Iran Sanctions: The View from Beijing

By David K. Schneider

There are only three options open to the West in dealing with Iran’s nuclear program: living with an Iranian bomb; surgical military strikes; and diplomacy. Most see the first two as unacceptable for various good reasons. That leaves diplomacy. Since the IAEA has recently reported that Iran may be able as early as this year to produce enough enriched uranium for a bomb, time for diplomacy is fast running out. With the inauguration of a new president, who had promised direct negotiations without preconditions, there has been no shortage of insightful commentary and analysis about how to make diplomacy work.

Most have recommended a combination of incentives coupled with much more stringent sanctions. The incentives include concessions to Iranian access to nuclear materials (but not physical control), an easing of economic sanctions, security assurances, and normal diplomatic relations. Failure to accept the incentives would trigger much tougher sanctions. These would move from the current measures narrowly aimed at Iran’s nuclear program to broader measures that would target the Iranian economy, such as increased financial sanctions, constraints on Iranian access to refined petroleum products, an allied severance of commercial relations, and threats of military strikes, backed by movements of military assets into the Persian Gulf area.

All recommend a broad multilateral approach, and all agree that gaining Chinese participation will be crucial to any successful diplomacy. Since this, in its own right, is a substantial diplomatic problem, it is worth considering how Beijing might view the issue, why it has so far declined to back broad economic sanctions, and what types of measures might succeed in gaining China’s support.

Beijing’s foreign policy is designed to achieve two strategic objectives: at the regional level, to reassert China’s centuries-old role as an imperial hegemon in East, Southeast, and Central Asia, in which China is the center to a group of smaller satellite powers around its periphery; and at the global political level, to guarantee China’s place as a great power in the rapidly emerging multipolar order. Iran plays a crucial role in both quests. Each level has its own dynamic concerning Iranian sanctions, and they influence each other.

First the regional level. Until the 19th century, China’s main security threats came from the tribal cultures of Central Asia—the area between the Chinese Empire in the east and the Persian Empire in the west—a politically unstable power vacuum that has many times undermined China’s security. For centuries the tribal powers of the region were suppressed by the joint presence and sometimes action of the Persian and Chinese empires.

This system came crashing down in the mid 7th century, when China refused the request of a Persian envoy for military assistance against Arab Muslim invaders. By 751 Arab forces had defeated Chinese garrisons in what is today’s Kazakhstan, breaking the back of Chinese power in the region and ushering in a long period of decline during which the Chinese empire became a minor power at best. It even ceased to exist for nearly a hundred years when it was incorporated into the Mongol empire in 1279. The loss of the Persian anchor allowed the Central Asian tribal powers to build empires and expand at China’s expense.

Maximum Chinese control over its western periphery in Central Asia is a vital geostrategic interest. Without it, China loses control of its western provinces, and places its own security and stability in jeopardy.
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in jeopardy. It took successive governments nearly a thousand years to rebuild China's geopolitical position there with the incorporation of Tibet and Xinjiang into the People's Republic in 1950.

The dissolution of the Soviet Union in 1991 created a power vacuum in Central Asia, and presented Beijing with both a problem and an opportunity. The problem was a group of unstable newly independent states, with autocratic governments and restive Muslim populations in close proximity to China's western provinces, Tibet and Xinjiang. These areas remain even now the most politically sensitive and unstable areas, where separatist groups remain active to this day, and border stability with India and Russia having only recently been established. Just last month Beijing's 2008 defense white paper named separatist movements in these two provinces as "primary threats to national security."

The opportunity was a weakening of Russian power that allowed China once again to assert itself as a dominant power in the region. Beijing seeks to do this through the Shanghai Cooperation Organization (SCO). Formally established in 2001 to combat "terrorism, separatism, and extremism," the SCO also includes Russia, Kazakhstan, Uzbekistan, Tajikistan, and Kyrgyzstan. The SCO's diplomatic architecture of regional economic and security integration is designed to pull Central Asia, and, as will be seen shortly, Iran, into China's imperial system, thereby ensuring political stability through the entire region.

China is working rapidly to integrate Central Asia into its economic orbit, by building new road systems and rail lines between Central Asia and Xinjiang; negotiating jointlong-term energy development projects and supply pipelines; and building financial networks by expanding export loans through an Interbank SCO Council. Economic integration supports a security policy designed to combat political instability and the growth of separatist forces in Central Asia, and to prevent subversive transnational political influences—Buddhist, Muslim and liberal democratic—from seeping into the regional body politic, all of which could destabilize Tibet, Xinjiang, and their neighboring Chinese provinces. Security measures have led to bilateral military pacts and joint exercises with regional states and to the creation of an SCO Counterterrorism Center headquartered in Bishkek, Kyrgyzstan.

