

# Chinese Foreign Policy Interests in Iran



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### **Abstract**

China's growing energy needs and Iran's plentiful resources laid the foundation of contemporary relationship between Beijing and Tehran. But the association between two countries is also founded on economic ties, defense cooperation, and geostrategic balancing against the United States. The main objective of this paper is to analyze the Chinese foreign policy towards Iran's Nuclear Program, as well as to point out the driving factors of the cordial relations between Islamic Republic of Iran and Peoples Republic of China with regards to the Nuclear Program of Iran which is widely considered a threat to U.S. and its allies in the middle-east.

**Keywords:** China, Iran, Nuclear Program, Foreign Policy, U.S.

## Introduction

China and Iran have been building a relationship mainly based on economic, strategic and regional cooperation over the years. The major Chinese interest underlying the diplomatic-friendly policy towards Iran seems to lie in many different factors ranging from political, cultural to economic and energy. As Iran's nuclear programs escalated in early 2000s, U.S. started to impose sanctions on Iran, compelling many foreign firms to step back from investing in Iran. This prospect strengthened Iran and China relation, as China stepped into new energy deals with Iran. On 5th January 2013, Chinese Foreign Ministry spokeswoman Hua Chunying said that "China has consistently opposed sanctions against Iran over its peaceful nuclear energy program." Further renewing China's stance on the issue, she stated that "We have always seen negotiations and cooperation as the best way to solve the Iranian nuclear issue."<sup>1</sup> The Chinese policy clearly demonstrates that China has shown keen support for Iran's right to a peaceful nuclear technology, as China has also voted in favor of certain United Nations Security Council (UNSC) resolutions aimed at Iran's nuclear enrichment program. In recent times, Beijing and Tehran have proclaimed that their ties extend beyond trade, energy, infrastructure sectors as both aspire to enhance people-to-people and cultural exchanges. During the 12th Meeting of the Council of Heads of Member States of the Shanghai Cooperation Organization (SCO) in Beijing, Iranian president expressed hope to ease tension over its' Nuclear issue through negotiations and introduced his nation's nuclear policies to Chinese President Hu Jintao.<sup>2</sup> Concurrently, the amiable relations between Iran and China present a complex challenge to United States objectives and interests in the middle-east region. This report sheds light on key issues namely: why Chinese foreign policy differs from United States' on Iran's Nuclear Program, what are the main interests of China for being affable to Iran, and the key interests of Iran towards friendly relationship with China. To conclude this report, an analysis of the whole picture has been projected by classifying the interests of both countries into political, economical and strategic relations.

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<sup>1</sup> Tehran Times - China criticizes new U.S. sanctions on Iran, 06 January 2013.  
<http://www.tehrantimes.com/politics/104633-china-criticizes-new-us-sanctions-on-iran>

<sup>2</sup> China Radio International - China Advocates Iranian Nuclear Dialogues, Xinhua News, 08 June 2012.  
<http://english.cri.cn/6909/2012/06/08/1461s704830.htm>

## Background

International concern towards Iran was heightened dramatically in the summer of 2002, when the existence of two nuclear sites was revealed by an exiled Iranian resistance group.<sup>3</sup> Within a year, the world realized that Iran was eager to produce enriched uranium, which could fuel nuclear weapons as well as nuclear reactors. The sites included a uranium mine at Saghand, a yellow cake production plant near Ardakan, a pilot uranium enrichment plant at Natanz, and a commercial-scale enrichment facility on the same site. In addition, Iran was continuing work on a 1,000 megawatt nuclear reactor at Bushehr and was building a heavy water production plant at Arak, next to which Iran planned to build a 40 megawatt heavy water reactor. Beginning in March 2003, following revelations that Iran had concealed nuclear work from the International Atomic Energy Agency (IAEA), the Agency has been investigating Iran's nuclear history. Iranian officials constantly claim that they are pursuing nuclear technology for peaceful civilian purposes only, such as generating electricity. But most international proliferation experts suspect the fundamentalist Muslim theocracy is using its nuclear program to enrich uranium to higher levels than necessary for civilian nuclear-energy production and secretly trying to manufacture nuclear weapons.<sup>4</sup> Islamic Republic of Iran's friendly relationships with Pakistan, China, North Korea and Russia also warrant particular attentions.

