysis on the causes of the fall of the communist regimes in those countries, the Chinese determined that a significant factor in their downfall was the western strategy of “peaceful evolution”, which can be likened to Nye’s concept of soft power today. The open advancement by western nations of their use of social, economic, and cultural means to accelerate internal dissatisfaction and undermine ruling regimes continues to alarm CCP leaders, most notably efforts to promote democratization and human rights in China.20 As a result of this threat, an important part of Chinese foreign policy has centered around efforts to mitigate influence and pressure from the U.S. and other western nations in this area.

**Prosperity**

Although the section above highlighted the importance of economic and political strength in resolving China’s preservation fears, the goal of seeking prosperity speaks to a distinct motivation in China’s incentive structure. Whereas the need for preservation rises from the Chinese “victim” narrative, the drive for prosperity stems from China’s

other “great civilization” narrative. As Wang summarizes, “For large segments of the Chinese people, who are increasingly more nationalist than communist, the search for prosperity is viewed as a key to realizing the century-old dream of rejuvenating the Chinese nation and Chinese civilization, to achieve the ideals of *fu-guo-qian-bin* (rich country and strong military) or its current version *fu-min-qiang-guo* (rich people and strong nation). This drive for economic growth has translated into a foreign policy that is best geared toward promoting that growth.

Since the beginning of the reform era in 1978, Chinese leaders’ understanding of the necessary approach and conditions under which economic growth can occur has been a key factor in their foreign policy decision-making. Indeed, Kim argues that how to make the outside world safe and congenial for China’s born-again modernization drive has become the single greatest challenge of post-Mao Chinese foreign policy. When the globalization discourse came to the forefront in the mid-1990s, it was fairly well embraced by Chinese leaders who saw it as complementary to the “opening up” reforms that Deng Xiaoping had helped initiate over the past two decades. However, as Moore summarizes, exactly how Chinese leaders defined and viewed globalization has been important in understanding how it has shaped Chinese foreign policy. Particularly early on in the discourse, Chinese leaders and scholars tended to emphasize the economic interconnectedness of globalization while downplaying other political and security aspects more closely associated with interdependence. It was not until the turn of the

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21 Wang, “Beijing’s Incentive Structure”, 32.
century that Chinese leaders began to really articulate their views on the negative fallout of economic globalization, as well as its implications in the political and social realms.\textsuperscript{24}

As a result, Chinese leaders looked to define a strategy that would allow China to continue benefiting from the economic advantages of globalization while also mitigating what it perceived were ways in which the U.S. and the other established powers were trying to use their economic positions to advance their own agendas vis-à-vis economically weaker states. They began making calls for the “democratization of international relations” and the establishment of “a fair and rational new international political and economic order”.\textsuperscript{25} While various scholars have used terms ranging from revisionist to reformist to opportunistic and calculating to describe China’s behavior in this light, one thing that is clear is that Chinese leaders were now actively trying to advance an international agenda that would be more conducive to China’s future prosperity.\textsuperscript{26}

In practical terms, China was expressing a foreign policy based on the concepts of non-interference, pragmatism, fairness and equality in opportunities, and multilateralism. These concepts became the foundation for China’s “harmonious world” policy expressed by Hu Jintao in 2005. Further elaborations reveal that the harmonious world policy emphasizes political respect, economic cooperation, and understanding in cultural diversity as a way to foster more “win-win” scenarios in international dealings. But beyond serving as a vehicle by which the current Chinese leadership is attempting to articulate its own foreign policy doctrine, the harmonious world policy has been a way in which China has tried to counter calls regarding the “China threat” and China’s

\textsuperscript{24} Ibid, 125.
\textsuperscript{25} Ibid, 129.
\textsuperscript{26} Jean-Marc F. Blanchard and Sujian Guo, “Harmonious World” and China’s New Foreign Policy, pp. 7.
worrisome rise to power. Much like its “peaceful development” strategy (formally known as “peaceful rise”), China’s harmonious world policy is a reflection of China’s recognition that while it has progressed much in the past three decades, it still has a long way to go and is still highly dependent on its economic relations with the U.S. and Europe. Likewise, avoiding substantial upsets in the current economic system and mitigating any potential threats to China’s future progress is crucial.

**Power**

It is important to understand the specific Chinese conception and definition of power in order to appreciate the role that power plays in Chinese national interests and foreign policy. When assessing their own power, Chinese leaders tend to talk in terms of comprehensive national power, defined as the sum total of the powers or strengths of a country in terms of its economy, military affairs, science and technology, education, resources, and influence. Of these various categories, as Lampton highlights, the three most important ones emphasized by China are material capabilities, influence and coercive power, and ideational power.

The centrality of economic growth to notions of a strong China have been discussed in the previous sections, however, there are two important points to note regarding Chinese perceptions of economic power. First, China views its miraculous three decade growth as not challenging any current order but rather restoring an equilibrium that has existed throughout history. While it recognizes that its power in this respect indeed has grown,

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29 Ibid, 117.
it still views itself in a type of recovery phase where it still has decades to go before it reaches a position to rival other economic powers. Chinese leaders have also seen that their investments in participating and embracing the current international economic order have paid off and therefore view the continuation of the current order as it currently exists as most favorable to their continued economic growth. Second, China continues to maintain the position that economic power and growth can remain divorced from political and security issues. This mentality is a combined product of the principles of pragmatism and non-interference that the Chinese hold as fundamental parts of their foreign policy. Therefore, the Chinese not only believe that economic power serves as the foundation for their strength as a nation, but they also view the attainment of economic growth as a state’s inherent right and believe it should not to be infringed upon by anyone else.

