

AMERICAN UNIVERSITY OF BEIRUT

WAVING BETWEEN ENERGY SECURITY AND
GEOPOLITICS: CHINA'S PRO-ACTIVE DIPLOMACY, IRAN,
AND THE PERSIAN GULF

by
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AN ABSTRACT OF THE THESIS OF

Yeghia Sarkis Tashjian for Master of Arts
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Title: Waving Between Energy Security and Geopolitics: China's Pro-Active Diplomacy, Iran, and the Persian Gulf

China's rapid economic growth in the past two decades and its increasing dependence on foreign energy resources has made energy security the main driver of its foreign policy towards the Middle East. The Persian Gulf where 55% of China's oil imports pass through plays a key role in China's energy security. China sees Iran as an influential actor, due to its regional role, its position in the Belt and Road Initiative, and a large supply of energy resources.

The Chinese-Iranian relations go beyond energy security and have geopolitical dimensions. The paper will argue that despite the shared geopolitical interests, creating a multipolar world order, it is unlikely for China anytime soon to work with Iran to undermine the US role in the Persian Gulf. Nevertheless, to improve its relations with the US, China voted in favor of all US-backed UNSC resolutions regarding the Iranian nuclear program but only after long negotiations with the American side to ensure these sanctions do not cause harm to the Chinese energy investments in Iran. Therefore, China does not seek yet to undermine or replace the US role as a security provider in the Persian Gulf.

The paper will argue that China views Iran's nuclear crisis as an opportunity to prove itself as a successful mediator, and rising responsible power, from one side balancing its relations between both sides and on the other side safeguarding its energy and geopolitical interests in the Persian Gulf. Thus the research will shed a light on raising the following question: Has China's pro-active balancing position towards the Iranian nuclear negotiations secured its energy and geopolitical interests in the Persian Gulf? The paper will address and analyze whether China's pro-active pragmatic diplomacy and mediating role between Tehran and Washington secured these interests. Moreover, the time frame of the paper will be from 2003 where the nuclear negotiations started until the adoption of the JCPOA deal in 2015 and the election of US President Donald Trump in 2016 which paved the way for the US withdrawal from the nuclear deal. Finally, the conclusion will shed a light on the post-JCPOA deal era, and highlight the uncertainty of the nuclear deal amid the upgoing US-Chinese rivalry in the post-COVID-19 world order.

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LIST OF ABBREVIATION

BRI	Belt and Road Initiative
CNOOC	China National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
COVID-19	Coronavirus disease
GDP	Gross Domestic Production
IAEA	International Atomic Energy Agency
ISIS	Islamic State of Iraq and Sham/Levant
JCPOA	Joint Comprehensive Plan of Action
KSA	Kingdom of Saudi Arabia
LNG	Liquefied Natural Gas
NORINCO	China North Industries Corporation
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
PRC	Peoples' Republic of China
US	United States
UNSC	United Nations Security Council
UN	United Nations
UAE	United Arab Emirates
Sinopec	China Petroleum & Chemical Corporation
WTO	World Trade Organization

I would like to dedicate my thesis to the unknown 'soldiers' who kept encouraging and believing in me. While to all those students who may feel hopeless, I advise them never to give up and keep fighting! As I had never given up...

CHAPTER I

INTRODUCTION

Since the 19th century the Persian Gulf has been at the center of great power competition for two main reasons; its geostrategic location and, its vast energy resources with its low cost of extraction.¹ The Persian Gulf holds two-thirds of global oil and natural gas resources and serves as an energy transportation hub, with around 21% of global oil shipped from the region.² Historically, Iran is the most important regional player in the Gulf region. It is the most populous state and has the largest military in the region, and sits over a huge amount of oil and



Map 1: The Persian Gulf, source: Omid Shokri Kalehsar, *The Strategic Importance of the Strait of Hormuz and Global Energy Security*, 14 July, 2019

¹ Lars Erslev and Yang Jiang, *Oil, Security, and Politics, Is China Challenging the US in the Persian Gulf?* Danish Institute for International Studies, 2014, p. 5, <https://www.econstor.eu/handle/10419/120400>.

² Omid Shokri Kalehsar, "The Strategic Importance of the Strait of Hormuz and Global Energy Security, 14/7/2019, https://uwidata.com/4261-the-strategic-importance-of-the-strait-of-hormuz-and-global-energy-security/?fbclid=IwAR3bapz-4yV_xD8OsISEFJ_i72ujNG_oscghSrN6RyCK9PhWNUcJABqTlrk, accessed 18/9/2019.

gas reserves. Moreover, Iran's multiple islands in the vicinity of the Strait of Hormuz gives it the ability to control this strategic area.³

Given the Gulf's strategic location and resources, historically, big powers such as Great Britain and the United States have always wanted to control the transportation corridor of the strait of Hormuz and its energy resources. After the first Gulf war in 1990, Americans established a military presence in the Gulf states to protect their strategic and energy interests. China too is not far from great power politics. As China became a net oil importer in 1993, it recognized the importance of oil in the global balance of power and increased its dependence on Middle Eastern oil.⁴ The Gulf region in particular is China's largest source of crude oil imports, with Saudi Arabia, Iraq, Oman, and Iran representing respectively the largest sources.⁵ Cui Tiankai, China's ambassador to the US acknowledged in 2019 that China's foreign policy in the Middle East is primarily driven by the country's energy investments.⁶ In the coming years, the Middle East may turn into the most vital area for China, and replace Africa, because of the region's energy resources and geostrategic location.⁷ The ambassador's statement can be explained by the fact that China's rapid economic growth in the past two decades and its increasing dependency on foreign energy resources has made energy security the main driver of its foreign policy towards the Middle East.

