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China and Iran: An Emerging Partnership Post-Sanctions

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Professor and China expert John Garver explores the high potential for a Chinese-Iranian multi-dimensional partnership emerging from Iran's reintegration into the international system. Garver looks at the deep historical relations underpinning China-Iran relations, and how it places China ahead of its traditional rivals in securing Iranian business and military contracts. Chinese leaders see in Iran a potential partner in an Asian arena largely hostile to China's rise. Conversely, Garver believes Saudi Arabia does not offer the same incentives or possibilities as Iran, and thus, despite China's best efforts to appear neutral, Beijing will inevitably tilt toward Tehran.

KEY POINTS

- ◆ China played a pivotal diplomatic role during the P5+1 negotiations, deploying an economic carrot and stick approach to pressure Iran into making concessions on its nuclear program. China adopted the role of arbiter between Iran and the United States, winning the trust of officials in Tehran.
- ◆ China and Iran likely to expand military ties in light of the Joint Comprehensive Plan of Action. China can offer certain hardware attractive to Iran, such as anti-ship cruise missiles, long distance air-to-air missiles and sea mines.
- ◆ Iran's history of defiance toward the United States appeals to China's leaders, who see a potential card to use against the United States should relations with Beijing deteriorate.
- ◆ China prepared to substantially assist in Iran's economic development, with Tehran acting as a vital component of Beijing's much touted One Belt One Road project.
- ◆ As China's relations with Iran strengthen, its ties to Saudi Arabia are likely to deteriorate, despite Chinese efforts to assuage Saudi concerns of favoritism toward Iran.

INTRODUCTION

China was crucial in assisting Iran escape deep isolation and rejoin the global economy through the conclusion of the Joint Comprehensive Plan of Action (JCPOA), establishing itself as an arbiter between the United States and Iran throughout the P5+1 negotiations. Beijing had placed as a top priority averting a military confrontation between Iran and the United States, or Israel, which it calculated would have been disastrous not only for Iran, but for Chinese interests in the region. But China's influential diplomacy in the P5+1 talks was also centered on its long-time strategy for Tehran. The Chinese aim is to gradually grow with Iran a multi-dimensional partnership based on mutual understanding and trust, and see in Iran a potential power that could act as its partner in an Asian arena where many see China's own rise as a threat. China's "positive" and "constructive" role—laudatory descriptions used by Iranian leaders—in achieving the JCPOA will be an important advance toward its strategic objectives.¹ President Xi Jinping's January 2016 visit to Iran is an attempt to leverage the political goodwill, created by China's positive role in the nuclear negotiations, into expanded cooperation in other areas.

¹ Regarding Iran's positive evaluation of China's role in the nuclear talks, see:

Deputy Foreign Minister Araghchi to Wang Qun, www.fmprc.gov.cn/fa_chn/wjbxw_602253/t1175900.shtml;
Deputy Foreign Minister Ebrahim Rahimpour to Vice Foreign Minister Zhang Ming, www.fmprc.gov.cn/mfa_chn/wjbxw_602253/t1185769.shtml;

Foreign Minister Javed Zarif to Foreign Minister Wang Yi, www.fmprc.gov.cn/mfa_chn/zyxw_602251/t1211508.shtml

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CHINA AND THE IRAN NUCLEAR NEGOTIATIONS

China's role in achieving the JCPOA is not widely understood. The leading players in the Iran nuclear negotiations were, of course, the United States and Iran. However, the Chinese played a significant role in persuading Iranian leaders of the multiple benefits—primarily economic development with substantial Chinese assistance—that Iran would accrue by coming to terms with international concerns over its nuclear program. By securing international recognition for Iran's 'right' to enrich uranium, Beijing demonstrated to Tehran its growing influence and willingness to play a more active role in the Middle East.