In terms of building up their coercive power or influence, China’s strategic capabilities are clearly an important part of the puzzle. The concept of “strategic configuration of power” remains integral to Chinese strategy and can be thought of as the way in which the Chinese understand their strategic environment, including potential threats and potential opportunities. Chinese analysts around the turn of the century began to view the next couple decades as a strategic window of opportunity, particularly with the U.S. distracted by the war on terrorism, where conditions would be conducive to China’s growth and development. In this vein, the budget of the People’s Liberation Army (PLA) has been growing in the double-digits for the past fifteen years and the PLA has undertaken a significant modernization effort. This modernization effort has included both a reassessment of Chinese current and future threats and a refocusing on the

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necessary capabilities to deal with those specific threats. As such, recent efforts have included building up capabilities focused on power-projection, anti-access, and area denial, modern technology brought on by the Revolutionary in Military Affairs (RMA) such as information warfare and space technologies, and the most imminent potential threats such as a possible war over Taiwan.\footnote{Ibid, 2-5.} Chinese leaders have tried to de-emphasize its military modernization at times in order reduce anxiety on the part of China’s neighbors and its other great power trading partners. However, grand displays such as the one carried out for the PRC’s 60th anniversary seem to contradict these efforts. Additionally, a general lack of transparency from China regarding its intentions and motivations has done little to quell the impression that China’s military build-up will pose a threat in the future.

Perhaps equally if not arguably more important to the Chinese leadership is gaining international status and recognition as a corollary to China’s growing national power. As Deng highlights, “China considers status advancement as pivotal to its national security interests…China’s national rejuvenation cannot materialize on solely its material power; it must also entail carefully cultivating international confidence over its role in the Asia-Pacific region and within world politics at large.”\footnote{Deng, “Better Than Power”, pp. 58.} In the 1980s and 1990s, Chinese leaders went to great lengths to quell China’s previous revolutionary image and replace it with one that demonstrated it would take on the role as leader of the developing world. In this capacity, it still sought to challenge the dominance of the existing great powers, but it started to focus on more covert ways of doing so. Today, Chinese leaders tend to avoid overt references to balancing U.S. power in order to avoid antagonizing relations.
However, China’s former self-proclaimed position as leader of the developing world and its awareness of the great power hierarchy that exists in the international system belie China’s true anti-hegemonic beliefs, about which many government officials and academics still remain quite vocal.

In order to paint a less hostile image of China’s desire for international advancement, China has attempted to use ideological, diplomatic, and cultural measures to increase its influence and build up its image. One important effort has been to demonstrate that China has become a “responsible stakeholder” in the world system through participating in various political and diplomatic efforts such as contributing to UN peacekeeping missions and using its position in a mediator role as it did in the Six-Party talks. China also began advocating its “new security concept” in the late 1990s, which focused mainly on multilateral coordination, mutual trust, mutual benefit, and equality. China has also undertaken important socio-cultural measures such as building Chinese cultural centers in countries around the world, boosting tourism efforts to China, and expanding educational exchange programs. Most interesting, however, have been Chinese attempts to demonstrate that they represent an alternative socio-economic model to the traditional “Washington Consensus” that other developing countries can look to emulate. Blanchard and Guo explain these recent efforts as ways that China is attempting to begin exercising its own normative power in international relations. Thus, China’s perceptions of its own power remain inextricably linked to its international image.

35 Blanchard and Guo, “Harmonious World” and China’s New Foreign Policy, pp. 9.
The Great Chinese Tightrope Act

The first decade of the 21st century has been a turbulent yet influential period for the development of current Chinese foreign policy. China’s increasing international footprint and continued growth meant that it could no longer achieve its national rebuilding efforts under the radar. Chinese leaders have seen the need to articulate a cohesive foreign policy as necessary, but doing so has been a difficult process. Implementing such a policy has proven even more taxing, and the result has been a delicate balancing act whereby China acts upon the various national interests described above at different times and sometimes displays seemingly contradictory behavior.

The tensions in China’s foreign policy arguably result from a couple fundamental concepts. The first and most obvious is that China is clearly at least a country in great transition. The debate on whether or not China is a status-quo or revisionist power has been exhausted and is not the focus of discussion here. What is important regarding China’s transition as it pertains to the formulation of its foreign policy is that change continues to occur in China’s identity and capabilities. China’s foreign policy reflects a combination of great power and weak power strategies, sometimes demonstrating China’s desire to play a bigger role internationally and sometimes acting in accordance with its need to focus internally and put its domestic priorities first. China’s increasing capabilities play an important role in its transitioning identity. However, China’s core preservation interests will remain a constant force in Chinese foreign policy because the Chinese recognize that without a strong, stable, and orderly China internally, none of its other goals can be achieved.\footnote{Swaine and Tellis, Interpreting China’s Grand Strategy, pp. 97.} \footnote{Ibid, 112.}
Chinese leaders were initially caught unprepared to deal with some of the complications of their international economic expansion and, likewise, their policy response has been somewhat experimental. Chinese leaders have admitted that they were slow to realize the negative social and political implications of globalization\textsuperscript{38}, perhaps because their investments and actions abroad were so intrinsically linked to their domestic priorities. One of the main themes that Chinese leaders advocate behind the harmonious world policy is that it emphasizes a “win-win” mentality over a traditionally zero-sum outlook. It also advocates that every situation should be viewed individually within its own context. Regardless if one views this policy as opportunistic, optimistic, or just naïve, the Chinese have found it challenging to reconcile such a policy with its goal of gaining status as a great power and building its image as a responsible one too.