³ Kamran Taremi, "Iranian Perspective on Security in the Persian Gulf", *Iranian Studies*, Vol 36, No. 3, September 2003, <https://www.jstor.org/stable/pdf/4311549.pdf?refreqid=excelsior%3A66e8876f2c86a8bcf29d69edcd15a4d3>, p. 1, accessed 17/9/2019.

⁴ Andrew Scobell and Alireza Nader, "China in the Middle East: The Wary Dragon", *RAND Corporation*, (2016): 7, https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1229/RAND_RR1229.pdf, accessed 14/10/2018.

⁵ *Ibid.*, 7-8.

⁶ James M. Dorsey, *China and the Middle East; Venturing into the Maelstrom*, (Palgrave Macmillan, 2019), p. 55

⁷ Scobell and Nader, "China in the Middle East: The Wary Dragon", 8.

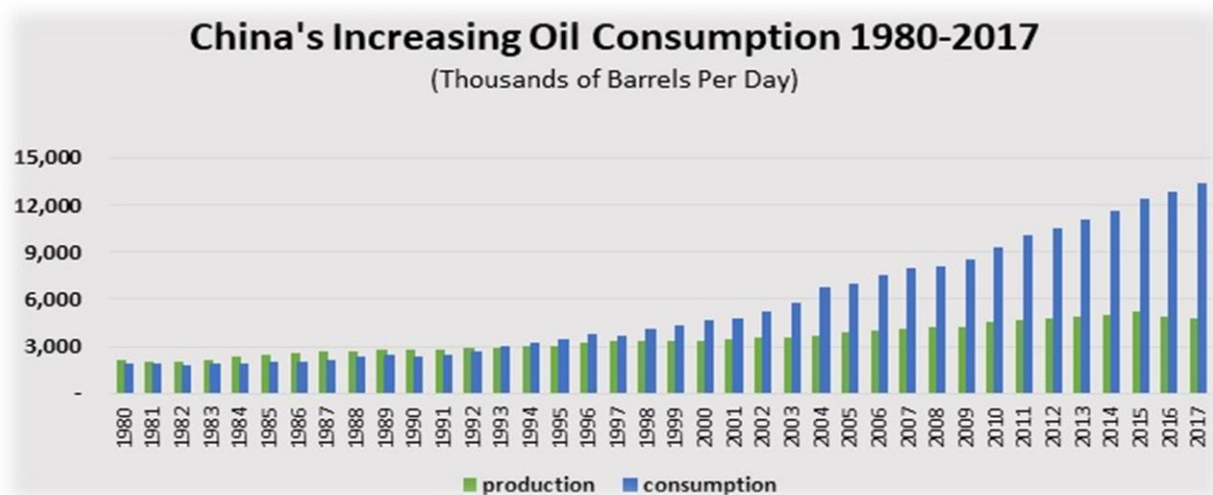


Figure 1: China's Increasing Oil Consumption 1980-2017, source: Alex Yacoubian, *Iran's Increasing Reliance on China*, September 11, 2019

This makes China vulnerable to conflicts in the region. Any instability in the region will threaten China's energy interests. From the Chinese perspective any disruption of the flow of energy, including a potential conflict involving Iran and the US/Israel, would not only likely increase the oil prices -and thus China's financial outlay- but also threaten China's oil-dependent economy and even, according to some analysts, the stability of the state.⁸ While Iraq's invasion of Kuwait in 1990 and subsequent US-led invasion of Iraq lead to increasing oil prices, it had little impact on China's economy since Beijing was not then so heavily dependent on Middle Eastern oil. Today, however, is a different story. The Persian Gulf plays a central role in China's energy security where 55% of Beijing's oil imports pass through the Gulf region.⁹ In June 2019, Iran's Supreme Leader's top military aid, Yahya Rahim Safavi

⁸ John W. Garver, *Is China Playing a Dual Game in Iran?* *The Washington Quarterly*, Winter 2011, p. 82.

⁹ Lars Erslev and Yang Jiang, *Oil, Security, and Politics, Is China Challenging the US in the Persian Gulf?* *Danish Institute for International Studies*, 2014, p. 24.

warned that any war in the Gulf may push oil prices above \$100.¹⁰ Such a scenario could be appalling for China's oil-dependent economy (as seen in figure 1) in the long run.¹¹

China sees Iran as an influential regional actor, Iran is pivotal not only for Beijing's energy security needs but also for the role in China's Belt and Road Initiative (BRI) that links the Eurasian landmass to the Gulf.¹² The BRI is a mega infrastructure project that aims for the reestablishment of the Silk Road network which historically for two millennia connected Europe to China via Eurasia and the Middle East. In effect, by positioning itself as the key land and maritime bridge of the Belt and Road Initiative, Iran has served as an intersection point of Chinese and Russian economic interests. China's huge investment in Iran's infrastructure allows both China and Russia to protect themselves against any renewed American or European economic penetration in Iran. China and Iran also cooperate on several security issues, starting from the naval security of the Persian Gulf and extending to countering terrorism and separatism in the Northwest region of China, and specifically Xinjiang, the autonomous province that is home to the rebellious Uyghur minority which contains China's largest natural gas reserves.