Starting in early 2012, China sharply cut its purchase of oil from Iran despite being under no obligation to do so as such reduc-

tions were only mandated by unilateral U.S. sanctions rather than the United Nations. In 2012 and 2013, China's purchases fell 23 percent, constituting 11 percent of the total 46 percent fall in Iranian oil sales during that period.² At the same time, Beijing undertook a vigorous lobbying effort toward Tehran with over a dozen high level exchanges between June 2013 and July 2015. The gist of China's message during these

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diplomatic exchanges was two-fold. First, failure of Iran to come to terms with the international community's concerns about Iran's possible nuclear weapons program would probably lead to war. Second, if war with the United States and Israel could be avoided, a deal reached and international sanctions lifted, China was prepared to extend large scale assistance to Iran's industrialization and economic development.

2 “Under Sanctions, Iran's Crude Oil Exports Have Nearly Halved in Three Years,” U.S. Energy Information Administration. Published June 24, 2014. Accessed January 29, 2016, <http://www.eia.gov/todayinenergy/detail.cfm?id=21792>

Chinese officials became much more concerned—circa 2011-2012—that failure to reach a diplomatic settlement of the Iran nuclear issue would result in an Israeli and U.S. military strike on Iran. China's mounting fear of war in the Gulf reflected U.S. military preparations for a pre-emptive strike, which paralleled the Obama administration's diplomatic overtures.³ Even more disturbing to China's leaders were blunt threats of war by Israeli leaders. Defense Minister Ehud Barak in 2011, Chief of Staff Benny Gantz, and Foreign Minister Avigdor Lieberman in 2012 gave statements supporting military action if Iran did not stop its nuclear program. ⁴Chinese leaders recognized that another war in the Gulf would have been a disaster for China's economy, its ambitious One Belt One Road project, and stability in its Xinjiang province. War would have been an even greater disaster for Iran, possibly leaving

it in complete ruin ala Iraq after the 1991 and 2003 wars. A military conflict arising out of failure to reach a diplomatic settlement might have also awarded the United States unchallenged military domination of the Gulf—an outcome in neither Iran's nor China's interest. Chinese representatives almost certainly conveyed these hard realist calculations to Iranian leaders during the

3 Entous, Adam, “Spy Vs. Spy: The Fraying of U.S.-Israel Ties.” *The Wall Street Journal*, October 23, 2015, <http://www.wsj.com/articles/spy-vs-spy-inside-the-fraying-u-s-israel-ties-1445562074>

4 Reuters, “Lieberman to China: All Options on the Table for Iran,” *The Jerusalem Post*, March 16, 2012, <http://www.jpost.com/Diplomacy-and-Politics/Lieberman-to-China-All-options-on-the-table-for-Iran>

“... the Chinese understand well that alignment with Iran is an option if Sino-U.S. relations worsen.”

“deep exchange of views on issues of common concern” that accompanied the frequent high-level Sino-Iranian exchanges in 2013-2015. China appreciated Iran’s assurances that it did not seek to develop nuclear weapons, and on this basis supported Iran’s right to nuclear enrichment under IAEA provisions. During the many months of negotiations, China adopted a mediating role, urging both sides to accommodate the other and seek a balanced and comprehensive final solution to the Iranian nuclear issue.

China’s dangling of the economic carrot was exemplified by its ambassador to Iran, Pang Sen, in an address to a meeting of the Iran-China Friendship Society in Tehran in March 2015. After outlining the glorious histories of Persia and China and the many commonalities today between China and Iran, Pang reviewed a “blue print” for even greater cooperation agreed to by presidents Xi Jinping and Hassan Rouhani at their May 2014 meeting in Beijing. Pang then turned to the crux of the issue:

Ladies and gentlemen, friends. Just now the Iran nuclear talks have reached a historic favorable opportunity. *If a timely and comprehensive agreement can be achieved, this will create a more relaxed external environment and more investment opportunities.* China has from start to finish taken an objective and fair position regarding the Iran nuclear

issue and is happy if Iran and the Six Powers reach an early comprehensive agreement. China will continue to play a constructive role, urge all parties to move toward one another, and reach an early and comprehensive agreement.⁵ (Emphasis added)

Tehran heeded Beijing’s advice to make compromises necessary to achieve a diplomatic solution of the nuclear issue, paving the way for broader Chinese assistance to Iran’s development efforts. China’s role in achieving the agreement is likely to become an important element in the growing edifice of Sino-Iranian partnership.