\textbf{THE SINO-IRANINAN RELATIONSHIP}

Based on the relatively close and multifaceted relationship Beijing shares with Tehran, the U.S., Europe, and even now Russia have been calling on China to exert ever-greater pressure on Iran to become transparent over its nuclear capabilities and ambitions and fall in line with IAEA requirements. This is certainly not the first time the U.S. has called upon China to help achieve some of its policy goals via Iran; China has been one of the Islamic Republic’s key powerful allies since the 1979 Revolution and it has certainly been willing to play the “Iran card” when it has suited its larger strategic interests. However, China has not allowed its relations with Iran to suffer lightly in the past and, through to the present time, it has been unwilling to risk significantly dissolving those relations in the face of international pressure regarding Iran’s nuclear programs. What is

\textsuperscript{38} Moore, “Chinese Foreign Policy in the Age of Globalization”, pp. 124-125.
perhaps different now is that it is more so in China’s interests than ever to see the Iran nuclear situation resolved, while its interest in preserving its good relations with Iran is equally growing in importance.

The Chinese predicament over its relations with Iran is usually framed in the context of China needing to find ways to fulfill and ensure its growing energy demands, yet not wanting to sacrifice its relations with the U.S. in the process. This dilemma is surely one of the more significant ones China faces. However, China’s interests regarding Iran are much more complex than the traditional picture that is painted, as they are driven by competing national interests on a number of policy issues. This section will break down the Sino-Iranian relationship, analyzing it in the context of China’s foreign policy incentive structure as outlined in the previous section. It will draw upon examples over the past three decades from their economic, strategic, and political relations in order paint a more nuanced picture of not only what China’s interests in Iran are, but also how these interests have evolved up through the present.

**Economic and Commercial Relations**

As discussed previously, sustaining its impressive decades-long economic development is perhaps the most important policy priority for China, given that it has become the key source of the CCP’s legitimacy at home and of China’s recognition on the world stage. Likewise, it is no secret that for continued growth of this magnitude, China requires large amounts of energy to power its development. Chinese oil demand grew almost 90% from 1993 to 2002, and by 2008, China was consuming an estimated 7.8 million barrels of oil per day (bbl/d). This has made it the second largest consumer of
oil in the world behind the U.S., and some estimates put Chinese consumption closer to 9 million bbl/d over the next couple of years. More importantly, at 3.9 million bbl/d, China’s net oil imports in 2008 practically equaled its domestic production, making it the third largest importer of oil after the U.S. and Japan. As the largest world producer of coal, China continues to rely heavily on its domestic coal resources for its industrial and power sectors. However, as international criticism of China’s environmental pollution has grown, its concerns over its international image have meant that China has also been looking more towards natural gas as a significant energy resource, as demonstrated by the 25% increase in consumption witnessed in 2007.

While China has made significant efforts to diversify its oil suppliers, the Sino-Iranian energy relationship provides many specific advantages to both sides. First, the sheer size of Iran’s reserves is attractive given the increasingly large scope of China’s energy needs. Currently, Iran holds the third largest proven oil reserves, estimated at 520 bbl/d, and the second largest natural gas reserves, with 50 trillion cubic meters (tcm), in the world. Second, Iran’s oil and gas fields, along with its energy infrastructure and capabilities, are highly underdeveloped and in poor condition. This is seen as favorable by the Chinese, who see it as an opportunity to expand their overseas investments and to better secure their future oil supplies. On the other hand, the Iranians also see China’s willingness to

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40 EIA, “Country Analysis Briefs: China”.
42 Jon B. Alterman and John W. Garver, The Vital Triangle: China, The United States, and The Middle East, pp. 66.
invest heavily in developing their energy sector as an advantage since Iran severely lacks the capital and technology to do so on its own. The Iranian economy is highly dependent on oil and gas wealth with profits estimated at USD$79 billion in 2007, which directly accounted for 59% of the Iranian government’s 2008-2009 budget. Oil-financed imports also heavily support Iran’s agricultural and industrial sectors, which are not self-sustaining on their own. Third, China searches for reliable suppliers, or ideally those countries that are politically stable and remain relatively free of strong allegiances to other great powers, especially the U.S. Thus far, the Iranian regime has proven its ability to maintain power, though some would begin to question this notion after Iran’s recent elections. It is also clear that Iran will not be pledging its loyalty to the western powers over China any time soon. Finally, Iran welcomes China as one of its few loyal customers whose energy demands will not be alleviated any time soon and appreciates China’s non-intervention policy, especially given China’s seat on the U.N. Security Council.\textsuperscript{43} Overall, China recognizes that Iran’s status as the second largest oil exporter in the Organization of the Petroleum Exporting Countries (OPEC) has afforded it a powerful position within the Middle East and among oil-producing nations generally, and the Sino-Iranian energy relationship is one China highly values.\textsuperscript{44}

Beyond securing energy resources to channel into China’s development drive, other top priorities for China’s economic growth are trade, foreign-direct investment (FDI), and more recently overseas direct investment (ODI). Generally, the oil-producing states of the Middle East have been major consumers of Chinese light manufactured goods, machinery and equipment, vehicles, foodstuffs, engineering, and labor services. While

\textsuperscript{43} John W. Garver, \textit{China and Iran}, pp. 241.
\textsuperscript{44} Amuzegar, “Iran’s Oil as a Blessing and a Curse”, pp. 50-51.
some estimates put bilateral trade between China and Iran at only around USD $20 billion, a mere fraction of China’s trade with the U.S. and EU, there are other reasons why China still retains a strong economic interest in Iran. Iran’s economic relations with many of the world’s wealthiest countries since the 1979 Revolution has remained quite limited if not non-existent, a fact that has provided Chinese firms with many commercial opportunities given the lack of international competition there.\textsuperscript{45} Additionally, Sino-Iranian economic cooperation has a strong historical element, particularly over the past three decades. Economic cooperation in the early 1980s centered on Chinese infrastructure projects in Iran. Later China also played a significant role in Iran’s reconstruction efforts following the Iran-Iraq War. Moreover, China’s economic cooperation has certainly allowed it to establish solid commercial goodwill with Iran, which no doubt has helped its current commercial efforts there given the estimated USD $120 billion in project investments China has made over the past five years.\textsuperscript{46} Thus, both China and Iran have discovered that economic cooperation has been valuable in a variety of ways.