However, energy security and economic investments are not the only components of Chinese-Iranian relations. As we will be discovering in the proceeding chapters, that this relation has also geopolitical and security dimensions. Iran is also an important part of China's and Russia's vision of a multi-polar international system in opposition to the US-led unipolarity

¹⁰ Natasha Turak, "Oil at \$100? Experts predict where crude could go if an Iran conflict breaks out", *CNBC*, 6/6/2019, <https://www.cnbc.com/2019/06/06/heres-how-high-the-price-of-oil-could-go-if-conflict-broke-out-with-iran.html>, accessed 16/9/2019.

¹¹ Zhanq Qianqian, "The Impact of International Oil Price Fluctuation on China's Economy", *Energy Procedia*, Vol 5, 2011: 1361, <https://www.sciencedirect.com/science/article/pii/S1876610211011714>, accessed 16/9/2019.

¹² James M. Dorsey, *China and the Middle East; Venturing into the Maelstrom*, (Palgrave Macmillan, 2019), p. 81.

that has largely dominated the post-Cold War period.¹³ For Beijing, the formation of a strategic partnership with Russia is a response to the unbalanced international system that emerged after the cold war. However, Beijing is cautious not to adhere to Kremlin's revisionist version of international order. As we will see in the coming chapters that China, for the time being, pushes to reform the system and not replace it.¹⁴ Iran fits in China's multipolar vision mainly due to Tehran's geographic location and its resistance to the current American hegemonic order. Iran has political and cultural influence in the Persian Gulf, Central Asia, and the Levant, and its geographic location in the Gulf and the Indian ocean will help a leading multipolar state like China to break free into the rimlands of the Mediterranean Sea and the Indian ocean.

Nevertheless, while Iran views the US with distrust, China seeks to improve its relations with the US, often at the expense of Iran.¹⁵ Unlike China, the US is not a newcomer to the Gulf. The American presence and its direct military role in providing security to its Gulf clients go back to the early 1990s and the war against Iraq. It is then that the US set about creating military infrastructure and bases in key locations like Bahrain, Qatar, and Saudi Arabia. The Gulf has long been considered by leading American officials and generals as the most strategically important area in the world due to its energy resources and the strategic location, but also for domestic reasons given the US role in protecting Israeli interests in the Middle East.¹⁶ Moreover, the inability of the Gulf States to deter Iran has pushed these states to depend on

¹³ Hooman Peimani, China and Iran: Energy Security Cooperation, but not Much More, *Energy Security Institute*, pp 126-127.

¹⁴ Scott L. Kastner and Phillip C. Saunders, "Is China a Status Quo or Revisionist State? Leadership Travel as an Empirical Indicator of Foreign Policy Priorities", *International Studies Quarterly*, Vol. 56, No. 1 (March 2012), p. 163, <https://www.jstor.org/stable/41409829?seq=1>.

¹⁵ Hooman Peimani, China and Iran: Energy Security Cooperation, but not Much More, p. 131.

¹⁶ Stephen Zunes, "Continuing Storm, The U.S. Role in the Middle East", *Institute for Policy Studies*, April 1, 1999, https://ips-dc.org/continuing_storm_the_us_role_in_the_middle_east/, accessed 16/9/2019.

American military security.¹⁷ To secure their interests, both China and the US cooperated to find a compromise on one of the major challenges in the region; the Iranian nuclear issue. The US was opposing Iran acquiring nuclear weapons and developing its nuclear program out of concern that this may threaten the balance of power in the region and challenge American interests. Meanwhile, the Chinese were also worried that Iran's nuclear program may open the door for a nuclear arms race in the Middle East and destabilize its energy and geopolitical interests. For this reason, during the nuclear negotiations (2003-2015) between Iran and the great powers, China supported Iran's right in developing non-military peaceful nuclear program for scientific purposes. Clear indications point out the decline of military cooperation between China and Iran and the halting of nuclear cooperation in 1997.¹⁸ Moreover, to improve its relations with the US, China voted in favor of all US-backed UNSC resolutions regarding the Iranian nuclear program but only after long negotiations with the American side to ensure these sanctions do not cause harm to the Chinese energy investments in Iran.¹⁹ Therefore, China does not seek yet to undermine or replace the US role as a security provider in the Persian Gulf. Both countries share common interests; maintaining an uninterrupted flow of oil from the Persian Gulf and preventing the proliferation of nuclear weapons.²⁰ In analyzing China's role during the Iranian nuclear negotiations, the thesis will argue that despite the shared geopolitical

¹⁷ Erin Cunningham, "Allies in the Persian Gulf pushed the U.S. to confront Iran. Now they're not sure what they want", *The New York Times*, July 10, 2019, https://www.washingtonpost.com/world/middle_east/allies-in-the-persian-gulf-pushed-the-us-to-confront-iran-now-theyre-not-sure-what-they-want/2019/07/09/89f44ad4-9767-11e9-9a16-dc551ea5a43b_story.html?noredirect=on, accessed 15/9/2019.