CHINA AND IRAN: AN ANCIENT RELATIONSHIP

Sino-Iran cooperation also has ancient and deep roots. Chinese commentators often use the phrase ‘20 centuries of cooperation’ to describe historic Sino-Persian ties. Indeed, cultural contact and mutual influence via the Silk Road have been robust throughout the centuries. Fortuitous serendipity of geography meant that the successive great

5 Pang, Sen, “The Relationship between China and Iran Prospects Seminar,” Speech, Iran-China Friendship Society, Tehran, Accessed March 4, 2015, <http://china.huanqiu.com/News/fimprc/2015-03/5817302.html>

dynastic empires of Persia and China were close enough to interact, but far enough and separated by hostile terrain that they never clashed or competed. Sino-Persian relations lapsed as both nations grappled with Western imperialism in the 19th century, but the similarities of those struggles struck a resonance between nationalist thinkers in the two countries. These ruminations over ancient history may seem strange to Americans, but history weighs heavily in China. Practices of ancient Chinese empires are regularly offered as justifications of contemporary policy.

In the 1970s, the two countries rediscovered their ancient friendship and formed a strategic partnership based on common opposition to Soviet moves. That relationship ran into a hurdle after Iran's revolution—in part because of China's close ties with the deposed Shah—but soon returned in the 1980s on the back of arms sales and U.N. Security Council diplomacy during the Iran-Iraq war. China soon after emerged as Iran's most important friend.

Tehran periodically proposed and Beijing rejected the idea of an anti-U.S. united front. Deng Xiaoping's development strategy was premised on comity with the United States, and thus had no interest in confrontation. China's interest in a possible anti-U.S. alignment briefly peaked after the deterioration of Sino-U.S. ties after 1989, but that quickly dissipated following the re-normalization of Sino-American ties in the mid-1990s. Nevertheless, the Chinese

understand well that alignment with Iran is an option if Sino-U.S. relations worsen. It remains a card for the Chinese in the event of a future confrontation with the United States. Iran is one of the few countries with the confidence and the audacity to consider war with the United States—even after the 1991 and 2003 wars. Prior to Rouhani's election in June 2013, Iran's leaders were, after all, contemplating war with the United States. That deliberation may have been based on miscalculation—as Chinese representatives argued to Tehran—but it also showed deep national pride and confidence, attributes that would make Iran a useful partner for China.

EXPANDED SINO-IRANIAN MILITARY AND ECONOMIC TIES

Chinese-Iran military cooperation will expand with the lifting of sanctions under JCPOA. China, fearing entanglement in various conflicts, has thus far been extremely cautious in this area. The JCPOA and movement toward more normal relations between Iran and the West will create a favorable climate for greater Sino-Iran military cooperation. Chinese warships began making occasional visits to Indian Ocean ports in 1985. Those occasional excursions—one every couple of years—were superseded by a permanent Indian Ocean PLA-Navy (PLA-N) presence in December 2008 when China joined the international anti-piracy operation in the

Gulf of Aden. “Since then, squadrons of several PLA-N ships have rotated on duty through several month tours in the Gulf of Aden, frequently calling at ports all around the Indian Ocean littoral. Conspicuously Iranian ports were not among the 68 Indian Ocean littoral port calls by PLA-N warships between February 2009 and April 2013. That changed in September 2014 when two PLA-N destroyers called in at Bandar Abbas.⁷ By then Hassan Rouhani was Iran’s president and the JCPOA negotiations were advancing with striking speed. The September 2014 visit almost certainly reflected a high-level Chinese decision to grow Sino-Iranian cooperation in the vital defense dimension.

