

Iran-China Relations: An Overview of Critical Factors

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Abstract

Iran-China bilateral relations, established in 1971, have experienced quite substantial change in the post-1979 period, especially since the end of the Cold War. Both countries, despite fundamental differences in ideology and governance structure, and based on a number of areas of commonality, most prominently similar international outlook as developing states of the South, and based on mutual need in economic fields, most notably energy, and also in the military field, chose to expand their relations in various areas. The present article looks into the development of these bilateral relations since early 1980s and discusses two sets of factors that have impacted them; conducive factors and constraining factors. The article argues that while the conducive factors have contributed to the expansion and deepening of Tehran-Beijing relations during the period under review, China's grand strategy towards becoming a world power and the requisite policy of rapprochement with the West, the U.S. in particular, have in fact intervened to constrain China's relations with other states – among them, Iran. Simultaneously, perpetuation of a state of tension between Iran and the U.S. in the post-1979 period, and especially since 2003 over the nuclear issue, and hence, U.S. pressure of sorts on China, have also played a critical role in complicating Iran-China relations. China's support since 2006 for the UN Security Council sanctions resolutions on Iran, despite Iran's emphasis on the "Look to the East Policy" since 2005, has reflected the Chinese predicament and served to constrain the relations, even to some extent in the energy field. The article concludes that notwithstanding inevitable constraints in Iran-China relations due to the factors involved, both countries will continue to maintain their relations in the economic and energy fields and on international-multilateral issues of mutual interest

Keywords: Iran, China, Relations with U.S., Economic Relations, Energy, Nuclear Issue, Constraints

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Introduction: An Overview of Past Relations

Iran and China, two of the most ancient countries in the world, also two old empires which have been neighbors in the past, enjoy a long tradition of bilateral relations for millennia. The relationship between Iran and China, quite close and even special at various periods in the distant past, is best symbolized by the famous “Silk Road.” The two countries – societies – with rich, old civilizations and glorious past have also enjoyed close cultural relations since antiquity and have influenced each other in different ways. That close relationship suffered drastically in more recent centuries as a result of general decay in their power and marginalized status in world affairs emanating, among others, from their exposure in 18 and 19 centuries to colonialist rule and influence – albeit to different degrees.

Iran-China relations during the twentieth century can be divided into three distinct periods. During the first period, spanning 1949 through early 1970s, the relations were defined by the Cold War parameters; Iran, under Shah Mohammad Reza Pahlavi, an ally of the “anti-Communist” Western bloc, recognized Taiwan as the representative of the Chinese people. During this period of escalating tension, Chinese officials considered Iran as a reactionary state and “mercenary of imperialism” and Iranians looked at China as an expansionist, aggressive, and subversive Communist state. The second period started in the early 1970s as a result of perceptible change in the relations between China and the U.S. The Sino-American rapprochement – an outcome of the proverbial “Ping-Pong” diplomacy – also paved the way for a similar thaw in Iran-



China relations. The official visit to Beijing of Ashraf Pahlavi, Shah's influential twin sister, in April 1971, which was extensively denounced at the time in revolutionary and leftist quarters, in Iran and elsewhere, should indeed be considered as the critical turning point in the bilateral relations between the two capitals. Following the visit the two countries established formal diplomatic-political relations and took steps towards mutual confidence-building and cooperation. The state visit by China's Communist Party Chairman Hua Kuo-feng to Iran in late August 1978, amidst revolutionary upheaval in the country, was welcomed by the beleaguered Shah but roundly condemned by the opposition as an act of treason by the so-called anti-imperialist Chinese. The event, however, left its negative impact on the state of relations after the emergence of the revolutionary regime in Iran a few months later.

The third period in relations belongs to the post-1979 years, which coincided with the establishment of the Islamic Republic in Iran and the beginning of post-Mao transformation in China. Concurrence of fundamental developments in both countries, respectively, drove them towards forging a relationship which was essentially different from the previous two periods – albeit gradually and after a rather short period of cool relations. The victory of the Islamic Revolution in Iran ushered a fundamental shift in Iran's foreign policy; ending the pre-revolutionary pro-West policy, Iran adopted a revolutionary outlook in its foreign policy based on what came to be known as “Neither East, Nor West” motto. The new outlook, while taking distance from Western and pro-Western countries, favored expanding relations with revolutionary, non-aligned, and Third World countries. Simultaneously, China was also experiencing significant changes in its foreign policy outlook within the framework of a much bigger transformation that was taking shape in the ruling party's platform and grand strategy – as already reflected in the decisions of the third session of the 11th Congress of the Chinese Communist Party in December 1978. In designing an overall



pro-development approach, as of early 1980s China started taking distance from the previous decidedly revolutionary Communist – Maoist - agenda and opted for a substantially changed new approach. The new Chinese foreign policy outlook involved, inter alia, less emphasis on the so-called anti-imperialist posture and concurrent warming up of relations with the U.S. – castigated systematically since 1949 as the “leader of the capitalist bloc.”

In addition to the concurrence of shift in foreign policy outlook in both Tehran and Beijing, the particular situation of the revolutionary regime in Iran also intervened to help the two countries forge an ever closer liaison. Rupture of political-diplomatic relations with the U.S. in April 1980 following a very tense period after the takeover of the U.S. Embassy in Tehran, and Iraq’s resort to a full-scale military invasion of Iran a few months later the same year confronted the young revolutionary regime with a quite difficult foreign policy situation. It was made worse when the generally smooth relations with the Soviet Union also became strained over Tehran’s effective purge of leftist forces, including pro-Soviet Tudeh. The open dispute with the U.S. soon led to the imposition of sanctions on Iran, including arms embargo, which proved particularly debilitating in the war with Iraq – which continued to be furnished with advanced weapons both from the Soviet Union as well as from a host of Western countries, most prominently France.