American Enterprise Institute Critical Threats Project author, Ariel Farrar-Wellman, clarifies the official stance of China on Iran's Nuclear Program by stating that, China has always shown support for Iran's right to a peaceful nuclear technology. China also abstained from voting in the IAEA Board of Governors in 2005 and voted in favor of sending the issue to the UNSC in 2006. Like Russia, China voted for United Nations Security Council Resolution (UNSCR) 1696, as well as all of the sanctions resolutions. It also voted for UNSCR 1835 while expressing the desire that the resolution would not lead to more sanctions against Iran. China has called for flexibility and patience in negotiating the issue. Foreign Ministry Spokesman Liu

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<sup>3</sup> New Information on the Top Secret Projects of the Iranian Regime's Nuclear Program, Remarks by Alireza Jafarzadeh, National Council of Resistance of Iran, August 14, 2002, via Iran Watch: (<http://www.iranwatch.org/privateviews/NCRI/perspex-ncri-topsecretprojects-081402.htm>)

<sup>4</sup> Statement to the IAEA Board of Directors, Mohamed El-Baradei, Director General of the International Atomic Energy Agency (IAEA), March 17, 2003, via Iran Watch: (<http://www.iranwatch.org/international/IAEA/iaea-iranvisit-031703.htm>)

Jianchao stated in July 2008 that China “believe[s] that sanctions, especially unilateral sanctions, are of no help.”<sup>5</sup> She further states that China also voted in favor of a November 2009 IAEA resolution calling for the “full cooperation” of Iran in clarifying its nuclear program. China expressed its hope that Tehran would work with the IAEA to seek a “proper solution to the Iran nuclear issue.”<sup>6</sup> Chinese Foreign Ministry Spokesman Qin Gang indicated that China’s vote was emblematic of China’s position on the Iran nuclear issue and its desire for Iran to resolve the issue through dialogue and negotiations.<sup>7</sup> In February 2010, China declined to support Western diplomats’ efforts to levy further sanctions on Iran, instead calling for continued negotiations in order to resolve the international stand-off over Iran’s nuclear program. According to a February 22, 2010 statement by Foreign Minister Spokesman Qin Gang, China believes that “relevant parties should step up diplomatic efforts and maintain and promote dialogue and negotiations.”

China is generally opposed to imposing sanctions on other sovereign states, given its own experience of having been subject to economic sanctions in the past. It is also disinclined to support military force in conflict resolution. China’s support and constant defense of Iran’s “peaceful” nuclear program can be based on three principles: (1) non-intervention in other countries’ domestic affairs; (2) nuclear non-proliferation; and (3) constant flow of energy supplies from the Middle East.<sup>8</sup> China has also utilized both its permanent membership in the UN Security Council and its status as a rising power to assert that the Iranian nuclear issue needs to be resolved peacefully through dialogue and consultation, rather than using sanctions or military means that do not fundamentally address the problem.

International Policy Analysts at the Rand Corporation, Scott Harold and Alireza Nader argues that the collaboration between Beijing and Tehran mainly centers on China’s energy needs and Iran’s abundant resources but also includes significant non-energy economic ties, arms

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<sup>5</sup> “Iran, China to Cement Cooperation,” Fars News Agency, July 28, 2008

<sup>6</sup> Ariel Farrar-Wellman & Robert Frasco, China-Iran Foreign Relations, American Enterprise Institute Iran Tracker, published on July 13, 2010. (<http://www.irantracker.org/foreign-relations/china-iran-foreign-relations>)

<sup>7</sup> “China Expects Iran to Work with IAEA on Nuclear Issue,” Xinhua, December 3, 2009, ([http://news.xinhuanet.com/english/2009-12/03/content\\_12583778.htm](http://news.xinhuanet.com/english/2009-12/03/content_12583778.htm))