A number of Chinese military technologies would be attractive to Iran, such as anti-ship cruise missiles, long distance air-to-air missiles and sea mines. Many of these Chinese weapons were developed to counter U.S. systems and have become very potent.⁸ China’s strategy of denying the United States Navy access to seas close to the Chinese coast is also applicable to Iran.

6 Erickson, Andrew and Strange, Austin, “No Substitute for Experience; Chinese Antipiracy Operations in the Gulf of Aden,” *China Maritime Studies*, No. 10 (November 2013), U.S. Naval War College

7 AFP, “Chinese warships in first call at an Iran port,” *Yahoo! News*, published September 21, 2014, accessed January 31, 2016, <http://news.yahoo.com/chinese-warships-first-call-iran-port-205315307.html>

8 A recent comparison of Chinese and U.S. weapons systems is: Heginbotham, Eric, *The U.S.-China Military Scorecard: Forces, Geography, and The Evolving Balance of Power 1996-2017*, Santa Monica: RAND Corporation, 2015, http://www.rand.org/content/dam/rand/pubs/research_reports/RR300/RR392/RAND_RR392.pdf

“... there is nothing comparable to the close and genuinely strategic Sino-Iranian partnership in Sino-Saudi ties.”

China’s concern with internal security and its elaborate checks on cyber and social media will also fit Iranian needs. Expect military-to-military exchanges of all sorts, possibly within the context of the Shanghai Cooperation Organization.

In the economic sector, China will face strong competition from European firms for contracts, given their technological qualitative edge. In the security area, however, China will enjoy strong comparative advantages. European weapon systems might surpass China’s in capability, but it is unlikely that European governments would supply parts and services in the face of a renewed U.S. embargo. Few doubts exist regarding China’s constancy in that regard, although Tehran has come to understand the profound pragmatism that regulates Beijing’s approach to U.S.-Iran relations. More broadly, it is difficult to believe that European countries would break with the United States or help the Iranian regime repress domestic dissent in violation of global human rights norms. Again, far fewer doubts appertain to China. Russia will be China’s

competitor in the military sphere, but China has over 30 years of support for Iran's security needs. Russia is a newcomer in Tehran, and one with negative historical baggage. Most broadly, of all major powers, the People's Republic of China is the most likely to welcome the emergence of Iran as the preeminent power in the Gulf in the context of China's rise as the preeminent power in Asia.

IRAN OR SAUDI ARABIA?

The unfortunate consequence of improved Sino-Iranian ties might be the adverse effect on Sino-Saudi relations. Saudi Arabia's fierce opposition to the JCPOA placed it at direct odds with China's intense diplomatic efforts to bring such an accord to fruition. An economically powerful Iran—aided by Chinese developmental assistance—might advance its regional policy, which Saudi considers a direct threat to its security. China will work hard to prevent its deepening entente with Iran from undermining ties with Saudi Arabia, although there is nothing comparable to the close and genuinely strategic Sino-Iranian partnership in Sino-Saudi ties. A distinct Chinese tilt to Tehran seems inevitable, despite repeated Chinese claims that it “doesn't pick sides in the Middle East.”⁹

9 Pinghui, Zhuang, “Beijing Calls for Restraint in Saudi Arabia Row,” *South China Morning Post*, January 5, 2016, <http://www.scmp.com/news/china/diplomacy-defence/article/1898216/beijing-calls-restraint-iran-saudi-arabia-row>

“The Middle East may be the arena where China and the United States demonstrate effective global partnership in mitigating conflict, and ensuring stability for the world economy.”

