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Competing visions of dealing with the Iranian Nuclear Programme: Challenges for EU-Chinese political relations under New Leadership

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Abstract. In its foreign policy toward the Iranian nuclear programme, China is unwilling to join the harsh anti-Iran rhetoric of the US and the EU3. China has averted the imposition of sanctions and only abstained from its veto power as permanent UNSC member after considerable diplomatic persuasion by ‘the West’. Beijing was cautious not to spoil its image as a ‘responsible Great Power’ by walking a diplomatic tightrope in balancing a pragmatic-commercial approach to business in Iran and mollifying Western security concerns related to the Iranian nuclear programme, following the tradition of Deng Xiaoping’s doctrine of ‘maintaining a low profile’. Increasingly, however, China conveys a more assertive foreign policy and is no longer hiding its strategic interests. This paper argues that with the EU3 being at the forefront of nuclear diplomacy with Iran, EU strategic engagement and dialogue with China’s new Leadership under Xi Jinping will be critical in finding a long-term solution to the Iranian nuclear crisis. Failure to do so will decrease the EU’s importance for China’s security and foreign policy toward the region and cement the emergence of competing and potentially exclusionary visions of transnational security cultures.

Keywords: Iranian Nuclear Programme; Chinese foreign policy; EU Iran policy; sanctions

Introduction

When the European Union (EU) imposed an embargo against Iranian crude oil in 2012, effective as from July the same year, China’s reaction was expected with much tension, as the backing of such a punitive diplomacy by a state which has been acting as Iran’s de facto protective shield in the United Nations Security Council (UNSC) and which is Iran’s biggest oil customer, would have sent a powerful political signal to Tehran. But when Beijing announced that it would not cut back on crude oil imports from Iran and would not join this latest round of Western sanctions over Iran’s controversial nuclear programme, the EU stood singled out with its tough line on Iran. China’s policy stood indicative of its stance in the Iranian nuclear dossier that is marked by an unwillingness to concede to harsh anti-Iran rhetoric on the side of the ‘Western’ camp of the P5+1.1 China (together with Russia) has stalled the referral of the Iranian nuclear case from the International Atomic Energy Agency (IAEA) to the UNSC and, within the latter, averted the imposition of sanctions and only abstained from its veto power as permanent UNSC member in the face of growing international concerns over Iran’s officially-stated peaceful nuclear purposes and only against

1 The 5 permanent UNSC members+ Germany
the background of considerable diplomatic persuasion and negotiations with the ‘Western’ negotiators, i.e. the US and the EU3. China has, together with Russia, traditionally been very cautious of UNSC sanctions on Iran, but has followed a policy of navigating its way through support for Iran but also supporting Western positions and exerting pressure on Iran, as evidenced by China’s vote for UNSCR 1696 in 2006, 1737 and 1747 in 2007, 1803 in 2008 and, most recently, 1929 in 2010.

It will be the subject of this paper to analyse why China has done so, despite the negative impact on commercial relations with Iran. Against the background of the EU’s most recent sanctions in October 2012, imposing, i.a., an additional ban on Iranian gas imports, asset freezes and travel bans against ‘entities active in the oil and gas industry and in the financial sector’, this paper will contrast China’s foreign policy toward the Iranian nuclear programme with the EU’s policy. It will be shown how the growing rift between security political prioritisations between China and the EU negatively affects the EU’s leverage to broker policy compromises within the P5+1 and thereby further complicates the search for long-term solutions to the Iranian nuclear stalemate.

A first section will therefore outline China’s stakes in Iran as clashing with Western security political concerns regarding Iran’s nuclear programme. It will be shown how especially Sino-American relations had an impact on China’s foreign policy toward Iran. A second section will analyse the shift taking place in China’s nuclear non-proliferation policies during the 1990s and China’s foreign policy toward a covert Iranian nuclear programme whose existence was uncovered in 2002. A final part will, on the basis of the foregoing analysis, contrast China’s stance in the Iranian nuclear dossier with the EU’s policy and argue how the most recent EU sanctions policies are a step into a direction of strategic alienation against the background of an increasingly assertive Chinese foreign policy. It is China’s strategic interest in a stable Middle East, however, that still accounts for the potential for long-term resolutions of the Iran conflict. The research method primarily encompasses content analysis of policy documents (primary sources, e.g. declassified documents and press releases), as well as policy briefs and the scholarly literature, supplemented by semi-structured elite interviews and conversations with experts and decision-makers on the basis of non-attribution.