¹⁸ Ali Bagheri Dolatabadi and Rouhollah Zarei, The Future of Iran-China Relations: An Alliance or Pure Cooperation?, *Comparative Politics Russia Journal*, Vol 9, number 1, 2018, p. 64.

¹⁹ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, John W. Garver, China and the Iranian Nuclear Negotiations; Beijing's Mediation Effort, (Hurst, United Kingdom, 2018). P. 127.

²⁰ John W. Garver, Is China Playing a Dual Game in Iran? *The Washington Quarterly*, Winter 2011, p. 80.

interests both China and Iran have, it is unlikely for China for the time being to work with Iran to undermine the US role in the Persian Gulf.²¹

This argument was tinted during the Iranian nuclear negotiations. Very little is known on China's role during the P5 + 1 (UNSC Permanent members + Germany) negotiations (starting 2003) and the Joint Comprehensive Plan of Action (JCPOA), the nuclear agreement that was signed in Vienna in 2015. Chinese scholars such as Ding Gong, Yin Gang, and Xu Jin debate whether Beijing's interest in peacefully resolving the nuclear conflict was motivated by energy security or geopolitical interests and whether Iran's possession of nuclear weapons threatens China's interests.²² Nevertheless, they all agree that China should take pro-active steps to pressure Iran to comply with IAEA (International Atomic Energy Agency) requirements.²³

The thesis will analyze how China, whose role during the nuclear negotiations is underinvestigated, has played a significant role during the nuclear negotiations, on one side in persuading Iranian leaders to compromise and accept the nuclear deal and on the other side by cooperating with the US to minimize or delay the sanctions. By doing so China was preserving both its energy and geopolitical interests in the Gulf region. These interests will be further analyzed in the following chapters. Where we will find out that China's relation with Iran in the Persian Gulf goes beyond energy security and has geopolitical components characterized by the BRI, security around Xinjiang and Beijing's version of the multipolar regional system. The paper will analyze how from China's perspective Iran's nuclear crisis was an opportunity to prove itself as a successful mediator, from one side balancing its relations between both

²¹ Joel Wuthnow, *Posing Problems Without an Alliance: China-Iran Relations after the Nuclear Deal*, Institute for National Strategic Studies, *Center for the Study of Chinese Military Affairs*, February 2016, No 290, p. 6.

²² *Ibid.*, 6.

²³ *Ibid.*, 6.

Americans and Iranians, and on the other side securing its interests in the Persian Gulf. To understand China's balancing pro-active foreign policy towards the region and Iran, the proceeding chapter will examine both the arguments and debates of different scholars and will provide the research methods, which will include the thesis question, key concepts, and the limitations of the research.

CHAPTER II

LITERATURE REVIEW AND RESEARCH METHODS

The following chapter will be divided into four sections. In the first section, I will highlight and compare the arguments, debates of different scholars that have analyzed China's foreign policy towards the Middle East. The second section will raise the thesis question and the significance of this research for future researches. The third section will identify and define key concepts and theories that my research will be based on. Finally, the fourth section will mention the limitations and challenges of this thesis.

A. Literature Review

The growing presence of China in the Middle East and the Persian Gulf and its ambiguous policy towards Iran has been an interesting topic in the scholarly debates in the field of International Relations (IR). Scholars often disagree on China's primary motives behind its foreign policy towards the region. To understand more, I will look at academic publications and books written by international experts and scholars, as well as some Iranian and Chinese scholars. This section will compare and contrast their views and arguments, and highlight the theories and concepts that have been employed for similar researches. By analyzing the arguments, we will figure out that China's foreign policy in the region has two basic components: energy security and geopolitics.

The debates on China's overall foreign policy towards the region goes back to China's principles on foreign policy engagement. Muhamad Olimat (2014) provides us historical

background on China's role in the region and argues that China's current foreign policy towards the region can be summarized in five points; mutual respect of states' territorial integrity and sovereignty, non-aggression, no interface in other states' domestic affairs, promoting win-win solution and preserve a peaceful co-existence.²⁴ According to the author, these principles are deeply rooted in historical experiences in the region. During the 1950s and 1960s, PRC (Peoples' Republic of China) intervened in the internal affairs of Gulf monarchies when it supported revolutionary and Maoist groups to overthrow the existing pro-Western monarchs.²⁵ However, later on, China gradually shifted its policy towards the region. Wakefield and Levenstein (2011) argue that over the last decades and with the fall of the Soviet Union in 1991, China gradually abandoned its ideologically-oriented foreign policy and adopted more economic and energy-oriented policy in the Gulf.²⁶ They call this a "pragmatic policy".²⁷ Over the decades, with the failure of the interventionist strategy, as China failed to achieve its revolutionary goals in the Middle East, Beijing started to cooperate with the existing regimes, mainly for two reasons. The first reason was based on the "One China" policy that is to get diplomatic recognition and further isolate Taiwan; the second was to strengthen its political and diplomatic ties with Islamic countries to avoid criticism for its dealing with the Uyghurs in North-Western China.²⁸ On both levels, China succeeded.