In retrospect, it can be said with a high degree of certainty that this quite difficult military situation played a catalytic role in encouraging an arms-hungry Iran to turn to the equally cash-tight Chinese who were also eager to move out of their self-imposed decades-old “revolutionary” isolation and reach out to the outside world. The visit to China in 1985 by Akbar Hashemi Rafsanjani, then Speaker of the Iranian Majles (Parliament) and widely considered the second most powerful figure in Iran, served to cement the fast unfolding relationship between the two countries, which at the time had a peculiarly dominant military dimension. As clearly pointed out



in his memoirs, purchase and procurement of military equipment was the most important item in his agenda of negotiations with the Chinese officials. In his words, “We met Deng Xiaoping, the Chinese leader [Chairman], and our negotiations lasted for an hour. He did not make any clear promise to sell military equipments to us in the war time. But, the Chinese are keenly interested in economic cooperation because they need hard currency. Mr. Zhao Zhyang, the Chinese Premier, came to our residence for the last meeting and also for the farewell ceremony. We had an official meeting. Upon my request, we had a private session afterwards, in which we talked about receiving missiles from China. The Chinese Premier concurred with the urgency of the delivery of these missiles to Iran. The Chinese, however, greatly emphasized on the necessity of secrecy of military purchases.” (Hashemi, 1985: 161)

Over and above negotiating for military liaison, Hashemi also writes in his memoirs that “Upon instructions from Imam Khomeini, I proposed the establishment of strategic relations with China – which the Chinese welcomed.” (Ibid., 178). The allusion provides a very clear indication of the importance Iran attached then to the relations with China – which remained predominantly of a military nature until the end of the Iran-Iraq War (1988). The post-War years, however, witnessed quite significant changes in at least two important respects; one, efforts towards reconstruction and much-neglected economic development during the war years, and two, the beginning of a more nuanced foreign policy. Simultaneously, China’s efforts towards economic reform and progress had borne fruit, which also gave the country the political-economic clout to further buttress its regional position and increase its presence and influence, especially in the economic field, at the global level. As a result of these developments both countries moved forward with expanding the areas of their cooperation as of early 1990s, especially in the economic field – which represented the particular area of Chinese strength and Iran’s growing needs. As part of the fast expanding



economic liaison, China gradually started making investments in major economic initiatives in Iran, most notably in the construction of power plants, cement factories, and also the subway system in Tehran. In the meantime, continuing double-digit annual growth rate of the Chinese economy and concurrent substantial rise in demand for crude oil turned it into a major oil importer, mainly from the Persian Gulf area, including from Iran. This development has since become one of the major features of the Iran-China relations, and acquired strategic aspects for both countries – more on this further below.

Another important factor affecting the state of bilateral relations between Iran and China came from the collapse of the Soviet Union and the end of the Cold War. This development did in fact substantially change the security environment for both Iran and China, and hence, their foreign policy priorities. Continued tension between Tehran and Washington and the perpetuation – even at times exacerbation – of the U.S. threat against Iran’s national security and interests in the post-Cold War uni-polar world, and development of China’s relations with the U.S. within the overall context of strategic cooperation and competition have in fact affected Iran-China relations in a peculiar two-way manner. They have acted as both conducive and constraining factors, leading inevitably to mutually-agreed priority for certain areas; e.g., trade and economic, and energy cooperation, as compared with a more constrained political cooperation – best reflected in the case of Iran’s nuclear dossier.

It should be further added soon after Mahmoud Ahmadinejad assumed office as president in Summer 2005, Tehran adopted the “Look to the East Policy” as a new orientation in its foreign policy and accorded priority to the expansion of relations with Russia as well as with the Asian countries. As defined by the then Foreign Minister Manouchehr Mottaki, creating balance in the foreign policy of the Islamic Republic of Iran depended on the new policy, and expansion



of relation with the Asian countries constituted one of the main foreign policy agenda items of the new administration. Among the Asian countries, China enjoyed the most extensive relations with Iran at the time and was considered to possess the greatest potential for further expansion and deepening of relations – or as was analyzed at the time, the best positioned country with a unique status and the most propitious characteristics for the implementation of the new policy. The Iranian emphasis during the past several years on expansion of relations with China, including at the political level and exchange of high-level visits to both capitals, should therefore be seen and analyzed from the vantage point of the requirements of this new orientation in foreign policy.

In light of the foregoing rather brief introduction of Tehran-Beijing relations in recent decades, especially since early 1990s and China's emphasis on rapid economic growth and development, the present article endeavors to look into the set of factors affecting the dynamics of this relationship. The author believes that two sets of factors have been – and continue to be – at work in Iran-China relations; Conducive factors and constraining factors, whose collective impact have shaped and continue to affect the relations. The article consists of three parts. The first part looks into the “conducive factors” and their role in the development of the relationship between Iran and China. The second part turns to “constraining factors” and analyzes their role and significance in the bilateral relations. The third part discusses the cumulative impact of both of these factors on the state and pattern of relations.