**China’s stakes in Iran and areas of tension with Western security concerns**

Chinese-Iranian relations today are highly determined by the two countries’ economic partnership. While China is exporting high-tech capital goods, engineering services and arms to Iran, the latter is primarily exporting oil to China (over 20% of overall Iranian oil exports). At the same time, China is shipping some of its own refined oil into northern Iran, as Iran – despite its oil wealth – does not have sufficient refining capacities (e.g. oil from the China

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2 In the absence of US-Iranian bilateral relations, it fell to the EU to lead negotiations with Iran as soon as the latter’s nuclear programme was uncovered in 2002, with the format of the ‘EU3’ (i.e. France, Great Britain and Germany plus the EU High Representative for the Union’s Common Foreign and Security Policy (CFSP), Javier Solana at the time) quickly becoming the motor of negotiations. EU negotiations with Iran are now coordinated by the EU3 and the European External Action Service (EEAS).


Petroleum National Corporation-led consortium in Kazakhstan, an economic triangle that ties China, Iran and Kazakhstan together economically).

The importance of oil shipments in Chinese-Iranian economic relations was underlined by a number of major oil deals that have tied the two countries’ economies together even more closely, cementing not only Iran’s position as one of China’s biggest oil supplier, but also making China a key stakeholder and one of the largest investors in the Iranian oil industry. In March 2004, Chinese state oil trader Zhuhai Zhenrong signed a 25-year contract to import 110 million tons of LNG from Iran worth 20 billion US$. Likewise, a Memorandum of Understanding (MoU) between China and Iran was signed on 28 October 2004 following which Sinopec (China’s second-largest oil company) was allowed to start developing the Yadavaran fields in Southern Iran and the ensuing exploration of Liquefied Natural Gas (LNG). China now also is active developing the North Azadegan field in Iran. Besides these activities, Chinese corporations have invested heavily in non-hydrocarbon sectors: joint ventures have been created; Chinese companies have been investing in Iranian infrastructure projects; China’s largest steel factory developer is building plants in the Yazd province, and the China International Trust and Investment Corporation (CITIC), together with Chinese Norinco, was contracted for the completion of the Tehran metro system.

Beijing’s involvement in the Iranian economy and especially in the oil sector is to be explained by China’s interest in the stability of oil supplies for the Chinese economy. Seen in the context of China’s rise as an emerging global power, this need for stable oil supplies becomes a crucial determinant in China’s Iran policy. While China’s main oil supplier is Saudi Arabia, Iran comes second. Politically, Saudi-Arabia is a more advantageous supplier to China because it still is the US’ main ally in the region and staunch opponent to the idea of Iran developing a nuclear weapon. For China, this rules out the need to reconcile bilateral relations with potentially conflicting Sino-American relations at the same time (as is the case with Chinese-Iranian relations). The importance attached to the US’ perception of China’s foreign policy remained crucial in Chinese foreign policy since the re-establishing of relations with the US under Nixon and Mao in 1972 and, at the latest, since Deng Xiaoping’s reform

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5 Dilip Hiro, Inside Central Asia. A political and cultural history of Uzbekistan, Turkmenistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkey, and Iran (New York: Overlook Duckworth, 2009), 387.
10 Ibid.
period as from 1978- for the simple reason that the US’ perception of China was crucial for the latter’s acceptance to a US-dominated capitalist system that an opening up of Chinese markets comprised. Beijing’s desire to portray China as a ‘responsible Great Power’ (fuzeren de daguo)\(^\text{13}\) and convey the image of China’s ‘peaceful rise’ were very much in line with an awareness of not wanting to endanger the US’ acceptance of China as an equal power on the world scene. The concept of ‘peaceful rise’ as introduced in a 2003 White Paper was even changed to the more harmonious-sounding concept of ‘peaceful development’.\(^\text{14}\) China’s policy consisted of an accommodating approach and a sensitivity for US security interests for the sake of the (temporarily) higher-valued economic development.

It is this effect of Sino-American relations on China’s Iran policy that also explains China’s voting for UN sanctions resolutions, even though these entail negative effects on Sino-Iranian commercial relations. In this context, John Garver writes of a ‘Dual Game’ that China is playing in Iran.\(^\text{15}\) Relations to the US, in a Chinese reading, should not be allowed to wither for the simple fact that China had to accommodate itself with the predominant global superpower, whose consent China’s entry, recognition and acceptance into the ‘international community’ was dependent upon. By implication, worsening Sino-US relations were often accompanied by improving Sino-Iranian relations, and vice versa.\(^\text{16}\) On a more practical level, the US is militarily present in the Malacca Strait, through which most of Chinese oil supplies (from Iran) are shipped,\(^\text{17}\) which makes a Sino-US political detune not desirable for China already out of important logistical reasons.