<sup>8</sup> Calabrese, John. 2006. “China and Iran: Mismatched Partners” The Jamestown Foundation Occasional Paper (August) 1-18

sales and defense cooperation, and geostrategic balancing against the United States. For the Iranian regime, no country in the world is as important in ensuring its survival and helping to insulate it from international pressure as the People's Republic of China (PRC). Despite its drive for independence from foreign control, Iran has become heavily reliant on China economically, diplomatically, and, to some extent, militarily. From Beijing's perspective, Iran serves as an important strategic partner and point of leverage against the United States. Iran possesses vast reserves of oil and natural gas that could help fuel China's development, and Iran is also a growing market for Chinese goods.<sup>9</sup> Additionally, an isolated Iran locked in conflict with the United States provides China with a unique opportunity to expand its influence in the Middle East and could pin down the U.S. military in the Persian Gulf so that it is harder to pivot toward the Pacific.

Director of the Institute for Democracy and Development, Charles E. Ziegler also argues that China's foreign policy behavior has been influenced by growing energy dependence. As a major importer, China can pursue energy security through strategies that result in conflict; alternatively, energy vulnerability might lead it toward cooperation with rival oil consuming nations through participation in multilateral organizations and other forums. He further argues that China's limited supplies of oil and natural gas have played an important role in broadening that country's interests beyond the East Asian region.<sup>10</sup> China's state-run oil companies, supported by the government, have pursued a strategy of buying energy properties around the world in an attempt to secure oil and gas supplies. As a major energy consumer and importer, China shares America's goals of ensuring reliable energy supplies at moderate supplies. Iran is China's second largest supplier of oil, after Saudi Arabia, and the two countries have concluded oil and gas deals worth \$70 billion. Chinese President Hu Jintao has praised Iran and indicated China's readiness to work with Iran to purchase LNG and develop the upstream sector of Iran's oil industry. In addition to cooperating on oil and gas, Chinese firms are working on mine projects, port and airport construction, electricity and dam building, cement, steel, and railway

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<sup>9</sup> Scott Harold and Alireza Nader, *China and Iran: Economic, Political, and Military Relations*, Center for Middle East Public Policy (Rand Corporation), 2012.

<sup>10</sup> Charles E. Ziegler, *The Energy Factor in China's Foreign Policy*, *Journal of Chinese Political Science* 11, no.1 (2006).

industries in Iran, and the two countries are promoting tourism. Hu has emphasized Beijing's willingness to cooperate with Iran on building regional stability and dealing with the situations in Afghanistan and Iraq, and Iran's Ambassador to China has described political relations as "excellent." Ziegler in his research paper mainly pointed out energy factors in the relation between China and Iran, to put in plain words, China's energy dependence on Iran has made relations with that country a matter of significant national interest. The energy relationship has made Beijing less willing to support American efforts in the United Nations to pressure Teheran to compromise on its nuclear weapons program.

John W. Garver, a China scholar at the Georgia Institute of Technology, puts together an impressive exploration of Sino-Iranian relations. Garver's focus begins in 1971 when the Peoples' Republic of China established relations with Iran, but the relations between these two great ancient civilizations vastly predates the twentieth century, with the silk road a testimony to the strength and duration of their bonding. Both China and Iran are inspired by a sense that their outstanding civilizational achievements over long stretches of history entitle them to an esteemed rank in the community of states, and a feeling that the current international order, dominated as it is by the Western power that stripped them of their earlier high status, is profoundly unjust.<sup>11</sup> Opposition to U.S. unipolar domination and aspiration to a more balanced international order therefore creates considerable common interest between the two powers. In the wording of communiqués, "Iran and China share common views on many major international issues, although they pursue independent foreign policies".

Throughout the 2000s, in a situation in which both Beijing and Tehran believed Iran faced increasing threat from the United States, China assisted Iran efforts to improve its military capabilities. According to the Arms Transfer Database of the Stockholm International Peace Research Institute (SIPRI), China supplied US\$ 664 million worth of arms to Iran during 2002-2009. China's munitions sales to Iran during the 2002-2009 period centered on anti-ship and anti-aircraft missiles. These included hundreds of anti-ship missiles for Fast Attack Craft supplied by China in the 1990s; helicopter launched anti-ship missiles, and over a thousand portable surface-to-air missiles. He further states that, in October 2005 Iran also joined the China-led Asia Pacific

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<sup>11</sup> John W. Garver, *China and Iran: Ancient Partners in a Post-Imperial World*, University of Washington Press, 2006. pp. 5, 71-82.