A. Conducive Factors

1. Similarities in Foreign Policy Outlook

A cursory look at the respective foreign policy outlook of both Iran and China points to a number of similarities in these outlooks – which explains the close relations that have developed between them



over time. Looking at the macro-level changes in the international order in recent decades, one could argue that both Iran and China can be considered, in a sense, as “revisionist” actors in the political arena. As defined in the theories of international relations, revisionist states fall within the following three broad categories:

1. *Revolutionary Revisionist States*: These states reject the ideational foundations of basic institutions in the international system. They are committed to bringing down the existing order and transforming the system in entirety,

2. *Orthodox Revisionist States*: These states are [generally] satisfied with the institutional structure and ideational content of the international system. Nevertheless, they are unhappy with the existing state of affairs in the international relations and reject the current ranking and status of countries in actual power politics; and

3. *Reformist Revisionist States*: These states accept some of the institutions of the dominant international order – based on their own institutional orientations and instrumental calculations - but reject some of the existing institutions and endeavor to reform/improve them. These states are essentially geared to enhancing their own position in the existing order.

China, as argued by Barry Buzan (2010), can be described as a reformist revisionist state in the international community because, on the hand, China has accepted the ideational foundations of the international order and, on the other, recognized the merits of market economy while rejecting political liberalism based on domestic instrumental reasons. Simultaneously, the Chinese have been hard at work to enhance their status within the international community. According to the same line of argument, Iran can be considered a revolutionary revisionist state opposed to the ideational foundations of the existing international order and advocating its reform.

Despite obvious differences as revisionist states, certain common revisionist approaches have in fact created similarities in the foreign policy of both Iran and China. For instance, their respective



understanding of the concept of sovereignty is quite different from - perhaps even to some extent contradictory with - the prevalent American and liberal perceptions in this regard. Both countries' definition of the idea of sovereignty appear to be very close to the traditional, broad understanding of the concept; according to which sovereignty is sacrosanct, absolute, and untouchable, and does not allow any interference in the sovereignty of a state. Contrary to this approach, the dominant perception of the concept of sovereignty in the international community, inclusive in particular of the United Nations system, considers, inter alia, respect for and observation of human rights as one of the most important priorities for states. Moreover, as embodied in the now established concept of "preemptive intervention," state sovereignty can be totally ignored in cases of genocide and for the protection of human rights. Iran and China, based on their respective foreign policy approach in this respect, are opposed, in principle, to this kind of interferences in the internal affairs of other countries, which they consider as a direct outcome of a unipolar world order.

Commonalities in the foreign policy of Iran and China are not merely restricted to the common understanding of such concepts - and the adoption of similar stances. In fact, they enjoy a number of other important commonalities in their multilateral relations. Since both Iran and China consider themselves as developing countries - members of the Group of 77 as the largest coalition of developing countries within the framework of the UN system - they have collaborated extensively on the wide range of development-related issues in various multilateral fora. They have also collaborated with each other within the framework of the Shanghai Cooperation Organization (SCO), in whose creation China played a critical role. In addition, China was also a strong advocate of Iran's joining SCO as an observer.

Membership of the Shanghai Cooperation Organization (SCO) covers a huge region with serious impact on and implications for



Iran's security environment and national interests in various respects. Iran's participation in the SCO – thus far as an observer - provides the opportunity for closer collaboration within a collective regional arrangement on the issues of such critical areas as the Central Asia - the northern border of Iranian security environment – as well as with Afghanistan and Pakistan in eastern frontier. Given the still continuing fragility in Central Asia and the rampant problems of terrorism and extremism and drug trafficking in the areas adjacent to Iran, collective collaboration among concerned actors in the region is in Iran's national interest. China is also concerned about the problems of terrorism and extremism in its neighborhood, which serves as another context for collaboration with Iran. Moreover, member states of the Shanghai Cooperation Organization, particularly Russia and China, look at the ever-expanding military presence of the United States in the region as a source of threat against their national security – as clearly reflected in the final statements of the Organization's Summits. In the statement of the 2006 Summit, the SCO member states called on the United States to withdraw its forces from the region. Iran, as is well known, also considers the U.S. military presence and influence in its neighborhood detrimental to its national security and interests, and continues to call for the withdrawal of the U.S. forces. This shared concern between Tehran and Beijing has served to help them adopt a similar approach to the issue at hand, which would further strengthen should the SCO member states finally decide to expand its membership to include Iran as well – which does not appear to be on the agenda under the current circumstances.

2. Cooperation in the Field of Energy

China's sustained, rapid economic growth during the past two decades has, among others, significantly increased demand for energy sources, particularly crude oil, which has in turn led to increasing reliance on imported oil. While China was the fifth oil producer in the



world in 1993, it has turned into a major crude importer since. According to recent forecasts, China will have to import more than 40 percent of its needed annual crude oil by 2012 (Fang, 2008). The ever-increasing reliance on foreign imported oil to maintain the pace of economic growth that is considered essential for the long-term development of the national economy, and more importantly, the survival of the existing governance structure, has in fact turned the question of “energy security” into a critical issue for the Chinese government. China’s acute awareness of its strategic vulnerability in the field of energy especially in light of the possible U.S. pressure and manipulation, including due to the U.S. practical control over the entire route of energy supply from the Middle East to the South China Sea, has forced Beijing as a counter measure to establish and nurture close relations with oil-exporting countries in the Persian Gulf area. As argued by China-watchers, “energy security” constitutes the most important element of China’s interest in the Persian Gulf region (Leverett and Bader, 2005).