²⁴ Muhamad S. Olimat, *China and the Middle East since World War II*, (United Kingdom, Lexington Books, 2014), p. 11.

²⁵ *Ibid.*, 158.

²⁶ Beyce Wakefield and Susan L. Levenstein, "China and the Persian Gulf: Implications for the United States", Woodrow Wilson International Center for Scholars, Washington DC, (2011): 11-12, https://www.wilsoncenter.org/sites/default/files/ASIA%20Program_China%20and%20the%20PG.pdf, accessed 11/10/2018.

²⁷ *Ibid.*, 11-12.

²⁸ Olimat, *China and the Middle East since World War II*, 158

China experienced a second wave of a shift in its foreign policy after the Gulf war. Garver (2006) writes that after the Iraq-Iran war (1979-1988) and the war in the Gulf (1991), China faced new reality which was imposed by the US hegemony in the Persian Gulf.²⁹ This new reality was shaped by the US unipolarity which reflected in a form of military intervention in the oil-rich Gulf States. In 1991, as the USSR collapsed and with it the bipolar world order, the US-led war to push the Iraqi army out of Kuwait further expanded the American influence in the Persian Gulf. The American-led invasion of Iraq exacerbated concerns in China over energy security and its relations with the oil-rich countries in the Gulf.³⁰ Chinese leaders viewed this event within the context of the US hegemonic world order.³¹ The same view was shared by the Iranian leadership. This is why starting the 1990s, both countries shared an interest in moving the world in the direction of multipolarity.³² Garver (2006) believes that a strong Iran dominating the Persian Gulf would be a significant pole in the multipolarity that China strives for. From this perspective, if the US role enhances in the Gulf then the Chinese role would diminish.³³ Nevertheless, he adds that China was always cautious not to challenge the US role in the region.

Challenging the US influence was not part of China's strategy in the Gulf. Beijing conducted a cautious and balanced constructive foreign policy. James Reardon-Anderson's highly interesting edited book offers an in-depth and multi-disciplinary analysis of the growing relationship between China and the region. The authors, each coming from different academic backgrounds, employ different IR theories and case studies to analyze and examine China's

²⁹ John W. Garver, *China and Iran; Ancient Partners in a Post-Imperial World*, (US, University of Washington Press, 2006), p. 96.

³⁰ Kurt M. Campbell, Nirav Patel, Richard Weitz, "The Ripple Effect: China's Responses to the Iraq War", Center for a New American Security, Working Paper, (October 2008): 16, https://www.files.ethz.ch/isn/93642/2008-10_CNAS_WorkingPaper_NIC_China_PatelCampbell_Oct2008.pdf, accessed 15/9/2019.

³¹ John W. Garver, *China and Iran; Ancient Partners in a Post-Imperial World*, (US, University of Washington Press, 2006), p. 96.

³² *Ibid.*, 97.

³³ *Ibid.*, 295.

rapprochement to the region. In one of the book chapters, Scobell (2018), argues that realism cannot be applied while analyzing China's foreign policy towards the region since realism is based on alliances, something that China avoids.³⁴ The authors affirm that constructivism is the best theory to apply since China's foreign policy towards the region is based on past failing experiences derived from the wars and military alliances Chinese engaged in North Vietnam and North Korea.³⁵ This is why Beijing is very cautious and Chinese scholars prefer to use a term such as "strategic partnerships" rather than "alliances" when they ought to describe their country's close relationship with regional actors such as Iran and KSA.³⁶ Therefore, China is unlikely to build alliances in the region.³⁷ Another constructivist approach is taken by Scobell and Nader (2016), who argue that China's "Wary Dragon" strategy goes hand-in-hand with the US interests in the region since both desire stability and access to energy.³⁸ The authors define China's "Wary Dragon" strategy by analyzing the motives behind China's foreign policy in the Gulf. This strategy has pushed China to avoid taking sides in Middle Eastern conflicts, to become very cautious and alarmed when addressing sensitive issues such as the Iranian nuclear or Palestinian-Israeli conflicts, and finally to be very careful not to be viewed as meddling in the internal political affairs of the regional states.³⁹ The authors believe that the main reason behind this strategy is China's deep-rooted historical concern that goes back to its military adventures in South and East Asia. These authors argue that China is worried to threaten its

³⁴ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 16.

³⁵ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 17.

³⁶ *Ibid.*, 17.

³⁷ Andrew Scobell and Alireza Nader, "China in the Middle East: The Wary Dragon", *RAND Corporation*, (2016): 1, https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1229/RAND_RR1229.pdf, accessed 14/10/2018

³⁸ *Ibid.*, 75.