Another permanent issue in Sino-US relations and interesting diplomatic link-up between Sino-US relations and Iran is the Taiwan issue. Bearing in mind China’s ‘lost territory’ and ‘One China’ rhetoric and the politico-historical importance attached to the ‘Taiwan question’,\(^\text{18}\) one comprehends the sensitivity and state of alert with which Chinese governments react to US support to Taiwan. This political importance attached to the Taiwan issue, in turn, provided the US with a leverage over China’s support for the US foreign policy toward Iran, and vice versa. In September 1992, China for the first time linked its foreign policy toward Iran to the Taiwan question after the US had announced the sale of 150 F-16 fighter aircraft to Taiwan.\(^\text{19}\) And again in 1997, Chinese arms sales to Pakistan and Iran could arguably have been read as a policy of ‘retaliation’ for the US sale of Stinger anti-aircraft missiles to Taiwan.\(^\text{20}\) On the other end of this competition-cooperation spectrum lies a policy

\(^{13}\) Gerald Chan, Chinese Perspectives on International Relations: A Framework for Analysis (London: MacMillan, 1999), 146.


\(^{19}\) Djallil, “China and the Iranian Nuclear Crisis,” 241.

\(^{20}\) Ibid.
of mutual consent in case both parties agree to neither supply Iran nor Taiwan with sensitive technology, respectively. In such a case, ‘China would agree to sacrifice Iran in return for Taiwan, its greater foreign policy priority. Such a deal would represent a tacit recognition that East Asia was China’s sphere of influence and the Middle East, America’s’, Martin Jacques (2012) sums up such a tit-for-tat strategy and thereby makes an interesting geopolitical link to consents over regional spheres of influence. This can be read as a dynamic of ‘retaliation’ in the form of weapons sales to countries of high security political concern for the respective other and of ‘rewarding’ cooperation on either side in the form of refraining from such sales if suspension of weapons sales on the respective other side is guaranteed. This nexus underlines once more the importance of US foreign policy as a factor in China’s Iran policy to be taken into the equation.

**China and proliferation**

Even though a nuclear-armed Iran would not be in China’s interest either, China does not give the same foreign policy priority to nuclear non-proliferation as the US and the EU. China passed on sensitive nuclear technology supplies to Pakistan and Iran in the 1980s and 1990s that were at odds with the efforts of the West at the time to consolidate the nuclear non-proliferation regime. Beijing provided a nuclear reactor for the Isfahan Nuclear Technology Centre; signed a memorandum whereby China committed itself to train Iranian scientists and engineers; shared knowledge for the design of nuclear facilities needed for uranium conversion and directly contributed to the building of a uranium conversion facility in Isfahan. The main controversy concerning Chinese contributions related to Iranian nuclear technology was the sale of natural uranium- a sale that the IAEA did not know of and that was uncovered in 2003 at the Jabr Ibn Hayan Multipurpose Laboratories at the Tehran Nuclear Research Center.

During the 1990s, China signed up to the relevant treaties and agreements concerning nuclear non-proliferation. Beijing signed the NPT in 1992 and the Comprehensive Nuclear-Test-Ban Treaty in 1996. China also joined the Zangger Committee and the Non-Suppliers Group and was supportive of the fissile material reduction treaty. Thus, economic pragmatism (having supplied Iran with potentially sensitive technology) needed to be carefully balanced against Sino-American relations and China’s desire to be perceived as a ‘responsible stakeholder’ in the field of nuclear non-proliferation in a Western reading.

Faced with the North Korean nuclear crisis, China also proved to be an essential and inevitable state member to the Six-Party Talks over the DPRK’s nuclear programme and, in

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22 Djallil, “China and the Iranian Nuclear Crisis”, 236.
this context, as an important and influential mediator after North Korea had officially withdrawn from the NPT in January 2003 and had expelled all IAEA inspectors from the country. Evolving from a trilateral meeting between North Korean, Chinese and US officials in April 2003, the format for negotiations quickly expanded to the Six-Party Talks by the addition of South Korea, Japan and Russia with the first round of negotiations being held in Beijing.25

As a permanent UNSC member and with this track record of cooperation over North Korea’s nuclear programme, China naturally was involved when accusations against the Iranians over their hitherto covert nuclear programme came up about the same time. Against the background of the precedent analysis of Chinese-Iranian bilateral ties and Chinese-Iranian nuclear technology cooperation, the following section will outline China’s foreign policy toward the Iranian nuclear file and Beijing’s positioning toward the Iranian nuclear programme as from the discovery thereof in 2002.