Iran on her part is well situated – for the following specific reasons - to meet on a long-term basis part of China’s substantial demand for crude oil.

- Iran holds the second largest proven reserves of oil and gas in the world;

- Full Iranian control of the management of energy sources as compared with other oil producers in the region, especially Saudi Arabia, thus lessening of the potential danger of influence and manipulation by the the United States, as a strategic rival of China; and

- Practical absence of Western companies from the Iranian energy scene, due, inter alia, to economic sanctions imposed by the U.S. and complied with by other Western countries, has in fact provided the Chinese companies with a unique opportunity for engagement.

It could be argued, therefore, that the respective geopolitical



situation of both Iran and China, as well as their particular needs, capabilities, and constraints have encouraged them to seek closer collaboration in the field of energy. Considering China's expected rising demand for energy and also considering the continuation of Iran's political difficulties with the Western world – the U.S. in particular – for the foreseeable future, it can be reasonably expected that Iran–China liaison in this field will continue to remain an important item in their bilateral relations.

Conclusion of a 100-billion dollar agreement in oil and natural gas sectors in 2004 between the two countries points to the importance and weight of the energy sector in their bilateral relations. More recent agreements in this field also point in the same direction. In November 2008, China National Offshore Oil Corporation (CNOOC) signed a 16-billion-dollar memorandum of understanding with the National Iranian Oil Company (NIOC) to develop North Pars gas field for LNG supply – which is expected to take eight years to complete. Also In 2009, NIOC and China National Petroleum Corporation (CNPC) signed a 5-billion-dollar contract in Beijing for the development of phase 11 of the South Pars gas field. In oil sector, CNPC signed a \$2 billion deal with the NIOC in January 2009 to develop the north Azadegan oil field. Moreover, Iran has been engaged in discussions with Chinese companies for the further development of the south Azadegan oil field (Shana, 2010).

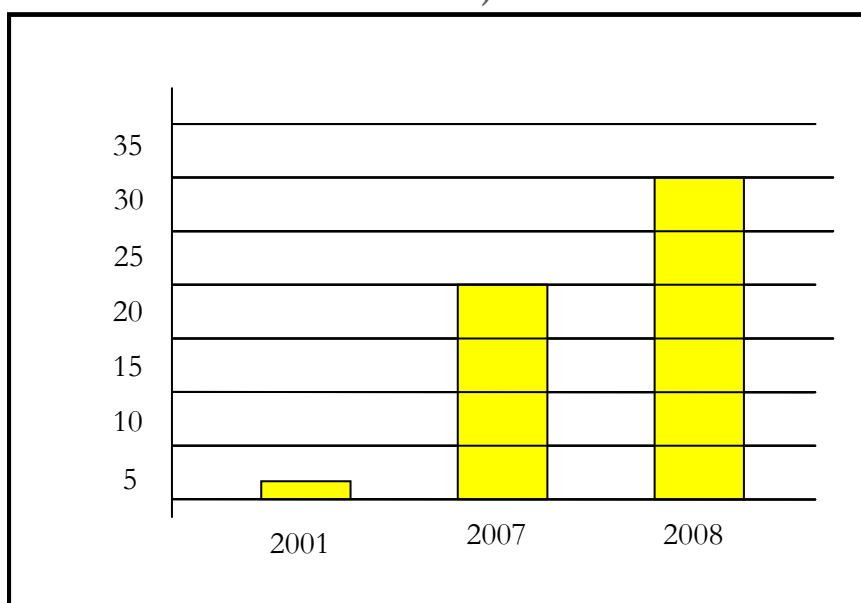
3. Economic Interactions

The volume of trade between Iran and China has increased significantly in recent years. In fact, it has multiplied since early 1990s. While In 1994 the volume of trade stood at around 450 million dollars, it rose to 2.3 billion dollars in 2001 and to 30 billion dollars in 2010 – as announced by China's Embassy in Tehran. Table 1 paints a very clear picture of trade relations between the two countries. Iranian officials also predict that economic and commercial interactions will be further expanded. Iranian ambassador to China stated last year that



the volume of trade between the two countries will reach 50 billion dollars in the coming years (Safari, 2010).

Table 1
Volume of trade between Iran and China 2001 - 2008 (billion US dollars)



Source: Embassy of the Islamic Republic of Iran, Beijing (February 2010)

This rapid growth of trade and economic relations has been attributed to two factors. The first factor is China's sustained and substantial economic growth, turning a predominantly agrarian self-contained economy into a fast-developing industrial powerhouse in a relatively short period – dubbed by some as the “factory of the world” and a major trading partner of many countries in the world, both developed and developing. The second factor relates to the Iranian side of the equation, involving both economic and political factors. Persistence of political difficulties between Iran and the West in general and the U.S. in particular since 1979, and more so since 2003 because of the nuclear issue, has in effect limited Iran's choices



for economic cooperation. Imposition of a wide range of sanctions on Iran, both by the U.S. since early 1980s and by the UN Security Council since 2006, which have expanded the range and depth of sanctions have made the situation all the more difficult for Iran, especially given the continuous rise in demand for a wide range of consumer goods in the Iranian economy. Given this, it is little wonder that Iran has turned to an enthusiastic China to meet such substantial demand in an expanding oil-funded market.