³⁹ *Ibid.*, 2.

reputation, hence greater diplomatic activism and security engagement would come at a burden of great human and financial costs.⁴⁰

Nevertheless, other scholars disagree and argue that China must actively participate in the reshaping of regional political order. They highlight China's role in the Iranian nuclear negotiations as a successful case study. Van der Werff (2018) is one of the proponents of this argument who contrasts the above-mentioned scholars and argues that China can't remain neutral and distance itself from the region since its main interest is to preserve its interests in the region. Therefore, China must move from its traditional "responsive diplomacy" to "pro-active diplomacy".⁴¹ To do so, China must mediate between the conflicting parties, mainly between Iran, Saudi Arabia, and the US, because any war would be a threat to China's economy.⁴² He uses the balance theory to analyze China's relation with the two major rivals in the Gulf; Iran and KSA.⁴³ Van der Werff (2018) describes China's policy towards the Gulf as pragmatic that favors economics over politics and ideology.⁴⁴ This idea is also shared by Dorsey (2019), where he asserts that China's participation in multilateral talks and mediation on the Iranian nuclear issue showed that its foreign policy is driven by pragmatism and necessity rather than ideology.⁴⁵ Garver (2006) describes Beijing's policy towards Iran as

⁴⁰ Andrew Scobell and Alireza Nader, "China in the Middle East: The Wary Dragon", *RAND Corporation*, (2016): 1, https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1229/RAND_RR1229.pdf, accessed 14/10/2018

⁴¹ Bas Van der Werff, "Finding Balance in an Imbalanced System: The Case of the Triangular Relation Between China, Saudi Arabia and Iran, MA thesis, Leiden University, (2018): 26, <https://openaccess.leidenuniv.nl/handle/1887/58292>, accessed 14/10/2018.

⁴² *Ibid.*, 50.

⁴³ *Ibid.*, 5.

⁴⁴ *Ibid.*, 13.

⁴⁵ James M. Dorsey, *China and the Middle East; Venturing into the Maelstrom*, (Palgrave Macmillan, 2019), p. 9

“Strategic Opportunism”, that is it is a combination of pure opportunism and long term strategic vision.⁴⁶

China’s experience with Iran is full of ambiguity and dependent on the development of US-Chinese relations. Scobell and Nader (2016) affirm that China’s relation with Iran is complicated.⁴⁷ Iranians are aware that their economy is being monopolized by China.⁴⁸ China benefited a lot from the UN or US-imposed sanctions. That is why the Iranian leadership is trying its best to reach a nuclear deal to attract Western companies that can compete with Chinese firms.⁴⁹ Van der Werff (2018) reaffirms this opinion adding that China is exploiting the ‘Iranian card’ as bargaining cheap with the US to extract concessions from the latter in exchange for supporting UN resolutions against Tehran.⁵⁰ Garver (2006) assumes that sometimes China by using the “Iranian card” against the US, pushes the latter for greater cooperation. However, the author warns that the excessive use of this “card” may cause backlash from Washington, and the latter may respond by using the “Taiwan card” against Beijing.⁵¹

What are China’s interests in the region? Is it just energy security or there is something beyond? Some authors affirm that China is silently pursuing geopolitical interests. Unlike many authors who claim energy and commerce are the main force behind China’s rapprochement to the Gulf, Anderson (2018) believes that China’s recent actions go beyond energy security.

⁴⁶John W. Garver, *China and Iran; Ancient Partners in a Post-Imperial World*, (US, University of Washington Press, 2006), p. 298.

⁴⁷ Andrew Scobell and Alireza Nader, “China in the Middle East: The Wary Dragon”, *RAND Corporation*, (2016): 49, https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1229/RAND_RR1229.pdf, accessed 14/10/2018.

⁴⁸ *Ibid.*, 52.

⁴⁹ *Ibid.*, 49.

⁵⁰ Bas Van der Werff, “Finding Balance in an Imbalanced System: The Case of the Triangular Relation Between China, Saudi Arabia and Iran, MA thesis, *Leiden University*, (2018): 10, <https://openaccess.leidenuniv.nl/handle/1887/58292>, accessed 14/10/2018.

⁵¹ John W. Garver, *China and Iran; Ancient Partners in a Post-Imperial World*, (US, University of Washington Press, 2006), p. 98.

China's involvement in the region has geo-economic and geopolitical components. First, the Middle East is critical to the success of the BRI (Belt and Road Initiative), this is why Chinese policymakers suggested that the BRI, with both its land and maritime roads, will be a win-win solution for the conflicting states to come together and work for regional development.⁵² Geopolitically, the Chinese are worried about the transnational terrorist networks operating in the region. Beijing fears the spread of Islamist terrorism into its north-west frontier region of Xinjiang, where large Muslims population live.⁵³ This view is also shared by Olimat (2014), who asserts that China's primary drive behind its policy towards the Gulf and the Middle East is the security apparatus linked to Islamic terror in China.⁵⁴ The rise of Islamists movements and the political vacuum the "Arab Uprising" created alarmed the Chinese of instability and "colorful revolutions". However, Wakefield and Levenstein (2011) contrast others that China was alarmed with the protest movements and argue that with the rise of the protest movements and the collapse of the regional order has benefited China, mainly for two reasons. First, China benefited from the Saudi-Iranian oil price war, second, it tried to maintain a superpower status by upholding an "equidistant" posture from the regional rivalries.