\textbf{Political and Diplomatic Relations}

While there have been periods of strengthened and weakened political and diplomatic relations between the PRC and the Islamic Republic of Iran (IRI) over the past three decades, the existence of shared interests and political viewpoints has provided an important foundation for their relations to endure. In 2000, the two governments signed a

\textsuperscript{45} Alterman and Garver, \textit{The Vital Triangle}, pp. 23.
joint communiqué establishing between them “a twenty-first-century-oriented, long-term and wide-ranging relationship of friendship and cooperation in the strategic interests of the two countries on the basis of mutual respect for sovereignty and territorial integrity, equality and mutual benefit, and peaceful co-existence.” This statement succinctly highlights the basis for Sino-Iranian political and diplomatic relations, which have hinged on shared world views about the international system, the emphasis on pragmatism and building relations off of shared interests, and solid ties between the two regimes.

Though they are perhaps influenced differently, China and Iran share similar historical narratives and experiences that have contributed to their current world views and perceived places within the world order. Both were once great non-western empires, who witnessed the fall of those empires at the hands of western nations. Both still have strong memories of being “victimized” and weakened by western imperialist powers, and this victim narrative has had a deep impact on the psyche of both countries. China’s self-image in the past couple decades has been that of leader of the developing world. Even as it tries to transform this image into one of a great power, calls for fending off western imperialism and hegemonic behavior still ring loud in the hearts of the Chinese population. Moreover, over the past three decades, leaders in both countries have once again looked to their historical “great civilization” narratives to lead them back down the path of great power status. In practical terms, this translates into foreign policy goals of a multipolar world, free from U.S. hegemony, where regional powers play the dominant role within their respective spheres of influence. In this respect, China’s and Iran’s goals have remained quite aligned.

47 Garver, China and Iran, pp. 118.
While rhetoric has been an important diplomatic aspect of Sino-Iranian relations, both countries harbor no illusions that the relationship hinges on their shared goals. This emphasis on pragmatism was established early in the 1980s, when China began supplying Iran during the Iran-Iraq war. Though the IRI had cut ties with China when it initially came to power due to China’s previous support of the Shah, Iran realized that it would desperately need Chinese support if it were to sustain the war effort. Likewise, the IRI leadership set aside its initial hesitation toward working with China. The Chinese interest in upholding the norms of sovereignty and non-interference is something that Iran has welcomed as well. Both the Chinese and Iranians want to see the Middle East free from external interference, whether it is American, Russian, or European.

China’s recent efforts to block further economic sanctions against Iran and stave off efforts by the international community to take stronger measures against Iran are partially a reflection of this mentality. This is not to say that each country’s pursuit of its interests has always helped relations between the two. Indeed, when push has come to shove, the Chinese have shown on multiple occasions that they will put comity in Sino-American relations over its Iran relations, as was done in 1997 when China heeded calls to officially cut-off its support for Iran’s nuclear programs and establish better export-controls for dual-use technology. While Iran felt betrayed by China’s decision, it still realized that it was in its best interests to work with the Chinese on other economic and political fronts. This understanding regarding both their shared interests and the limits of those shared interests has created more flexibility and durability in the relationship, allowing relations to persist on a number of fronts.

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48 Ibid, 71.
49 Ibid, 295.
50 Ibid, 226.
A mutual level of identification and understanding between the PRC and IRI regimes has also helped solidify their relations at times. At the regime level, both countries embody semi-authoritarian, semi-democratic systems whose regimes’ number one priority is the continued survival of the state as it currently exists. Because of that, a mutual recognition of potential external threats exists. At the individual level, both China and Iran have used relations among their leaders to help either build or repair inter-state relations. When courting Iran in the early 1980s as a means of countering both American and Soviet influence there, China sent a number of high-level envoys to Iran to personally convey China’s beliefs about Iran’s importance and how they wished to see deeper cooperation between the two countries. Iran eventually began to reciprocate with even more fervency, with then Majlis speaker Rafsanjani and foreign minister Velayati making a number of important visits to China. Following the Tiananmen Square incident in 1989 and the West’s chastisement of the Chinese regime, Iran came to the support of the PRC and even tried to forge greater relations between the two. In April 2002, less than three months after President Bush listed Iran as part of the “axis of evil”, Chinese President Jiang Zemin made a high profile visit to Iran in direct response. Visits up through the present between top Chinese and Iranian officials continue to highlight the importance of these leadership ties between their governing regimes and the shared understanding they represent.

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51 Ibid, 122.
52 BBC Monitoring Middle East, “China’s local party chief meets Iran’s Islamic Coalition Party head,” November 18, 2009; BBC Monitoring Middle East, “Iran opens first foreign-based commerce centre in China,” November 20, 2009; BBC Monitoring Trans Caucasus Unit, “China to invest 6.5 billion dollars in Iran refineries,” November 25, 2009.
Strategic Relations

In recent years, China’s official position towards the Middle East is that it has no intrinsic strategic interest there, only economic or commercial ties.\(^{53}\) The Chinese definition of “strategic” in this instance, however, is a rather narrow description of what its interests really entail regarding Iran. China’s relations with Iran have been strongly influenced by its overall strategic calculations and the Chinese have often used their relations with Iran in terms of leverage, punishment, or balancing in its other strategic dealings. This has been particularly true of the Sino-American relationship given the tensions in American-Iranian relations since the founding of the IRI. As Garver states:

Iran was a card that had to be played very carefully against Washington. If used carefully, China’s support of Iran could push Washington toward greater cooperation with China. But if overplayed, it could convince Washington that Beijing was seeking to support and arm the world’s anti-U.S. forces, acting as a “peer competitor”, if even a covert one. Once Washington reached this conclusion, there could be a strong reaction and potentially the adoption of a genuine containment policy that would undermine China’s post-1978 development drive.\(^{54}\)

China realized that it had to be very careful in how it used its relations with Iran when weighed against its relations with the U.S. and the economic benefit it reaped there. However, this did not mean that the Chinese would not use the “Iran card” or Iran’s other strategic potential for all it could provide. Though China has had no intention of getting militarily involved with Iran overtly, over the past thirty years it has provided Iran with

\(^{53}\) Alterman and Garver, *The Vital Triangle*, pp. 47.