The net result of these two factors has been that in recent years the Iranian market has been flooded with Chinese products and goods, inclusive of vehicles, electronic devices, clothing, toys, and even Chinese “garlic” and “honey” – traditionally produced in Iran in abundance but pushed to the margins as a result of “cheaper” Chinese imports! While the demand in the local market has been met through reliance on fast-expanding imports from China, the generally low quality of the imported goods and products has created widespread dissatisfaction among a wide spectrum of Iranian consumers – traditionally accustomed to European and American quality. In fact, nowadays common people in Iran tend to label Chinese goods as a symbol of poor quality. What is rather quizzical in this regard is the fact that China is capable of producing goods and commodities with different levels of quality, including high quality, but the bulk of exports to Iran in recent years has been of a generally low quality. Numerous road accidents last year caused by Chinese-made Hovo trucks – considered to have faulty design and poor brake system – made big news in the Iranian media (Tabnak Website, 2010). The negative impressions in the Iranian public opinion of low-quality Chinese products have led to the emergence of a very negative view of the Chinese government’s policy towards Iran. Despite seemingly very close political relations between the two capitals, the Iranian public opinion appears to increasingly believe that China is quite opportunistic in its treatment of Iran and is bent on taking advantage of Iran’s peculiar situation in the international arena. This impression



has been further intensified in light of China's support for the Security Council resolutions (since 2006) against Iran.

4. Military Interactions

As already indicated, Iran's military interactions with China started in the early 1980s during the war with Iraq. It is interesting to note that China sold military hardware to both sides, which amounted to a total of almost 5 billion dollars between 1980 and 1988 (Carter and Ehteshami, 2004). The military liaison between Iran and China has increased since the end of the War. According to the statistics published recently by the Stockholm Institute for International Peace Studies (SIPRI), between 2005 and 2009 Iran has been the second importer of military hardware from China after Pakistan (Swaine, 2010). The growing cooperation between the two countries in the military field, as an important variable in the bilateral relations, can be explained by the following two factors. Firstly, as in the economic and trade fields, and particularly more so in the military field, Iran has faced with serious constraints in meeting the requirements for its arms industries and the military sector. And secondly, given Iran's location in a sensitive geo-strategic area and the consequent precarious and even volatile security environment, Iran has felt the need to bolster and upgrade – to the extent possible – its military, defense capabilities. The recent and still unfolding revolution in the military field – which has, *inter alia*, tipped the military balance in the region to Iran's detriment - has also contributed to further exacerbate the situation for Iran. This picture and the available options - countries willing to engage in military cooperation under the circumstances – can explain the expanding relations and ever-closer cooperation between Iran and China in recent years, which, it should be added, carries a number of technical as well as political constraints for Iran. The expanding liaison also has a number of immediate economic and long-term political-strategic advantages for China, and also the inevitable disadvantage of a causing a certain degree of



Western-American dissatisfaction.

Thus far in the article the conducive factors in the bilateral relations between Iran and China have been discussed, even if in very broad terms. As argued, given the current circumstances and the bigger international picture Iran has been facing, and also considering China's situation and particular interests, both countries appear to view continuation and even expanding relations in these fields and areas with keen interest. The fields and areas already discussed, especially economic-trade relations, and most specifically the field of energy, which do not appear to be directly subject to negative political, security or strategic considerations on the part of the West and the U.S., tend to continue to provide most important context for the perpetuation of good and expanding relations between Iran and China. In the second part of the article, constraining factors affecting the bilateral relations negatively will be discussed.

B. Constraining Factors

1. Requirements and Implications of China's Strategic Choice

As indicated earlier, the Sino-American rapprochement in the early 1970s helped the Communist China to leave behind a long period of isolation and full-fledged confrontation with the capitalist bloc. Further developments later in the decade, as best reflected in the decisions of the Chinese Communist Party Congress in 1978, pointed in the direction of substantial change in China's grand strategy, which involved adoption of an overall pro-development approach. Under the new strategy, implemented as of early 1980s, China started taking distance from the previous decidedly revolutionary Communist – Maoist – agenda, including a new foreign policy outlook that involved, inter alia, less emphasis on the so-called anti-imperialist posture and concurrent warming up of relations with the U.S. It is to be noted that the outcome of such a change in overall strategy – with its central emphasis on economic development and progress – helped



China towards gradual emergence as a major power in the international politics, including at the United Nations and more specifically as a permanent member of the Security Council. This rather dramatic change in China's status and role created, quite understandably, heated debates about its impact on and implications for the existing international order at various levels across the globe, especially in policy-making circles in various countries, especially in the United States. The emergence of the specter of the so-called China Threat in the Western world could indeed be seen as a direct outcome of this change, which in turn led to China's efforts towards depicting itself as a responsible and accountable member of the international community – both in theory and in practice.

As part of the efforts to assure other countries, the United States in particular, that China's emergence as a global power is not – and should not be seen - as a threat against other states, the Chinese government has developed the theory of "Peaceful Rise." (Jisi, 2006) The publication of the "White Paper," entitled *China's Peaceful Development Road*, by China's State Council in December 2005 was a major step to this end. The Paper, a high-level official document, contained a full and systematic expose of China's grand strategy, and emphasized, among others, on the "Peaceful Development" as the unavoidable route for the country's modernization. The strategy advocates the continuation of the "reform and open door policy" which had been adopted and pursued by Deng Xiaoping as of the 1980s. As underlined in the White Paper, "China will exert its utmost towards establishing a peaceful international environment in order to further develop itself and protect global peace." Such an understanding of the international order, and China's status in it, inevitably involved articulation of a new approach and orientation in foreign policy.