During the recent escalation of tension between Iran and Saudi Arabia, China publicly insisted upon its neutrality, urging both sides to “resolve their differences through dialogue and promote regional stability.”¹⁰ Notably, Xi's first stop in the Middle East in January was Riyadh, not Tehran. In Riyadh, Xi and King Salman agreed to a “comprehensive strategic partnership,” upgrading the relationship from merely ‘strategically friendly’ as declared in 2008. The 2016 joint statement sought to “deepen bilateral mutual strategic trust, lead bilateral mutually beneficial cooperation to greater achievements and help safeguard and broaden common interests of the two nations...”¹¹

10 Ibid.

11 Embassy of the People's Republic of China, “Xi Jinping Holds Talks with King Salman Bin Abdulaziz Al Saud of Saudi Arabia Two Heads of State Jointly Announce

There is no reason to doubt the sincerity of Beijing's professed desire for warm ties with both Riyadh and Tehran. Deep historic and geopolitical forces, however, differentiate China's ties with Iran from those with Saudi Arabia. While China can reference ancient roots to its relationship with Iran, it cannot do the same for Sino-Saudi ties. With the exception of the Umayyad Empire, the Bedouin tribes of the Arabian Peninsula did not produce powerful states that engaged China. In the 20th century when Saudi Arabia emerged as a state, it formed alliances with Western powers, primarily Britain and the United States. Since the 1940s, Saudi Arabia has been a core ally of the United States and had little to do with China until 1990 when relations were normalized. The Saudis view the JCPOA and Obama's push for détente with Iran as a virtual betrayal of an ally and new doubts have arisen in Riyadh about U.S. constancy. Despite this potential opening, nothing in the history of Sino-Saudi relations remotely suggests a Saudi willingness to ally with China against the United States.

From Beijing's perspective, Iran and Saudi Arabia are simply of different potential value for China, as it rises to preeminence in Asia. Iran promises to be a valuable partner, perhaps even an ally. Saudi Arabia holds no such promise.

Establishment of China-Saudi Arabia Comprehensive Strategic Partnership," January 20, 2016, <http://gr.china-embassy.org/eng/zgyw/t1333527.htm>

POTENTIAL FOR SINO-AMERICAN PARTNERSHIP IN THE MIDDLE EAST

American and Chinese interests largely converge when it comes to balancing between Iran and Saudi Arabia, and containing their rivalry. Washington, like Beijing, seeks cooperative ties with both Riyadh and Tehran. Washington and Beijing cooperated effectively in bringing Tehran to settlement with the international community over its nuclear programs. The two may even now cooperate in drawing Tehran and Riyadh to resolve the Syrian civil war, perhaps along the lines of the settlement of the Cambodian civil war in the early 1990s.¹²

Despite the obvious possibilities for Sino-American cooperation in the Middle East, obstacles are plentiful. Some, perhaps many, in Beijing would see this as an American effort to draw China into U.S.-created Middle Eastern quagmires. Partnership with America in the Middle East might also endanger China's strategic partnership with Russia. It would diminish China's independence from the United States, which contributes to the soft power China enjoys in the Middle East. On the other hand, Beijing has cooperated effectively with the United States many times over the last several decades—most recently on the JCPOA. Continued cooperation with the United States over Gulf-related issues would serve some

12 Garver, John W. *China's Quest: The History of the Foreign Relations of the People's Republic of China*. P. 535-539. New York City: Oxford University Press, 2016.

of China's important interests, most notably allowing China's role in the Middle East to grow without undermining Sino-U.S. relations. It would simultaneously expand China's cooperative ties with both sides of the Gulf.

In addition to maintaining a stable flow of oil from the Persian Gulf, China, which is facing unrest among its Uighur Muslim minority population, also shares an American interest in defeating radical Islamist terrorist groups such as ISIS and al-Qaeda. Engaging China on such common interests in the Middle East might not only assist the United States in the management of crises in the region, but also build confidence between the China and the United States at a time of intensifying strategic rivalry in the western Pacific. The Middle East may be the arena where China and the United States demonstrate effective global partnership in mitigating conflict, and ensuring stability for the world economy.