As the western cornerstone of China's SCO architecture, similar measures have been extended to Iran—an SCO observer. Iran has become an important partner in Beijing's strategy. China buys about 14 percent of its total oil imports from Iran, and has contracted to buy 360 million metric tons of liquefied natural gas over the next quarter century. More than a 100 Chinese companies have operations in Iran in sectors ranging from dams to steel and shipbuilding. There are also bilateral development projects in ports, airports, and mines. When Iran—an Arab power aligned with the Soviet Union—attacked Iraq in 1980, Beijing did not make the same mistake the Tang emperor made in the 7th century. China came to Iran's aid in a big way with economic assistance—especially weapons sales. China also provided extensive assistance to Iran's nuclear weapons, chemical weapons, and ballistic missile programs.

In return for all of the economic, military and nuclear support, Iran has been a consistent partner in China's effort to maintain political stability in the region. The Islamic Republic agreed to cease the export of its brand of Shiite revolution into Central Asia and Xinjiang. China and Iran also acted together to counter U.S.-supported Turkish influence in Central Asia following the collapse of Soviet power. Iran has been important in suppressing radical Sunni groups as well. Tehran, Beijing, and Moscow all share an interest in suppressing radical Sunni activity in the region. The three powers have acted to some extent in concert, suppressing separatism and enforcing an authoritarian political order that helps maintain stability in all three countries, especially in China's Xinjiang Province—a key objective of the SCO.

This regional dynamic tends to draw China strongly toward Iran as the cornerstone of Beijing's national security and economic polices in its far west. Sanctions that target the Iranian economy and financial stability would have consequences for Beijing far beyond mere commercial considerations. They would weaken and undermine Beijing's very long-term strategic objective of regional integration. Western proposals to threaten or take military action against Iran or otherwise promote regime change will similarly strike at the heart of this system. Beijing has every interest, at the regional level, in preventing sanctions, even if the result is an Iranian bomb, so long as China can maintain a quasi alliance with Iran that allows Beijing to make progress toward regional strategic integration.

While the dynamic at the regional level presents almost no scenario in which China would support sanctions, the dynamic at the global level is a little more ambiguous. Beijing's strategic objective is to rise to the level of a great power in the newly emerging multipolar system of international relations. This entails two long-term policy objectives: first, assuming a position as a great power in global power politics; and second, integration into the global capitalist market as the essential element of China's reforms and economic growth. The effort to play at the global level pulls China toward Iran. But China's role in the international economy requires a solid relationship with the United States, and that in turn requires that China not become too tightly aligned with an Iran seen by Washington as a rogue regime.

Iran is a crucial factor in China's strategy in global power politics. It is Beijing's only reliable ally in the Persian Gulf-Middle East region and it is the only non-Western power that can assert credible military control over the Persian Gulf, and function as a reliable energy supplier, while denying control over the Middle East, and its oil, to other great powers. Iran acts as a balance against what Beijing sees as possible American domination of the entire Middle East, a role that keeps Russia interested in Iran as well. Since Russia is both a partner and a competitor in the Middle East and Central Asia, China must maintain a sensitive balance of power with Iran. Beijing must do nothing to enhance American influence in the region, and must also not allow Iran to become too dependent on Russia.
All of these considerations argue strongly against any support for sanctions that might weaken Iran's ability to act in China's interest in the Persian Gulf, or that might push Tehran too far toward Russia. Particularly sensitive would be any policy that might end in instability or regime change inside Iran that might put Tehran on the side of the liberal powers. Even incentives such as access to nuclear materials through a European or Russian owned and operated consortium would find Beijing in opposition, as they would tend to take Iran out of China's orbit.

Nearly all of China's vital interests in Iran work against any sanctions and almost any incentives, until they threaten China's interest in the international economy, or put China's hold on Taiwan at risk. This happened in 1997 when, under intense American pressure, Beijing abruptly terminated its nuclear cooperation with Iran. By that time China's relations with the United States were in a state of serious deterioration. Some American sanctions stemming from the 1989 Tiananmen massacre were still in place; in 1993-1994 there was an intense Congressional debate over China's access to the American market, as human rights issues became entangled with the question of whether China should be granted Most Favored Nation status in bilateral trade relations; and in 1995-1996, the two countries had a sharp confrontation over China's military posture toward Taiwan. However, although Washington was able then to translate threats to China's economy and to what Beijing views as China's territorial integrity into concessions on nuclear assistance to Iran, an extensive conventional weapons export program continued unabated and economic relations remained unchanged. There is also evidence that covert nuclear and ballistic missile programs remained in place as well. These trends clearly suggest that any concessions to American policy are likely mainly to be cosmetic and rhetorical, designed to protect China's relationship with the U.S., while allowing room for a continuation of the status quo with Iran.

China's Iran policy involves a delicate balance between two sets of vital interests. On the one hand there are China's regional interests in Central Asia, and its global power-political interests in the Persian Gulf—these push Beijing toward near categorical resistance to any sanctions. On the other hand there is China's interest in global trade and finance, interests that depend fundamentally on good relations with Washington, which also holds power over the crucial sovereignty issue of Taiwan—these interests sometimes may force concessions with respect to Iran. If trade and security pressure from America is low, Beijing has no incentive to support sanctions against a power that plays such a crucial role in China's foreign policy. In the end, President Obama may have to talk as tough to China as he does to Iran. [DC]

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