According to the new foreign policy outlook, based on the overall theoretical framework just outlined, the Chinese emphasized the imperative of stabilization of their security environment, at both



regional and international levels, as a prerequisite for further continuation of economic development and preservation of political stability. Simultaneously, they have endeavored to portray and present themselves as a responsible nation as well as a serious advocate of stability in the international arena, also with the objective of ameliorating global concerns about China's rapid economic growth and its consequences. This overall framework, as argued by a Chinese analyst (Honghua, 2004), has shaped China's bilateral – mutual – relations with other actors in the international community – inclusive of large, medium, and small states.

Another important aspect of the new foreign policy has involved China's coordination – even if in a relative sense and only to some extent – with the international community, and to be more specific, with its major actors and players. This required coordination on the part of China -- the emerging world power -- has brought in its wake certain “inevitable” constraints in its relations with “specific” states; i.e. states considered by major global powers as “unfavorable” actors in the international community. Review and analysis of China's actual policy in recent years in this regard make it amply clear that expansion of relations with these “specific” countries/states has proved quite problematic for the Chinese and created difficulties in their relations with both major powers and the “specific” states. Since active pursuit of rapprochement and coordination with the dominant powers in the existing international order, the U.S. in particular, which can be described as “simultaneous cooperation and strategic rivalry” has been deemed imperative – and inevitable – for Beijing, therefore, Chinese relations with such states has been subject to a set of serious limitations.

China's relations with Iran, as alluded to earlier, have developed and evolved within this broad context, and hence, subject to certain constraints and limitations, which has showed itself most prominently on and around the Iranian nuclear dossier. While the Chinese officials have consistently emphasized their commitment to and



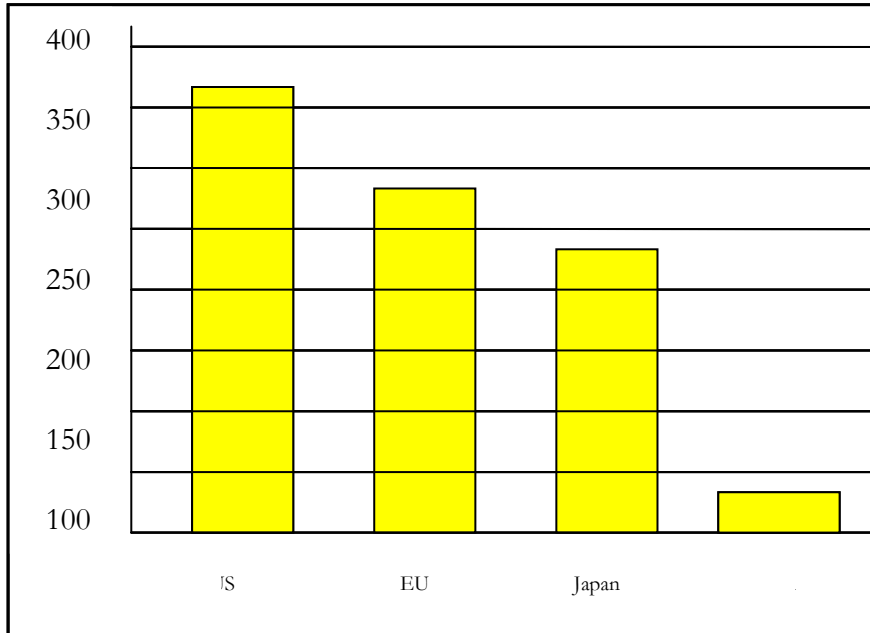
priority for a diplomatic and negotiated resolution of the crisis, they have nonetheless – and contrary to the expressed expectation and ultimate dismay of the Iranian officials - joined the U.S and the European Union – a long with Russia – in adopting sanctions resolutions against the Islamic Republic at the UN Security Council. This pattern of behavior on the part of China - emanating from and in line with the requirements of their grand strategy – has, as a matter of fact, served as a difficult issue in Tehran-Beijing relations, and as far as the Iranian side is concerned, it has further served as a bone of contention and political bickering at the domestic level.

2. The Relationship between China and Western Powers

China's rapid economic growth and development has led to the expansion of economic and technological relations with major developed countries in a position to provide the capital and advanced technology badly needed by China. The same countries – inclusive mainly of the U. S., European Union, and Japan – also happen to be the major markets for Chinese goods and products. Table 2 shows the volume of trade between China and its three major trading partners, and also with Iran (2009). A simple comparison between the relevant figures in the Table shows the relative weight of the major trading partners; U.S. (\$ 365 billion); EU (\$ 295 billion); Japan (\$ 230 billion), and also Iran (\$ 22 billion). The total volume of China's trade with the three major partners (\$ 890 billion) is over 40 times that of the volume of trade with Iran, indicating, in very rough terms, the significance of the bilateral relations between China and these three on the one hand, and quite a different situation with Iran on the other. As indicated in an earlier part of the article, Iran's economic and trade relations with China have expanded rapidly in recent years – which are important within the bilateral context – but are not comparable at all with China's relations with its major partners; less than 2.5 % in 2009.