But does China's involvement in the region has limitations and how this involvement is shaped by the Chinese-American relations? The more China gets dependent on regional oil, as Scobell (2018) assumes, the more China's regional military footprint will be bound to become tangible in the coming years.⁵⁵ This idea is shared by Van der Werff's (2018) research that China

⁵² Anoushiravan Ehteshami and Niv Horesh (Ed.). *China's Presence in the Middle East; the Implication of the One Belt, One Road Initiative*, (New York, Routledge, 2018), p 185.

⁵³ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 185,241.

⁵⁴ Muhamad S. Olimat, *China and the Middle East since World War II*, (United Kingdom, Lexington Books, 2014), p. 293.

⁵⁵ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 14.

should use a pro-active foreign policy in the region. Since deprived of Gulf oil, China's economy would be quickly plunged into crisis. Its weak military presence in the region cannot guarantee the security of oil supply. Therefore, what might China do to enhance its strategic and military presence in the region? Currently, China is establishing military naval bases in Somalia and Djibouti, however, these are no match compared to US naval and ground military presence.⁵⁶ Therefore, should China cooperate with the US?

It is questionable whether China will easily maneuver with its pragmatic policy between Iran and KSA, without taking into consideration the American role in the region.⁵⁷ While in principle the US is China's regional competitor, the Wakefield and Levensten (2011) agree that China has been happy to leave the security responsibility of the region to the US, because the US until now is the key guarantor to prevent the disruption of access to energy.⁵⁸ The authors also agree that China is not yet ready to replace the US in the region because it lacks both the political will and military resources.⁵⁹ For Dorsey (2019), China has benefited a lot from the security umbrella that the US is providing in the Persian Gulf, that is why Beijing has no intention to "rock the boat". Dorsey (2019) also mentions the fact that the US decrease of dependency on the Gulf oil has raise speculations in China that the risks for the US in the future to consider playing games with the flow of oil in the region are higher.⁶⁰ Wang Jian (2010), the

⁵⁶ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). Pp. 20-21

⁵⁷ Beyce Wakefield and Susan L. Levenstein, "China and the Persian Gulf: Implications for the United States", Woodrow Wilson International Center for Scholars, Washington DC, (2011): 22-23, <https://www.wilsoncenter.org/sites/default/files/ASIA%20Program%20China%20and%20the%20PG.pdf>, accessed 11/10/2018 .

⁵⁸ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 48-49.

⁵⁹ Andrew Scobell and Alireza Nader, "China in the Middle East: The Wary Dragon", *RAND Corporation*, (2016): 72-75, https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1229/RAND_RR1229.pdf, accessed 14/10/2018.

⁶⁰James M. Dorsey, *China and the Middle East; Venturing into the Maelstrom*, (Palgrave Macmillan, 2019), p. 64.

Director of the ‘Shanghai Academy of Social Sciences’ West Asia and North Africa Research Centre’, gives an insider perspective from Beijing and wrote that replacing the US security umbrella by China in the Gulf is a trap and China is unable to fulfill this and is risky since will be involved in too many regional conflicts, thus threatening its investments.⁶¹ Dorsey (2019) also acknowledges this challenge, saying that China is fearing that shouldering part of the burden in securing the oil flow from the Persian Gulf would drag here into undesirable regional conflicts especially between Iran and Saudi Arabia. This idea will undermine China’s status as a major country seeking to maintain good relations based on a “win-win” policy with regional parties.⁶² This is why China’s recognition to work with the US on Middle Eastern affairs paved the way for the establishment of Middle Eastern Dialogue in 2012, to facilitate understanding and manage misunderstanding on regional affairs.⁶³ That is why Dorsey (2019) sees China as a regional status quo rather than a revisionist power.

In order not to undermine its relations with the US, China in some cases tried to provide certain concessions to the US. As sanctions were hitting Iran, Beijing has sharply decreased its purchase of Iranian oil and froze its major projects to please the US.⁶⁴ US pushed KSA to pump more oil to China to decrease the latter’s oil dependency from Iran. Moreover, Beijing is careful not to upset Iran’s rivals Saudi Arabia and Israel when it deals with Iran’s nuclear issue.⁶⁵ Coming to the Iranian nuclear deal, China managed to rightly navigate a “treacherous

⁶¹ James M. Dorsey, *China and the Middle East; Venturing into the Maelstrom*, (Palgrave Macmillan, 2019), p. 70.

⁶² *Ibid.*, 75.

⁶³ *Ibid.*, 65.

⁶⁴ Andrew Scobell and Alireza Nader, “China in the Middle East: The Wary Dragon”, *RAND Corporation*, (2016): 62, https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1229/RAND_RR1229.pdf, accessed 14/10/2018.