China’s foreign policy toward the Iranian nuclear programme as from 2002

At a time when all eyes of the international security and non-proliferation community were on the North Korean nuclear case in 2002, the revelation by an Iranian exile opposition group of the existence of a clandestine Iranian nuclear programme (undeclared to the IAEA and thereby in breach of Iran’s NPT Safeguard Agreements) hit the news.26 While the EU and US reaction was a harsh condemnation, China’s reaction was more reserved: When the EU3, together with the EU High Representative for the Union’s Common Foreign and Security Policy (CFSP), Javier Solana, began to hold talks with the Iranians over their nuclear programme, China underlined the Iranian obligation to prove the exclusively peaceful character of its nuclear programme, but refrained from departing from assumptions over Iranian intentions that could not be proven. In its official diplomacy, China was thus repeatedly emphasizing Iran’s legitimate right to peaceful nuclear energy under Article IV of the NPT and was critical of Western rhetoric and pressure on Tehran because of non-proven proliferation concerns.27

China was also critical of what it perceived as double standards in nuclear diplomacy, with Iran being harshly criticized for its lack of transparency, while the West remained silent on

nuclear activities of non-NPT members such as Israel, Pakistan and India, testifying what China criticized as ‘nuclear favouritism’.\(^{28}\) A further Chinese criticism was targeted at the heavy bias towards non-proliferation efforts on the part of the Western nuclear powers, while the unwillingness to effectively engage in nuclear disarmament was uncovered as hypocrisy and a lack of credibility.\(^{29}\)

After the EU3, together with the mediatory efforts of Javier Solana, had seemingly brokered a deal in 2004 that came to be known as the Paris agreement in which Iran was asked to suspend uranium enrichment and would in return receive European cooperation in civilian nuclear technology matters, the West received a setback when Iran resumed enrichment activities shortly after Mahmoud Ahmadinejad was elected president in August 2005.\(^{30}\)

Expressing concerns over Iran’s lack of cooperation and noncompliance with deadlines set by the Agency, the IAEA then referred the case to the UNSC in February 2006, which adopted the first resolution 1696 in July of the same year, calling on Iran to suspend uranium enrichment and threatening with sanctions if it didn’t.\(^{31}\) This was followed by sanctions resolution 1737 restricting technology sales to Iran and imposing first asset freezes, and tightened with resolution 1747 in 2007 imposing further asset freezes and travel bans. In 2008, resolution 1803 was adopted, approving new sanctions for Iran’s repeated noncompliance with enrichment suspension and heavy-water related activities.\(^{32}\)

The latest UN sanctions resolution 1929, adopted in June 2010, toughened the sanctions regime by imposing trade restrictions, targeting the banking and transport as well as the energy sector. Travel bans and asset freezes against individuals from the Islamic Revolutionary Guards Corps (IRGC) were also imposed, the latter of which are thought to be closely involved in the country’s nuclear programme.\(^{33}\)

Together with Russia, China’s approach to sanctions was characterized by the perception of them being a violation of the principle of non-interference and an infringement of Iran’s sovereignty. The upholding of the principle of non-intervention and sovereignty is a recurring key Chinese foreign policy conception that influences Chinese foreign policy and diplomacy.


\(^{29}\) Ibid.: 5


\(^{31}\) ElBaradei, The Age of Deception, 191f.


\(^{33}\) Jafarzadeh, The Iran Threat, 145.
since the 1950s. In its official positions on the Iranian nuclear issue, China thus has always insisted on political dialogue (as opposed to sanctions) as the only way forward to solve the nuclear crisis.

US and EU sanctions resolution negotiations on Iran therefore were continually delayed by China and the content of the resolutions significantly watered down by Chinese amendments in what has aptly been described as a ‘delay-and-weaken strategy’. In pursuing this strategy in sanctions negotiations, however, cooperation with Russia was crucial, as China sees ‘isolation in the Security Council as something to be strictly avoided’. Before P5+1 meetings, the Russian and Chinese negotiation teams convened to agree on joint approaches concerning the proposal of amendments of sanctions resolution texts (as did the E3+1, i.e. the EU3+the US, dialogue partners). In practice, Chinese-Russian joint efforts consistently managed to water down the initial resolution’s provisions, with China proposing ‘amendments’ (in practice: deletions of complete passages) to certain paragraphs, while Russia was proposing amendments to the other remaining paragraphs.

While being critical of EU and US pressure on Tehran, China’s foreign policy in the Iranian nuclear file essentially is a political tightrope walk: Close economic ties with Iran and a perception of sanctions as an interference into the domestic politics of sovereign states on the one hand need to be reconciled with the desire to be perceived as a ‘responsible Great Power’ that is actively supporting and endorsing nuclear non-proliferation efforts on the other hand. The latter meant a Chinese endorsement of sanctions resolutions against Iran, even though such a policy paradoxically went against Chinese interests especially against the background of dense Sino-Iranian commercial relations.