Space Cooperation Organization (APSCO) designed to facilitate cooperation in space and satellite technologies. Within APSCO China assisted Iran develop ballistic missiles capable of launching satellites. Reports by the U.S. intelligence community also stated that there had been continuous assistance by “Chinese entities” to Iran’s ballistic missile programs.<sup>12</sup> But from Beijing's perspective, cooperation in the military area is part of normal state-to-state relations which is unobjectionable. Still, according to Garver the fact remains that China continued to serve as Iran's second ranking arms supplier as tension over the Iranian nuclear issue mounted.

A professor and chair of the history department at High Point University, George L. Simpson, Jr. proposed a rather radical approach on this issue, as he believes that both China and Iran feel that they are the proud heirs to two great and ancient civilizations that have been humiliated and shares the same idea that Washington's "hegemonism" represents the unjust continuation of long-standing Western efforts to keep them weak and subordinate. Hence, Sino-Iranian relations are bound by what Asia and Middle East analyst John Calabrese calls a "kinship of nationalisms."<sup>13</sup> He further blames Beijing and Moscow for helping Iran create nuclear weapons and stated that –Russia and China– both authoritarian regimes have consistently undermined the United States in its efforts to contain Iran and have profited by doing so. Indeed, if the leaderships in Moscow and Beijing continue to sabotage diplomatic efforts to halt the clerical regime's drive for nuclear weapons, they should be held accountable by Washington and the international community for obstructing nonviolent remedies to the Iranian problem.<sup>14</sup>

All above mentioned arguments, suggest that China when formulating its foreign policy towards any other country –in this case its' policies towards Iran– mainly consider its’ national interests, energy and trade factors, favorable international environment for China, sustainment of world peace as well as its’ cultural and historical ties with the corresponding party.

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<sup>12</sup> John W. Garver, "China's Iran Policies", Strengthening Iran's Military Capabilities, U.S.-China Economic and Security Review Commission on “China's Current and Emerging Foreign Policy Priorities”, 13 April 2011.

<sup>13</sup> John Calabrese, "China and Iran: Partners Perfectly Mismatched," Middle East Institute, August 18, 2006.

<sup>14</sup> George L. Simpson, Jr., Russian and Chinese Support for Tehran: Iranian Reform and Stagnation, Middle East Quarterly, Spring 2010, pp. 63-72.



### **China's interests in Sino-Iran relations**

Beijing's relations with Tehran are mainly formed by its economic interests, but China's need for energy is one of the most important factors shaping Chinese-Iranian relations. Iran's vast reserves of oil and the second largest natural gas reserves could help China fuel up its development, whereas Iran is also emerging as a rising market for Chinese goods. Many Chinese decision-makers also believe that the United States seeks to block China's rise to great-power status, China is also worried about the U.S. ability to dominate strategic global regions and strangle China's energy supplies in a potential military conflict. Thus, a strong economic, diplomatic, and military partnership with the Islamic Republic of Iran provides China with an exclusive chance to expand its influence in the Middle East and an opportunity to restrain the U.S. military in the Persian Gulf.

Today China relies on foreign imports for over 50 percent of the oil it consumes. Some scholars argue that, in the event of Beijing attacking Taiwan, the United States might organize China's maritime Asian neighbors in a comprehensive blockade. So increasing dependence on foreign oil is seen by Beijing as an area of potential strategic vulnerability and which makes security of energy supplies, a primary objective for China.<sup>15</sup>

Consequently one of the reasons behind Beijing's close relations with Tehran lies in the fact that China views Iran as a secure source of energy. For China, investing in Iran's energy sector appears to guarantee the secure supply of oil for years to come. Besides that, China's investments in Iran have not only led to beneficial contracts for the China's major national oil companies but have also potentially improved Chinese energy security by increasing the relationship with a supplier not likely to be intimidated into cutting oil exports to China in the event of China's military conflict with U.S. or any of its ally.