Table 2 – China's Foreign Trade, 2009 (billion US dollars)



Source: The National Bureau of Asian Research (2010)

Given China's long-term strategy towards becoming a full-fledged world power, and hence, unwavering national policy of ensuring continuation of the current pace of economic growth and development which depends on attraction of resources from abroad and maintaining and expanding markets for its goods and products, it can be expected that China will continue its overall policy of rapprochement with the Western world and strengthen and expand its existing relations at various levels and through all possible means. Within this overall context, and in light of its unique position as a permanent member of the UN Security Council, China's positions on international issues and its behavior *via-a-vis* other states and regional situations bear significantly on the impressions of other Council members (particularly the three Western members) and ultimately on the state of their relations. Taking all such considerations into account, a review and analysis of China's foreign policy conduct over



the past couple of decades, especially since the end of the Cold War and the demise of previous ideological rival-enemy, points to a certain cautious streak. Chinese cautious foreign policy, as also reflected in the political pronouncements of Chinese officials, has exhibited itself manifestly with regard to crisis situations. China's approach towards the respective nuclear dossier of Iran and North Korea represent unmistakable examples of such a cautious foreign policy.

In the case of Iran, while maintaining and even expanding close relations, especially in economic, trade and energy fields, China has consistently followed a middle-of-the-road approach to the nuclear crisis and adopted quite moderate positions. On the one hand, they have supported, in principle, Iran's right under NPT to enjoy nuclear energy capability for peaceful purposes, and have emphasized on the imperative of diplomacy and negotiation to resolve the ongoing standoff. And on the other, they have made known their opposition to a nuclear Iran and have joined the other permanent members of the Security Council in adopting sanction resolutions on Iran. Even a comparison between the respective behavior of Russia and China towards the four Council resolutions passed since 2006 in this regard clearly shows a more cautious approach on the part of China. Judging Beijing's approach and policy towards the Iranian nuclear situation over the past few years, it appears that China's relations with the U.S., with all the considerations and complexities involved, have served as the most important constraining factors in this respect. Aside from general political displeasure with the Chinese close relations with Tehran and use of political-diplomatic levers to impact their conduct, the U.S. has in fact exerted concrete pressures of sorts on China, inclusive of sanctioning Chinese companies, to weaken these relations, or receive a more accommodating approach from Beijing. In fact, exertion of pressure of this sort dates back to mid-1980s when the U.S. suspended exporting a number of basic goods and commodities to China in response to China's sale of anti-ship "Silk Worm" missiles to Iran (1985). Indications are that the U.S. close



monitoring of the Beijing-Tehran military liaison and the pressures exerted have succeeded, to some extent at least, to contain the level and range of military cooperation between Iran and China.

American pressure and intervention in the nuclear field have been more open and frequent, dating back to 1992 when the U.S. finally succeeded in thwarting Iran's efforts for the purchase of a 20-megawatt research reactor from China. Three years later, they prevented China from transferring two 300-megawatt nuclear reactors to Iran. The U.S. openly urged Beijing in 1997 to terminate all its nuclear and missile cooperation with Iran, to which the Chinese finally succumbed – albeit reluctantly, which as reported, has forced the two sides to search for other circuitous ways to continue the liaison. As a result, China's cooperation with Iran in the area of dual-use goods and technologies, as well as in the military field, has been severely constrained ever since (Gill, 2007: 54).

Having practically rendered impossible Iran-China cooperation in the nuclear field in the 1990s – which made Iranian liaison to the same end with the Russians all but a *fait accompli* – the U.S. pressure on the Chinese has shifted mainly to the political-diplomatic arena, especially since 2003 when the Iranian nuclear dossier became an international issue, first at the IAEA, and subsequently after its referral in early 2006 to the Security Council (SC). Ever since, the approach and policy of both Russia and China on this issue, particularly their possible role in preventing – vetoing – sanctions against Iran, has been a matter of intense interest, curiosity, and speculation, not only in Iran but also at the international level. While to those in the say, a negative vote in the Council by either Russia or China has never been considered a real possibility, and only a matter of sheer speculation – whether within certain political circles in Iran or even at the international level, however, both countries, enjoying very close relations with Tehran and each vying to portray itself as Tehran's "true friend in time of need," faced indeed a rather difficult situation in balancing their relations with the U.S. (and the West



proper) on the one hand and with a beleaguered Iran on the other. The crux of their predicament was - and still continues to be – how to avoid alienating either side, which, as shown earlier in the Table on China's trade relations, has been extremely skewed in favor of the Western bloc and unhelpful to the Iranian position.

While supporting the Security Council's sanction resolutions on Iran – which effectively put to rest all the political speculations about a possible anti-Western Tehran-Beijing axis or alliance - China has also felt the need, seemingly under intense American pressure (BBC Persian, 2007), to take practical steps as well. Adoption of measures towards limiting the expansion of economic and trade relations, especially in the banking sector and specifically with regard to opening letters of credit (LC) for Iranian traders, has been among such measures. Reports in recent months on the Chinese decision to reduce the amount of crude oil imports from Iran following the adoption of the Security Council resolution 1929 (June 2010) do in fact reflect the actual parameters of the situation at hand. China's support for the resolution led to quite serious political debates in Iran at different levels, including in the public media, Majles (Parliament), as well as in decision-making circles. Despite Tehran's "understandable" official silence on China's "yes" vote for the resolution, and even its tongue-in-cheek justification by Foreign Ministry Spokesman and certain pro-government Majles deputies, it received open opprobrium in the public media (Jahan News 2010). The range of negative reactions included even the former Iranian ambassador to Beijing, Javad Mansouri (2005-2009), who complained in an interview with the Iranian Labor News Agency that "China believes that the level of economic and trade exchanges between Tehran and Beijing will not go beyond the current level; therefore, they prefer to coordinate themselves with the policies of the West." (ILNA, 2010)