Another important factor arguably was the political momentum at the time of adoption. Even though China has been calling for patience with Iran, political framework conditions made Beijing approve of sanctions when diplomatic soothing strategies would not work anymore against the background of a major public discontent with Iran. When the international tension and public attention surrounding the Iranian nuclear file was highest, a Chinese veto would have constituted an outright rejection of Western security political concerns- and international isolation was something Beijing was keen to avoid. This was the case with resolution 1737 in 2006, when Iran had removed IAEA seals from its enrichment facilities in order to re-start uranium enrichment instead of suspending it as stipulated in the preceding resolution 1696; 34

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37 Ibid.: 15
38 German foreign ministry official, conversation with author, February 4, 2013.
39 Ibid. A comprehensive analysis of joint Chinese-Russian negotiation behavior is beyond the scope of this paper. Suffice to recall at this point that inferring from such pre-negotiations the existence of a united Chinese-Russian ‘bloc’ confronting the West would be an analytical fallacy.
with resolution 1803 in 2008 when Iran further refused to suspend heavy-water related activities;\textsuperscript{41} and with resolution 1929 in 2010, which was adopted after the revelation of yet another (hitherto unknown) nuclear facility near Qom in autumn 2009.\textsuperscript{42}

**EU sanctions against Iran and China’s reaction**

The EU’s diplomacy on Iran is characterized by what it has termed – reminiscent of the US’ ‘carrot-and-sticks approach’ - the ‘dual-track approach’. In close policy coordination with the US, this comprises pressure on Iran, including the imposition of sanctions,\textsuperscript{43} while explicitly stating a readiness to negotiate in case Iran is willing to demonstrate transparency and a willingness to ‘work towards clarification of all outstanding issues, including with respect to the possible military dimension to Iran’s nuclear programme’.\textsuperscript{44} The EU repeatedly stresses its ‘serious and deepening concerns’ over the Iranian nuclear programme and calls on Iran to ‘comply with its international obligations, including full implementation […] of UNSC and IAEA Board of Governors’ Resolutions’.\textsuperscript{45} The unwillingness of Iran to allow IAEA inspections at the installations in Parchin and Fordow, where the EU is suspecting potential military nuclear tests, have been in the spotlight most recently in this regard.

Frustrated with dragging negotiations since 2002 and with the aim of coercing Iran into compliance, the EU has therefore gradually stepped up sanctions in order to dry up the financial sources of Iran’s nuclear programme. Starting as a negotiating party and mediator ten years ago, the EU has steadily tilted more towards the sanctions approach. This now includes restrictive measures in the banking, trade, energy and transport sector. Assets of individuals involved in activities related to Iran’s nuclear programme as well as its ballistic missile programme have been frozen and travel bans imposed. Most prominently, the EU’s decision to impose an embargo against Iranian crude oil, taking effect as from 1 July 2012, has attracted international attention and can be said to have been the most assertive and punitive round of EU sanctions imposed so far.\textsuperscript{46} It arguably was also a landmark decision for the future direction of EU-Chinese coordination within the P5+1: Following the EU’s oil embargo decision, China had made it clear that it would not follow suit and impose an embargo against Iranian crude oil imports. It did not want to be seen as completely ignoring Western pressure on Iran either, though. Immediately, China held talks in Qatar, potentially to explore ‘swing’ exporter states possibilities.\textsuperscript{47} This careful balancing policy stood indicative again of a Chinese need to mollify Western security political concerns. Such a desire, however, does not mean unconditional support for pressure on Iran to an extent to which it significantly impinges upon China’s energy and trade relations.

\textsuperscript{41} UN, “Security Council tightens Restriction on Iran’s proliferation-sensitive nuclear activities” (2008).
\textsuperscript{42} UN, “Security Council imposes additional sanctions on Iran” (2010).
\textsuperscript{43} i.e. EU sanctions in addition to already existing UN sanctions.
\textsuperscript{44} “Iran: EU strengthens sanctions”
\textsuperscript{45} Ibid.
\textsuperscript{46} The Iran oil embargo decision has even been described as an ‘ice-breaker for the EU’, lowering ‘the resistance to further sanctions decisions’. Cf. Stefan Lehne, “The Role of Sanctions in EU Foreign Policy,” Carnegie Article (2012), accessed March 17, 2013, [http://carnegieendowment.org/2012/12/14/role-of-sanctions-in-eu-foreign-policy/etnv](http://carnegieendowment.org/2012/12/14/role-of-sanctions-in-eu-foreign-policy/etnv).
Interestingly enough, acknowledging precisely this conundrum, the US has been encouraging Arab oil exporters ‘to boost oil exports to China in an attempt to decrease reliance on Iranian oil and secure agreement to sanctions’.48 While China was hesitant to accept such deals that would indirectly entail a dependence on the US (acceptance of a US-brokered deal), Beijing nevertheless accepted a boost of oil imports from the United Arab Emirates (UAE) in late 2009.49 In short, China does not want to be told with whom to be allowed to have trade relations. In fact, with China’s unwillingness to follow the EU embargo against Iranian crude oil, it partially was undermining the EU’s punishing efforts.