As the conflict over Iran's nuclear program increased and Western companies began to withdraw from Iran, Chinese energy firms seized the opportunity and filled the vacuum created by the U.S. pressure. But having advanced intrepidly to become Iran's major energy partner in 2009, China felt it would be wise to go slow for a while to palliate United States' reaction.

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<sup>15</sup> Zhao Daojing - China's Energy Security: Domestic and International Issues. Page 183

In addition to the deepening bilateral relationship in the trade and energy sectors, China has an expanding body of other strategic interests in Iran. However, the relationship between the two countries is barely equal, with China benefiting itself from a more advantageous position. But Iran does not have many options but to maintain cordial relations with the Peoples Republic, as China has now become the Iranian regime's main external protector.

### **Iran's interests in Sino-Iran relations**

Islamic Republic of Iran is mainly concerned about the presence of United States military in the Middle East region, which Iran views as its lawful sphere of influence. However, this region is also controlled by other regional powers, such as Saudi Arabia, Israel and Turkey, and they have alliance with the United States. So in order to counter U.S. and its allies Iran also hopes to have a powerful external ally, and expect that China will potentially incline the balance in Iran's favor.

Moreover, Iran believes that China's interests are closely tied to the interests of Iran. And view China as an up-coming political, economic and military power that can counterbalance United States globally and specifically in the Middle East.

Iran facing U.S. and international sanctions lacks access to foreign investment and proficiency to develop its declining energy sector. China's behaviour of being unconcerned with the Iranian regime's internal affairs provides a considerable opportunity for Tehran to depend on a friend with relatively similar interests. With only a small number of allies, the Islamic Republic of Iran has come to depend increasingly on China for significant diplomatic, economic, military, and technological support. Moreover Iran hopes that China can even serve as a true strategic partner.

Iranian regime has been able to rely on China, because China has also aided Iran in the past to modernize its military hardware and technology. China not only sold Iran small arms, but also supplied Iran with tactical ballistic and anti-ship cruise missiles. China, from 1985 to 1996,

also provided Iran with various types of critical nuclear technology and machinery, and assisted Iran in the development of its nuclear program.<sup>16</sup>

The growing international isolation deeply affected Iran's shipping, energy industry and its financial system. While China has not only shielded Iran from the effects of international sanctions, but has also helped Iran develop its heavy oil fields and expand its refining capacity, which has been highly appreciated by Iran.

Iran's economic dependence on China is not limited to the energy sector. In the past decade, China helped Iran with its infrastructure development, including its rail network. While Chinese engineers have also built bridges, dams, railroads, and tunnels throughout Iran. At the Iran-China trade cooperation conference in Tehran, on 11th May 2009, Iranian Foreign Minister Manouchehr Mottaki said, "China is currently Iran's main economic partner in Asia and also Iran's third leading trade partner in the world."<sup>17</sup> This clearly indicates that the relation between China and Iran is beyond military and political sphere, and both sides are closely working together on other fields such as, economic and trade.

Today, Iran mainly depends on China for its survival. Moreover the authoritarian nature of both the Iranian and Chinese regimes motivate both sides to trust each other and to build a strong connection, to counter-weight the western powers, especially the United States. Iran also holds observer status at the Shanghai Cooperation Organization and seeks China's support to have membership status in this organization, in which China plays a leading role.

Many Iranian leaders stressed China's support for Iran's nuclear programs and hoped that China can play a decisive role in this regard. Whereas Chinese Foreign Minister Li Zhaoxing also said that his country opposes Iran being referred to the United Nations Security Council over its nuclear program, and claimed that the Iranian government had a very positive attitude in its cooperation with the International Atomic Energy Agency.<sup>18</sup>

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<sup>16</sup> Iran's Nuclear, Chemical and Biological Capabilities: A Net Assessment, International Institute for Strategic Studies, February 2011.

<sup>17</sup> Tehran Times, Iran, China Trade Links, 11 May 2009. <http://www.tehrantimes.com/>

<sup>18</sup> Wikipedia – Free Encyclopedia, Foreign Relations of Iran with China  
[http://en.wikipedia.org/wiki/Foreign\\_relations\\_of\\_Iran#Asia](http://en.wikipedia.org/wiki/Foreign_relations_of_Iran#Asia)

### Comparison of China and U.S. approach towards Iran's Nuclear Program

In order to identify the different stance of China and United States of America towards Iranian nuclear program, the dependent and independent variables have been categorized, with regard to variation in foreign policies of both countries into below given table.