\(^{54}\) Ibid, 98.
abundant amounts of arms supplies, fundamental contributions to its nuclear programs, and shared military technology. In this light, it is difficult to imagine how its interests and relations with Iran have not been strategic in nature.

At the start of its reforms efforts in the 1980s, China was looking for not only friends to help reconnect it to the world, but also customers to help boost and reshape its economy. The newly formed IRI filled both these roles nicely. China was willing not only to sell goods to Iran on both the commercial and military front, but also to send Iran various experts and scientific assistance along with the goods in order to spread certain technological capabilities. Doing so would allow Iran to build its own indigenous capabilities, while allowing China to maintain plausible deniability when it came to its relations with the West. And despite the fact that China itself and the PLA have significantly lagged technologically behind many of its western counterparts and firms, Iran still welcomed the support given that powerful Iranian allies were few and far between.55

China has consistently claimed that its arms sales to Iran have been purely for commercial purposes, though China’s interest in checking U.S. influence has been an important motivator.56 From openly available records, between the years of 1982 and 2004, China supplied Iran with an estimated USD$3.8 billion in conventional weapons.57 During the Iran-Iraq War, China was a valued Iranian partner and sold a considerable amount of arms during that time. In the early 1990s as Iran’s defense budgets were cut and Russia stepped in as a primary arms supplier, Chinese arms sales did decrease.

55 Garver, China and Iran, pp. 166-200.
57 Garver, China and Iran, pp. 170.
However, Chinese support to Iran continued as China sent various anti-ship missiles, like the “Silkworm”, and ballistic missiles to Iran as well as continued providing scientific assistance and technology for Iran to build its own indigenous capabilities. These arms and technology were then most often used for deterrent capabilities against the West. U.S. intelligence reports have shown that this type of support continued through the turn the century, though China has claimed otherwise maintaining its position of plausible deniability.

On the nuclear front, China was Iran’s most significant nuclear partner until the late 1990s and even after that time it continued to supply Iran with various forms of technical assistance and dual-use technology for its nuclear programs.\(^{58}\) Up until the time China was willing to be a signatory to the Nuclear Non-Proliferation Treaty (NPT) in 1992, it viewed the NPT as an attempt by the major powers to repress weaker states and saw nuclear proliferation as part of a state’s inherent right of self-defense. This view was in line with that of the Iranian regime following the revolution. Tehran saw the acquisition of nuclear weapons as essential to both its international status and regional survival. Thus, China provided Iran with both technical expertise and equipment for enriching uranium and even made deals to build nuclear reactors for Iran. As China was brought closer into the non-proliferation regime in the 1990s, it stopped denying its assistance to Iran and instead touted that its assistance was perfectly in line with IAEA requirements for developing peaceful nuclear energy programs. Even after 1997 when under U.S. pressure China officially agreed to stop any support for Iran’s nuclear programs, multiple

\(^{58}\) Ibid, 139.
U.S. reports found questionable evidence of Chinese dual-use supplies and technology assistance going towards Iran’s missile and nuclear programs.\(^59\)

Chinese strategic support to Iran has also been tied in significant ways to trends in American-Taiwanese relations, which is unsurprising given the importance of the Taiwan re-unification issue to the Chinese. Arguably, the way in which China has attempted to link U.S. interactions with Taiwan to Chinese interactions with Iran has been one of the most important ways in which China has used its Iran ties in its strategic dealings with the U.S. Indeed, the Reagan Administration’s decision in 1982 to sell arms to Taiwan added much fuel the fire as China began to seize upon its new friendship with the IRI and shift its strategic calculations away from Soviet-balancing towards a more independent stance.\(^60\) Other prominent examples include in 1992 when the U.S. sold 150 F-16’s to Taiwan or in 1995 when Taiwan’s President Lee Teng-hui made a high-profile visit to the U.S. In these instances, China responded swiftly to such actions by reinforcing its cooperation with Iran over building nuclear power plants or continuing with its technology transfer.\(^61\) Additionally, the U.S. has at times foregone pressure on the Taiwan issue when China has taken favorable steps regarding Iran, such as it did in reaching an agreement with China to officially renounce Chinese support for Iran’s nuclear programs in 1997. This linkage has not been limited to Taiwan either as U.S. recognition of Chinese control over Tibet has been addressed in discussions as well.\(^62\)

Over the last decade, China’s growing investments in Iran, and the Middle East generally, have meant that it has become much more of a stakeholder there and its

\(^{59}\) Ibid, 226.
\(^{60}\) Ibid, 72.
\(^{61}\) Ibid, 213-216.
\(^{62}\) Cary Huang, “Hosts want Obama to say Tibet is Chinese”, *South China Morning Post*, November 6, 2009.
interests in the region have become much more complex. Likewise, whether or not the Chinese would like to admit it, China has necessarily gotten itself more strategically involved than it has in the past. Although China and Iran continue to share some important political and strategic interests regarding the international system\(^{63}\), the way in which each goes about trying to achieve those goals diverges dramatically.

China’s more recent interests in boosting its international status through enhancing its image as a responsible stakeholder and great power that is capable of being a force for good on the world scene has meant that it has tried to distance itself from Iran in many ways. At the same time, China still must protect its interests in there. If China seems as if it is bending to western pressure to take action against Iran, doing so can hurt those interests as well. Given China’s general opposition to economic sanctions or other limitations on what it views as inherent state rights, China remains all that much more sensitive to taking action along those lines.