In the same vein, China was not distressed by the EU’s policy of non-insurance of non-EU oil tanker shipments: China said it would start issuing its own insurances for its oil tanker shipments (as Japan is doing already) after the EU’s latest sanctions round entailed a prohibition for EU insurance companies to insure non-EU tankers and cargo vessels against collisions and oil spills.50

And with the most recent round of EU sanctions, adopted on 15 October 2012, the EU additionally imposed an embargo against Iranian natural gas, further restrictive measures against the Iranian central bank, widened the export ban to Iran of material that could be used in Iran’s ballistic and nuclear programme (such as aluminium, steel as well as related software and technical assistance), and imposed further asset freezes and travel bans for entities and individuals involved in the Iranian nuclear programme.51

The Chinese official reaction was unequivocal. ‘We oppose the imposition of unilateral sanctions on Iran and believe that using sanctions to exert pressure cannot fundamentally resolve the Iran nuclear issue’, Chinese Foreign Ministry spokesman Hong Lei underlined.52 Once more, diverging conceptions of how to approach the Iranian nuclear case had become apparent. While the EU’s policy aimed at coercing Iran back to the negotiating table, China was calling on all parties to show ‘flexibility, increase communication and push for a new round of talks as soon as possible’.53

After the P5+1 negotiations with Iran that took place in Almaty in February 2013, all sides acknowledged that this round of talks had been more successful than the previous ones, with Iranian foreign minister Salehi even describing them as a ‘turning point’ in the course of nuclear negotiations.54 While the Iranian reaction was more outspoken in its optimism about

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49 Ibid.
50 “EU oil embargo on Iran comes into effect; Tehran says will ‘confront’ sanctions,” Alarabiya news, accessed February 24, 2013, http://www.alarabiya.net/articles/2012/07/01/223821.html.
51 “Iran: EU strengthens sanctions”
53 Ibid.
the West moving closer toward the Iranian position, the EU reaction was more reserved. ‘[…] the real optimism will come when we start to see progress really being made’, Catherine Ashton’s press statement reads. Part of the reserved EU reaction could arguably be attributed to a substantially modified Western negotiating position, which included, i.a., the prospect of the gradual lifting of certain sanctions in return for Iran’s suspension of uranium enrichment to the 20% level. Technical details of the proposals aside, it should have become clear to all parties involved that insistence on previous positions, which had ultimately led to the failures of talks in 2012, cannot lead to an agreement acceptable to neither the West nor Iran.

The following and final section will reflect on the extent to which this fundamental policy divergence coincides with an increasingly assertive Chinese foreign policy and could impact on the search for long-term solutions in the Iranian nuclear dossier and how the new leadership in China will likely react to this.

**Chinese foreign policy assertiveness and the Iranian nuclear case – Contesting Modernity with a new Leadership?**

China’s position toward the Iranian nuclear programme bespeaks a diplomatic tightrope walk in which Chinese governments had to ‘triangulate their various interests with Washington and Tehran’ without wanting to choose between the two. Beijing knows its voting pattern on the Iran case in the UNSC is a positioning with far-reaching political implications in one way or the other. Voting for UNSC resolutions imposing sanctions on Iran runs against Chinese interests in Iran, while voting against them alienates the US and the EU pushing for a tougher stance toward Iran. Abstaining from a vote might be a way for China to circumnavigate this dilemma, but does not do justice to Chinese claims to being seen as an influential power taking responsibility on issues of global security.

The burgeoning body of literature debating the future direction that Chinese foreign policy might take (revisionist vs. status quo power/ ‘cuddly panda’ vs. ‘menacing dragon’ debate) heading in right direction: Iranian FM,” Press TV, accessed February 14, 2013, [http://www.presttv.ir/detail/2013/03/05/291973/iranp51-talks-on-right-track-salehi/](http://www.presttv.ir/detail/2013/03/05/291973/iranp51-talks-on-right-track-salehi/).  


indicates that there is considerable uncertainty in Western circles on the future role and behavior of a rising and increasingly assertive China: Either, so the assertion, China continues the path of socialization with other global players, works with existing rules of the game and arranges itself with the global political, economic and monetary system that essentially is based on the post-1945 US-dominated liberal order; or it will seek to use its growing political weight to influence the global order by gradually enforcing its own ideas of managing not only the international economy but global governance at large. It is in this context of power transition that the debate about a shift from the ‘Washington consensus’ to a ‘Beijing consensus’ is to be situated.\(^{58}\)