Case	Dependent Variables	Control Variables	Independent Variables
Chinese Foreign Policy towards Iran's nuclear program	China have non-intervention policy and wants to secure its energy routes in middle-east	Iran started developing its nuclear program, which they claim as "peaceful use of nuclear energy"	China and Iran have good relations and China doesn't consider Iran's nuclear program as a threat to itself or any other nation
United States Foreign Policy towards Iran's nuclear program	U.S. sustain its expansion and intervention policy and aims to secure energy supplies and its position in the middle-east	Iran started developing its nuclear program, which they claim as "peaceful use of nuclear energy"	U.S. and Iran have poor relations and U.S. consider Iran's nuclear program as a threat to the United States, Israel as well as peace and security of other U.S. allies in the region

The conflicting approach of China and United States towards Iran's nuclear program lies in the heart of their foreign policies, which differs from each other, as the above table point out that China stick to its laissez faire policy, while United States continue to implement its expansion and intervention policy. Iran being China's third largest oil exporter is considered an important ally for Beijing. So China in order to secure its energy routes in the middle-east and counter Americans in the region, maintain good relations with Iran and doesn't consider Iran's nuclear program as a threat. On the other hand, United States of America in order to strengthen its geo-strategic position, secure energy supplies, and meet its foreign policy objectives, aims to

sustain its intervention policy. In view of the fact that United States leadership doesn't fall in line with Iranian Islamic regime and consider its nuclear program as a threat not only to United States but also security of its allies and its strategic assets in middle-east.

The formation of United States central command and its headquarters within close vicinity of Iran, undoubtedly, created apprehensions in Beijing. However, China is very protective over its energy ties with Iran, but at the same time it does not want to distance itself from Washington. Undeniably, in the upcoming future, access to Middle East oil will become one of the key issues in the relations between the US and China. However it is unlikely that neither China nor the United States will directly challenge the interests of each other in foreseeable future. As China sustain its cooperation with the U.S. on the Iran nuclear issue, and continue to convince the U.S. that China is not a competitor or a strategic rival, but is a responsible stake-holder and strategic partner.

### **Conclusion:**

As the United States and European Union sidelined Iran politically and economically by announcing sanctions owing to its Nuclear Program, the Islamic regime of Iran decided to align itself with People's Republic of China, considering China as a potential ally against the United States. China is also considered by Iran as a crucial supplier of the investment and technology needs necessary for Iran's economic development and transformation. Over the years, China has become Iran's largest oil customer and leading economic partner which is viewed as a milestone in the relations between two countries.

Through the eyes of Beijing, Iran acts as a significant strategic partner and point of leverage against the United States. China's support for Iran's nuclear program is also rooted in its perceptions of the United States as a geopolitical and military competitor as pointed out by many scholars. Some argue that China's policy toward Iran is deeply influenced by the PRC's perceived rivalry with the United States.

Taking into account the above mentioned arguments, China-Iran relations and Chinese foreign policy interests in Iran can be summarized into below stated four points:

- 1) Chinese-Iranian relations are rooted in both countries' historical perceptions that characterize the international system as unjust and dominated by Western powers.
- 2) Tehran views China as a potential ally against the United States; and Beijing views Iran as a potential partner for limiting American influence in the Middle East.
- 3) Iran's abundant energy resources and China's growing energy needs are the foundations of the economic partnership between two countries.
- 4) China and Iran both countries consider United States growing influence and its military presence in their respective regions as a threat. In retrospect, cordial relations between China and Iran can also be connoted as: 'enemy of my enemy is my friend'.

China, as a great power, intends to play a decisive role on solving global issue as it has repeatedly underlined negotiations and peaceful dialogues as the only solution to Iran's nuclear issue. At the same time, China always emphasizes the importance of reinforcing cooperation between Iran and IAEA, and believes that the two sides can solve the problem by adopting realistic approach to it. Beijing also urged Tehran to show flexibility, and sincerely seek to restore the trust of the international community.

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