On the other hand, Iran’s increasing boldness and openness regarding its nuclear and missile capabilities and the continued failure of diplomatic solutions thus far have challenged Chinese interests in maintaining a peaceful international environment that is conducive to its growing developmental needs. The Chinese uphold Iran’s right to develop nuclear energy for peaceful, civilian purposes. Given their history on the nuclear issue, it is unsurprising that China has so steadily supported Iran’s right to its peaceful nuclear programs as long as Iran can still make the argument that such is its goal. Moreover, Beijing itself has reiterated that a rising or dominant Iran in the Middle East is

by no means contrary to China’s strategic interests. However, as China is transitioning from a developing power to a great power on the world scene, it now also has an interest in limiting the number of states that possess nuclear weapons. Thus far, Iran’s continued confrontation with the West, not only over its nuclear programs but also over its state-sponsorship of terrorism and anti-Israel rhetoric, has made the Chinese goal of obtaining win-win situations in its international dealings much more difficult.

CHINESE INTERESTS AND THE FUTURE OF SINO-IRANIAN RELATIONS

Preservation, Prosperity, and Power in China’s Iran Foreign Policy

China’s relations with Iran up through the present serve as an ideal example of the preservation-prosperity-power framework and the tensions that exist within Chinese foreign policy when each of these interests is at play. On the preservation front, continued economic growth, its policy of non-interference, and the importance of territorial integrity have been most prominent when looking at Sino-Iranian relations. Given China’s view on the vital importance of continued economic growth for the maintenance of internal stability and order, China has tried to avoid damaging its energy supplies and economic investment in Iran while also avoiding antagonizing relations with its American and European trading partners. In upholding its official position on sovereignty and non-interference, China has continued to maintain that states have an inherent right to peaceful use of nuclear energy and repeatedly professed its opposition to the use of economic sanctions against a country. In February 2010, a professor at the prominent Chinese Academy of Social Sciences (CASS) insisted that “China has never...

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64 Garver, China and Iran, 295.
imposed sanctions on any country in history” despite the fact that it has abstained or been absent from a number of votes that have allowed sanctions to be put in place.\textsuperscript{65} Finally, the importance of the Taiwan-linkage issue cannot be downplayed. An announcement of a new set of U.S. arms sales to Taiwan in late 2009 once again cast a shadow over Sino-American relations at a time when China was being greatly pressured to support sanctions against Iran. However, President Obama’s recent reiteration of U.S. support of China’s One China policy has seemed to once again encourage Chinese cooperation, with President Hu Jintao important decision to attend the April 2010 Nuclear Security Summit in Washington, D.C.\textsuperscript{66}

Sino-Iranian relations have also significantly reflected China’s prosperity interests. The idea that China should once again take its rightful place as an independent, great civilization has played an important role in its decisions to pursue its own course of action vis-à-vis Iran in the face of contrary demands from the West. For the Chinese, the recognition that Iran fits this similar narrative has been important. As Wu Sike, China’s special envoy to the Middle East recently commented, “As an ancient civilization, Iran has very strong national pride, so western countries need to treat it equally rather than just threatening it with sanctions or military power.”\textsuperscript{67} At the same time, China’s relations with Iran have served as an important test case for China’s goal to create a China-friendly environment across as much of the world as possible. Particularly since the end of the Cold War, the West has threatened China with diplomatic isolation when it has supported

\textsuperscript{66} Andrew Jacobs and Mark Landler, “Relations are Thawing between U.S. and China,” \textit{International Herald Tribune}, April 3, 2010.
Iran. On the other hand, each time China has agreed to work with the western powers and sacrificed some of its ties with Iran, it has signaled to its other non-western partners where its priorities might lie when push comes to shove.

Finally, China’s relations with Iran have played an important role in its power calculations, albeit in different ways over time. As China embarked on the reform period and began to realize how necessary the U.S. was to economic goals, it saw Iran as a way in which it could create a thorn in America’s side and challenge American influence there while also maintaining plausible deniability. In this respect, Iran has also provided China with some key leverage in its dealings with the U.S. and the West. As the Chinese notion of power has evolved recently to include enhancing its international image and prestige, it has become even more in China’s interests to use Iran in bargaining over other more important issues given Iran’s growing liability to China. Overall, the Chinese want to continue demonstrating that China is a rising power distinct from the West and tapping into the economic and strategic benefits that image affords. At the same time, China equally seeks recognition from the West as a responsible great power stakeholder on its level.

The Future of Sino-Iranian Relations

China and Iran have some important common features that have allowed their relations to persist and evolve, despite fundamental shifts in their strategic outlooks and interests. These commonalities will most likely allow relations on various levels to continue and even flourish in the future. Both countries embody semi-authoritarian,

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semi-democratic systems whose regimes’ number one priority is the continued survival of the state as it currently exists. Both come from a position of extreme distrust of U.S. world hegemony, and seek to create a multipolar world order where each is the dominant power in their respective regions. Both also come from a position which understands that interests and relations can be disaggregated so that, while interests might not co-exist in all areas, cooperation can occur when interests overlap. These commonalities mean that the Sino-Iranian relationship is a multifaceted one that includes but extends beyond “oil for protection”. As Sike recently highlighted, “We don’t just focus on oil in our Iran issue policy. It’s a very one-sided view to say China is doing this and that because of oil, though our oil cooperation is very important…..We consider the [Iran nuclear] issue in the whole of picture of Chinese diplomacy.”

Keeping in mind China’s various and often conflicting interests regarding Iran, China has a number of options open to it at this juncture in its dealings with Iran. Unsurprisingly, it appears to be doing its best to maintain the delicate balancing act it has undertaken over the past couple years between heeding U.S. calls in order to preserve its relationship and resisting straining its relations and sacrificing its interests with Tehran. The difference now is that Iran’s demands and its open resistance to cooperation are stronger than ever, as are calls from the U.S. and its allies for China to put extra pressure on Iran. As such, China’s goal of creating a win-win situation in which all of its interests are protected is becoming harder to achieve.