Intensification of the sanctions regime on Iran, as reflected in the provisions of the SC resolution 1929 and further unilateral



sanctions by the U.S., EU, and a host of other like-minded countries, appears to also have affected China-Iran relations, especially in the energy sector as the most important area of mutual need and cooperation. Reports in recent months point to the adoption of a wait-and-see approach by China with regard to the conclusion of new oil and gas agreements or in the full implementation of some of those concluded previously. The comments by Akbar Torkan, a former senior official at the Oil Ministry, on the new restrictions are clearly reflective of the prevalent Iranian perceptions of the Chinese behavior. “The Chinese have managed to take advantage of us through pursuing their policies. They have flooded our markets with their poor quality products. And just to cite an example, China was supposed to finalize the agreement for the development of the North Pars Field four years ago. However, when everything was finalized and negotiations were concluded, they refused to sign the agreement because of their considerations for the relations with the United States. None of the major agreements which we have signed with the Chinese have been implemented yet. In fact, the Chinese behavior is like that of the Western countries, but they deceive us with their words.” (July 2010) It should be added that the crux of the criticisms voiced on and around the Chinese vote at the Council, and the subsequent foot-dragging in the implementation of energy agreements, have revolved around questioning the merits of the officially-sanctioned open-door trade policy with China, especially in light of its negative consequences for the national economy and its various productive and service sectors.

Looking at the overall picture, one cannot but come to the inevitable conclusion – whether taken sympathetically or otherwise – that China’s grand strategy focused on rapid economic development and ascendance to the position of a global power, predicated as it has been on decided rapprochement with the capital-rich and technologically-advanced [Western] countries, the U.S. in particular, is bound to impose serious constraints on the state and quality of its



relations with other countries/states. Furthermore, as borne out by the developments of the past two-three decades and discussed previously, these relations also happen to be a direct subject of the state of relations between Tehran and Washington. Active tension in Iran-.S. relations, inter alia, and most prominently over the nuclear issue, have placed the Americans in a position to mount pressure of sorts on China and other countries to further ostracize Iran, including in the critical oil and gas sectors. Conversely, it could be argued that improvement in these relations and the consequent lessening of U.S. sensitivities and concerns over Iran would help remove the existing or impending constraints in the relations between Iran and China, and for that matter, with other countries.

Conclusions

The present article has looked at the state of relations between Iran and China since 1979, with particular emphasis on the post- Cold War period. It has discussed, in rather broad brush, the two sets of factors involved; conducive factors and constraining factors. In so far as the former are concerned, it was discussed that Iran and China can cooperate and help each other in quite a number of important fields and areas; or it could even be said that they need each other in these fields and areas. Therefore, it is quite natural for both of them to turn to each other and try to strengthen and expand their relations to the extent possible. It was also discussed that a number of other factors, of a constraining nature and character, have been at work and negatively affected the bilateral relations between them. The current state of relations, needless to say, does in fact reflect the interaction between and the cumulative impact of these two sets of factors – both conducive and constraining. Some of these factors, it should be underlined, tend to have more permanency than others, and some of them are affected more by developments of a more transient nature.

As discussed, China's adoption and forceful pursual of a new grand strategy as of the early 1980s geared towards becoming a world-



class economic power and a global power, which predicated, first and foremost, on rapprochement with the West, particularly with the U.S., should be considered the most fundamental element in defining China's long-term development strategy and its foreign policy requirements. Review of the bilateral relations between Iran and China since at least early 1990s makes amply clear the undeniable impact of this strategy on the state and dynamics of the relations, particularly in so far as China-U.S. relations are concerned, which, given the continuing tension between Tehran and Washington, have come to severely complicate and constrain Tehran-Beijing relations. The rather recent emergence of certain difficulties in Iran-China economic and trade relations vividly show the long shadow of the U.S.-Iran tussle on the state of quality of exchanges between Tehran and Beijing.

A closer look at the developments in Iran-China bilateral relations during the recent years, especially since the adoption and implementation of the new "Look to the East Policy" (since 2005) – which, not unsurprisingly, seems to have fallen out of official favor for some time already - indicates that the relationship between the two countries has become more constrained than before. While major agreements in the energy field have been concluded between the two sides and the volume and composition of Chinese exports to Iran have increased by several folds, the quality of political relations could be said to have suffered. As discussed, this rather unexpected turn of events has been due to the constraining impact of the ever-expanding complex relations between Beijing and Washington on the one hand and the simultaneous perpetuation of tension between Tehran and Washington on the other. The continued impasse in the Iranian nuclear dossier seems to have played the critical role in this regard. It would be reasonable to surmise that as long as this issue continues to defy resolution – regardless of how of to apportion the blame – it could be expected to leave its complicating impact on the state of Iran-China relations, especially at the political level, which is also



bound to have inevitable negative effect on economic and trade exchanges. The significant and rapid rise of relations in these fields, it should be reckoned, occurred under circumstances of economic and political expediency for Tehran and could be maintained or changed in tandem with and as a result of bigger political changes in Iran's foreign relations in the coming years. This notwithstanding, perpetuation of pro-development, pro-South outlooks in the respective foreign policy of both Iran and China, even if taken in a dynamic and nuanced sense, would imply that their cooperation in the multilateral arena, especially on the wide range of development-related issues at the United Nations and in other international fora, could be expected to continue as in the past, or almost so.

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