Undoubtedly, China’s foreign policy is becoming more assertive and independent, as China has risen as a global power. With this shift and subsequent growing importance of China as a foreign political actor on the world scene, the rhetoric in China’s foreign policy is starting to change as well. While Deng Xiaoping had outlined a pragmatic doctrine that should accompany China’s modernization process as from 1978 (‘hide our capabilities and bide our time; be good at maintaining a low profile; and never claim leadership’),\(^{59}\) China’s contemporary foreign policy inevitably has to address the country’s rise in importance and has been analysed as being increasingly more assertive.\(^{60}\) The stepping-up of the Chinese military,\(^{61}\) self-confident maritime moves in the South China Sea\(^ {62}\) and an uncompromising criticism of the EU’s sanctions policy against Iran are a case in point.

From this perspective, China’s rise not only ushered in the end of multipolarity in Southeast Asia,\(^{63}\) but is the harbinger of an alternative model of global governance at large, at least of the end of the hitherto Western-dominated governance structure. The world would experience what Martin Jacques terms an era of ‘contested modernity’.\(^ {64}\) A perceived growing Chinese new foreign policy assertiveness seems to support the latter reading. While previously, China was abiding by Deng Xiaoping’s foreign policy doctrine of ‘keeping a low profile’, China is becoming more outspoken in its foreign policy and is no longer hiding its strategic interests. With a view to Iran and as seen by China’s reaction to the EU’s latest sanctions round, this means that China does not unquestioningly abide by a strict anti-Iran policy as promoted by

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\(^{59}\) in: Jacques, When China Rules the World, 590.


\(^{61}\) Holslag, Trapped Giants, 29f.

\(^{62}\) Ibid.

\(^{63}\) Jonathan Holslag makes an interesting point with reference to different structural levels of power: While the Asian security architecture (the ‘superstructure of regional security’) is becoming increasingly bipolar as evidenced by the carving out of spheres of influence between China and the US; there will remain a ‘multipolar sub-structure in which the other powers make their independent choices about whether to balance, hedge or jump on the bandwagon’. Holslag, Trapped Giants, 109.

\(^{64}\) Jacques, When China Rules the World, 117f.
other negotiating powers in the Iran dossier. And Western sanctions on Iran even mean an opening-up of the Iranian market for Chinese companies: China makes use of the economic vacuum created by the embargo situation and can sell its products that are unavailable to Iran otherwise. Etel Solingen therefore formulates: “China’s compliance with multilateral sanctions has been selective, reluctant, and intermittent, often relying on linguistic and behavioral contortions to justify inconsistencies.”

The transition to a new Chinese leadership, started with the appointment of a new Politburo and Politburo Standing Committee in November 2012, seems to underline the tendency of an assertive Chinese foreign policy that is outspoken about its interests and unwilling to join or support Western policies that are seen as ‘neo-interventionism’. The 18th Party Congress report (of November 2012) was a case in point and stressed the concept of China’s ‘peaceful development’, but equally warned, in a quite explicit language, of the danger of ‘hegemonism’, ‘power politics’, and ‘neo-interventionism’. This rhetoric was echoed by then-party general secretary Xi Jinping in January 2013 and sounded a note of caution against any hopes China could be gotten on board for interventionist policies - a timely positioning against the backdrop of the NATO intervention in Libya, attempted UNSC resolutions on Syria and sabre-rattling over Iran. With Xi Jinping leading the Central Military Commission at the same time, he holds the full institutional control not only over the Communist party but also the military. His positioning against interventionist policies can therefore arguably be read as a sign of foreign policy continuity (and even reinforcement) of counter-hegemonic foreign policies.

One does not even have to agree with John Garver theorizing on a scenario where a hegemonic China in East Asia together with a dominant Iran in West Asia could become ‘a central element of a post-unipolar, China-centred Asia in the middle of the twenty-first century’ to acknowledge China’s Iran policy as becoming more self-confident. At the same time, such theorizing of a political estrangement need not be overstated: China naturally has an interest in a stable Middle East. A regional destabilization through the outbreak of an open military conflict would severely endanger and disrupt Chinese oil supplies. Not being proactive itself, but waiting for European initiatives to de-escalate the tensions, China can conveniently follow a strategy of maintaining its market position in Iran while benefitting politically from (‘free riding’ on) Western diplomatic efforts.