China has recently undertaken a number of mitigating strategies in order to prevent any of its core interests being negatively affected. One important strategy has been to use its position in the Security Council to temper reactions in that forum. While China has

69 Chinadaily.com, “Ongoing Iran Diplomacy Needed”.

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overtly renounced its support for Iran’s nuclear programs since 1997, China viewed the imposition of sanctions against Iran as taking the situation to a whole new level, one that would no doubt put great strain on its ally. Likewise, over the past several years, China, along with Russia, has done much to resist resolutions that would impose U.N. sanctions. When complete opposition to sanctions became too risky, China agreed to the imposition of sanctions in Resolutions 1737 and 1747, but only insofar as they pertained to equipment and personnel related to Iran’s nuclear programs. So far it has held off larger-scale sanctions that would mostly likely have a greater impact on the Iranian government and population and it has also worked to extend the timeframe on multiple occasions for Iranian compliance with existing resolutions. It remains to be seen whether recent indications of warming relations between the U.S. and China will result in further actions taken against Iran.

China has also taken measures to try to build and use its credibility with Tehran to convince it to engage with the international community for a peaceful resolution. Using their history of positive ties between their regimes, PRC officials have been attempting to reach out to the IRI government, conveying the message that Iran has little to lose by demonstrating their interest in civilian nuclear energy and much to gain by working with the international community to assuage fears on its proliferation goals. At the same time, China has continued to reinforce its economic cooperation with Iran, trying to demonstrate that, whatever happens on the nuclear front, China is still willing to partner with Iran in other respects. The recent opening of Iran’s first foreign-based commerce
center in Shanghai is an important symbolic message showing Sino-Iranian solidarity on the economic front.\textsuperscript{70}

China’s mitigating strategies go beyond its relations with Iran. It has tried to avoid issue-aggregation while reinforcing the message to the U.S. that it is not a strategic competitor in the Middle East. How successfully it has been able to do so, however, is questionable. The fact that China not only has good relations with Iran but has also been cultivating good relations with Saudi Arabia has set off alarm bells and once again propped up the “China threat” theory. In this light, China has at times refrained from criticizing too much the U.S. invasion in Iraq and the global war on terrorism as a way to win American favor in the realm of international security. Additionally, Chinese rhetoric on developing partnerships on the energy and environment fronts as well as being brought into the international energy framework are further attempts to assuage tensions and create confidence-building measures regarding China as a reliable international partner.

Thus, in the near future, Sino-Iranian relations on the economic front seem likely to deepen as their interests further coincide. However, as long as the actions of each do not directly impact the other’s primary security concerns, strategic relations between the two will remain muted. And while the U.S. and EU nations have used the argument over the past decade that Iran’s possession of nuclear weapons is a strategic concern for China, maintaining China’s non-interventionalist policy and developing its economic security is higher on Beijing’s list of priorities. This is not to say that China will actively support Iran in the future. Indeed, China’s fellow Security Council members have seized upon

\textsuperscript{70} BBC Monitoring Middle East, “Iran Opens First Foreign-Based Commerce Centre in China”, November 20, 2009.
China’s recent support for an IAEA resolution which censured Iran and demanded it stop construction on its recently revealed nuclear facility at Qom. Moreover, recent behind-the-scenes talks between Washington and Beijing and President Hu Jintao’s decision to attend the April 2010 Nuclear Security Summit are also perhaps indications that China is willing to start making some hard decisions. But the Iranians are continuing to lobby China hard. Iran’s Secretary of its Supreme National Security Council Sa’id Jalili made a recent trip to Beijing in order to demonstrate Tehran’s good relations with Beijing and emphasize the necessary maintenance of those good relations for both regional and international interests. The recent opening of Iran’s first foreign-based commerce center in Shanghai, a further announcement of a USD $6.5 billion investment in Iranian oil refineries by China’s Sinopec Group, and continued visits between top Chinese and Iranian leaders emphasizing their countries’ good relations are just a few reminders that the Sino-Iranian relationship is continuing to move forward.

Some Chinese analysts stress the importance of Sino-American cooperation and predict that Beijing will not oppose sanctions eventually if it perceives that Iran is not making good faith efforts to cooperate. It is possible that in the interest of preventing conflict, China might increase its involvement in discussions, perhaps playing a similar role to the one it did in the Six-Party talks with North Korea. But for China to change its position significantly, it will most likely need either to perceive that Iran’s actions pose a

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71 Jacobs and Landler, “Relations are Thawing between U.S. and China”.  
72 BBC Monitoring Middle East, “Iran, China Resolved to Strengthen Strategic Ties”, April 2, 2010.  
73 BBC Monitoring Middle East, “China’s Local Party Chief Meets Iran’s Islamic Coalition Party Head,” November 18, 2009; “Iran Opens First Foreign-Based Commerce Centre in China,” November 20, 2009; BBC Monitoring Trans Caucasus Unit, “China to Invest 6.5 Billion Dollars in Iran Refineries,” November 25, 2009.  
tangible, direct threat to China’s core interests or that putting pressure on Iran will present a substantial alternative opportunity. Currently, this is not the situation, but this could change depending on how bold and reckless Iran gets about its pursuit of nuclear weapons or how far the West might be willing to go to gain China’s cooperation. On the other hand, it is unclear whether the U.S. and Europe would be willing to provide additional “carrots” in order to gain Chinese support for something they believe China should be doing anyways. Moreover, the degree to which China’s influence could have an impact on Iran’s toning down of its rhetoric and deciding to comply with IAEA regulations is an important factor that remains unclear.

As for China’s long-term interests in Iran, there are any number of factors that could easily alter its current course. Rising domestic challenges could certainly alter foreign-policy calculations. The PRC is struggling with many of the public policy issues that have resulted from its growth and prosperity over the past three decades. Corruption is rampant among PRC officials, adequate public health measures and resources are still severely lacking, access to information and other human rights issues are increasingly difficult to control, and a bubbling nationalism presents a constant challenge to the PRC’s ability to maintain control and order. In this respect, Beijing might see the need to focus on cracking down internally to the detriment of its international interests in gaining wealth, status, and power.

In terms of Chinese foreign policy decision-making, the CCP has demonstrated over the past three decades that its interests reflect a relatively equal balance within the preservation-prosperity-power framework. China’s current “fifth generation” of leaders is one that came to age during the Maoist years of extreme poverty and hardship due to
disastrous government policies. This fact helps account for its extreme conservatism in foreign policy and fixation on economic growth and internal stability. However, leadership changes could lead to massive foreign-policy recalculations. Leadership succession in the PRC is not a well established process. Moreover, the next generation of leaders will be one that has not had the same humbling formative experiences as the current one, but rather those of China’s growth and redevelopment. The result could be a greater foreign policy emphasis on the attainment of power over a concern for internal stability, which could produce a much more externally aggressive foreign policy.

On the international front, the triangular dynamic between China, Iran (and the Middle East generally), and the U.S. is a high stakes one that is currently unfolding. China is arguably entering dangerous territory as it increases its footprint in the Middle East, not just with Iran but with its Arab neighbors and Israel, while trying to remain strategically neutral. While Iran is one of China’s top oil suppliers, Saudi Arabia currently ranks ahead of Iran on China’s list of suppliers.75 Indeed, after years of steadily increasing oil imports from Iran, imports actually decreased in 2009, perhaps demonstrating China’s recognition that it should become less dependent on Iran as a supplier.76 Moreover, the China-Israeli link has been fairly positive since the early 1990s, based on strong Israeli lobbying and shared military technology relations.77 Ultimately, China’s primary security interest for the region is ensuring stability, for without stability its economic investments and energy supplies are put at great risk. Yet China has little desire and nor the current capabilities to establish any kind of military presence there, and therefore, as much as it may not like a strong American influence in the region, it certainly benefits

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75 EIA, “Country Analysis Briefs: China”.
76 Shichor, “Hobson’s Choice: China’s Second Worst Option on Iran”.
77 Garver, China and Iran, pp. 234-235.
from the U.S. security presence there.\textsuperscript{78} It is likely decades before China would even have the capability to either challenge or replace the U.S. security presence in the Middle East and, even then, it remains to be seen whether doing so would fit China’s foreign policy goals.

\textbf{CONCLUSION}

In the midst of western calls for China to increase pressure on Iran regarding its nuclear programs, preferably in the form of agreeing to greater sanctions, it is natural that assessments of China’s interests in Iran have come into focus lately. Given the importance of having a complete and accurate picture of China’s interests and motivations behind its relations with Iran to current U.S. foreign policy goals vis-à-vis Iran, this paper has attempted to achieve a few objectives. First, it has attempted to iterate a comprehensive yet clear and concise framework for understanding Chinese foreign policy motivations. In doing so, it utilizes Fei-Ling Wang’s preservation-prosperity-power incentive structure, fleshing out his definitions and integrating some other similar notions put forward recently by other prominent sinologists. By doing so, this paper has argued that the Chinese have unique understanding of what each of these concepts entails. Additionally, the Chinese view their need for preservation, followed closely by prosperity, as the main goals of Chinese foreign policy, with the attainment of power as the means by which it can achieve these goals. Thus far, balancing between its various preservation-prosperity-power interests has often resulted in seemingly

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\textsuperscript{78} Alterman and Garver, \textit{The Vital Triangle}, pp. 18.
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contradictory behavior on the part of China as it wavers between both great-power and weak-power approaches.

Building off the framework and arguments put forward in the first section, this paper then sought to draw upon examples from China’s relations with Iran over the past three decades in order to assess whether China’s Iran policy has fit this framework. China’s relations with Iran can best be broken down by economic, political, and strategic relations. On the economic front, China looks to Iran to help fulfill its needs regarding energy security and continued economic development. On the political and diplomatic front, China sees Iran as sharing some key world views regarding the international system, believes that Iran shares a similar great-power/victim historical narrative, and views Iran as partner when there are recognized shared goals. Finally, on the strategic front, China has largely viewed its relations with Iran as a means to gain leverage in its primary strategic dealings such as the threat China views from U.S. hegemony or its pursuit of Taiwan’s re-unification.

Based on the various interests highlighted in the second section, the paper concludes by assessing that China’s interests in Iran demonstrate the appropriateness of the preservation-prosperity-power incentive structure framework and the tensions that exist within this framework. China’s need for energy security and economic growth speak to each of these incentives. At the same time, China’s ability to maintain positive relations with both Iran and the West is a true test of whether China can make its harmonious world policy work and strive for a international environment that increasingly China-friendly. Additionally, China continues to see its relations with Iran as a means of both leveraging power for its primary strategic interests and as a means of countering U.S.
influence in the Middle East. At the same time, however, China continues to strive for a positive international image and the influence that comes with it.

In the near future, China’s relations with Iran, including its decision whether or not to agree to sanctions against Iran for its nuclear programs, will continue to be dictated by the delicate balancing act China has undertaken regarding its various interests. When forced to choose in the past, China has shown that is has not been prepared to significantly risk antagonizing relations with the West, but this has not meant that it has also sacrificed its relations with Iran easily. In the long term, however, changes in China’s leadership and capabilities could significantly alter where it places its emphasis within the preservation-prosperity-power balance, thus having important implications for its relations with Iran.
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