China’s interests in Iran are primarily commercial and should not be over-theorized as the expression of common ideological bonds or joint counter-hegemonic policies. The latter impression, in fact, might

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66 Chatham House, “China’s New Leadership: Approaches to International Affairs,” Asia Meeting Summary, 7 March 2013: 5.
67 Ibid.
68 Xi Jinping’s taking over of the office of president in March 2013 marked the official transfer of power to a new Chinese leadership.
70 EEAS official, author’s interview, March 13, 2013.
71 Interview with Dr. Walter Posch, SWP, Berlin, 25 June 2013.
even jeopardize China’s diplomatic tightrope walk and would run counter to China’s attempt at ‘strategic hedging’.

**Conclusion**

China’s Iran policy is determined by factors at the level of energy politics (ensuring stable supplies for its economy), the regional level (maintaining peaceful relations with its neighbors and upholding the image of ‘peaceful development’) and the global level (demonstrating and portraying an awareness of the responsibilities as an influential power on the global stage, including compliance with the nuclear nonproliferation regime). And one might arguably add a ‘civilizational’ level of Third World solidarity and opposition to US hegemony underlying China’s approach to Iran.

The Chinese government has an interest in good economic relations and in securing its energy supplies from Iran’s huge oil and gas fields, as evidenced most prominently by a 25-year contract concluded in 2004 between Iran and Zhuhai Zhenrong Corporation to import 110 million metric tons of liquefied natural gas (LNG) from the Iranian North Pars and Yadavaran oil fields. Iran, in turn, imports part of its refined petrol from China due to its own limited refining capacities. Iranian-Chinese bilateral trade is intensive, with Iran also being an important buyer of Chinese military exports.\(^2\) China’s trade relations with Iran explain why mounting tensions surrounding the Iranian nuclear programme are not in China’s interest in a stable Middle East. At the same time, China is careful not to spoil its relations to the US or to provoke perceptions that run counter to that of a Chinese ‘peaceful development’ by openly contravening existing sanctions lists and, like Russia, did not hinder the latest UNSC resolution 1929, trying to balance a pragmatic-commercial approach to business in Iran and mollifying Western security concerns related to the Iranian nuclear programme. In its official diplomacy, China continuously underlines Iran’s legitimate right to nuclear technology for civilian usage as well as the need to respect Iranian sovereignty, criticising any too hasty infringements thereof out of non-proven proliferation concerns.

With the US and EU administrations pursuing a tough public diplomacy line toward Iran over its controversial nuclear programme, China does not necessarily share the same security political prioritisations and is gradually becoming more outspoken about this fact, a fact that seems to have been only reinforced with the transition to a new Chinese leadership. Especially the EU oil embargo in July 2012 and the most recent EU sanctions round in October 2012 have underlined a growing rift between the EU’s and China’s stance toward Iran when it comes to an understanding of the use of sanctions. As the EU does not have the same political significance for China as the US has, the EU’s leverage power is limited. Irrespective of the impact of EU sanctions on the Iranian economy, it should have become obvious from the above analysis that a tough EU stance on Iran does not motivate China to follow suit. And even though the US unilateral sanctions against third parties’ involvement with Iran are a

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thorn in the flesh of Chinese companies and Chinese business interests in Iran, their enforcement has a certain ‘disciplinary effect’. An EU embargo against Iranian crude oil, however, is no inducement for China to cut back on its economic activities with Iran. And even though the EU’s policy of not insuring Chinese oil tanker shipments is an annoyance to Beijing, the latter’s decision to insure its vessels otherwise testifies China’s relative indifference to the EU’s punitive Iran stance.73

After largely unsuccessful rounds of negotiations in Istanbul, Bagdad and Moscow in 2012, the one-on-one talks in December 2012 between the EU High Representative Catherine Ashton and the Iranian chief nuclear negotiator, Saeed Jalili, have initiated a renewed dialogue round. It remains to be seen how the renewed negotiation dynamic between the P5+1 and Iran in 2013, started by talks in Almaty, Kazakhstan in February, will contribute to a diplomatic de-escalation of the intricate Iranian nuclear stalemate and how the Iranians will react to the ‘Almaty package’ with a new president Rouhani and a new nuclear negotiation team. A long-term solution, however, can only be found with all stakeholders involved, including all UNSC veto powers. As the sanctions issue and China’s foreign policy toward the Iran issue aptly demonstrates, this can only be achieved through political dialogue and negotiations- howsoever tiresome the repetition of this formula has become. A single-focused sanctions track not only alienates the Iranian dialogue partners, it also decreases the chances of finding common policy positions vis-à-vis the Iranians between the ‘Western’ and the ‘non-Western’ camps within the P5+1.

Bibliography


73 In the words of a high-ranking EEAS official, China “could not care less” about the EU’s Iran sanctions. Author’s interview, Brussels, March 13, 2013.