⁶⁵ *Ibid.*, 52-55.

and volatile” issue by drawing red lines while negotiating with everyone.⁶⁶ Garver (2006) argues that neither Washington nor Tehran was completely happy from Beijing’s balancing policy but neither was unhappy that their relations with China deteriorated.⁶⁷ China employed a balanced strategy towards Iran; it supported US-led UN sanctions and it minimized damage to the Chinese-Iranian economic ties while doing so.⁶⁸

Therefore, we can conclude from the literature that most authors agree that China is pursuing a balanced, cautious, and pragmatic policy in the Gulf. This pragmatism is due to the historical interventionist experiences and failures in foreign policy approaches that China took in the 1950s and 1960s. Moreover, unlike the mainstream perception that China may challenge the regional order, the above-mentioned authors agree that China cooperated with the US especially during the Iranian nuclear negotiations to secure the oil flow and promote stability in the Gulf. However, there is a certainty by some scholars that China ultimately will have to develop a strategy of a strategic vision that outlines its diplomatic, economic and security policies to preserve its expanding strategic, geopolitical, and economic interests in the Persian Gulf. The next sections will articulate the research question which will guide my thesis paper and identify the key concepts and the limitations.

⁶⁶ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 124, 127, 137

⁶⁷ John W. Garver, *China and Iran; Ancient Partners in a Post-Imperial World*, (US, University of Washington Press, 2006), p. 286

⁶⁸ Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, 124, 127, 137.

B. Research Question and Significance

It is still not clear what impact China's pragmatic policy approach had during its participation in the Iranian nuclear negotiations from 2003 to 2015 when JCPOA was signed. From the literature we can gather some contrasting arguments on the main motives behind China's policy towards the region: were these motives guided by the search for energy security or had geopolitical component too or were both? Unlike other great powers where their policies were criticized by some regional and local actors, China's was not. China tried to introduce a new concept in foreign policy-making to the region. By balanced pragmatic or pro-active policy or diplomacy, scholars highlight China's balancing act on which Beijing tried to minimize its losses by having stable relations with rival parties. That is China was able to secure its energy and geopolitical interests in the region by cooperating with Iran and Saudi Arabia on one hand, and by forging stable relations and gaining the trust of the USA by supporting UNSC resolutions sanctioning Iran. China's interests in the Iranian nuclear negotiations extend from securing stable oil supplies to combating extremism and promoting trade activities along with the Belt and Road initiative.⁶⁹ This is why for some western and regional analysts it is still ambiguous and questionable whether China's pragmatic policy during the nuclear negotiations (2003-2015) had secured its main interests in the region; that is energy security and geopolitics.

Given the ambiguity, the thesis asks the following question: **Has China's pro-active balancing position towards the Iranian nuclear negotiations secured its energy and geopolitical interests in the Persian Gulf?** The thesis analyzes whether China's pro-active pragmatic diplomacy and mediating role between Tehran and Washington secured these

⁶⁹ Tong Zhao, "China and the Iranian Nuclear Negotiations, Carnegie Tsinghua, February 2, 2015, <https://carnegietsinghua.org/2015/02/02/china-and-iranian-nuclear-negotiations-pub-58879>, accessed 2/6/2020

interests. As part of this broader question, it further addresses a series of related questions that add more depth and context to China's relations with Iran. These include: Does China have a clear energy security policy and well-defined geopolitical interests towards the Gulf; How is China playing a dual game in Iran? That is from one side supporting Iran's nuclear rights but on the other hand supporting the US-led UNSC resolutions and sanctions? How are China's relations with Iran impacted by its relations with two of Iran's most intractable adversaries, the US and Saudi Arabia? How do the Iranians understand China's pragmatic policy towards its nuclear program? Since there was serious confusion within Iranian official circles when China supported the first UNSC resolution 1747 unanimously was adopted that tightened the sanctions imposed on Iran.

The following research is useful to analyze the regional system in the Persian Gulf and understand how different great powers try to balance their policies to preserve their interests. The Chinese case is unique. Unlike other great powers, China does not have a colonial past in the region. Beijing employs its soft power through energy, trade, investments, and diplomacy to secure its interests. Moreover, unlike the US, China does not yet have any military base in the Gulf, which pushes her to cooperate with the US to secure the flow of oil and promote stability. China is increasingly searching for cheap and stable sources of energy to fuel its growing economy. This means China's relation with oil-rich Gulf countries will be deepened even as Beijing pursues a pragmatic and non-conformist policy towards highly conflicting issues such as the Iranian nuclear program. Despite China's efforts to diversify its energy sources of oil imports, the Middle East is the main supplier of oil.⁷⁰ It is within this context that after 2001,

⁷⁰ Robert G. Sutter, *Chinese Foreign Relations, Power and Policy since the Cold War*, (Rowman & Littlefield, United Kingdom, 2016), 4th edition, p. 295

China saw Iran as an attractive partner, one that was seeking help to escape from the US imposed sanctions.⁷¹

However, with the escalation of the crisis between Iran, on the one, hand and Saudi Arabia and the US on the other hand, questions arose whether China will succeed in maintaining the equilibrium between the rival parties. China's relations with the Saudi Kingdom grew in the past decade due to the same energy interests that China shared with Iran. KSA viewed positively this development, as Beijing pursues a policy of non-interference and unlike the US, it does not lecture the kingdom about human rights violations.⁷² Moreover, when it comes to energy security, China sees KSA as a reliable oil supplier, where its oil production is not fraught from uncertain regional factors.⁷³

This thesis will try to address these concerns by highlighting a rising power's ability to pursue a balanced pragmatic policy during a decade-old intense negotiation process to secure its energy interests. The coming section will illustrate the sources used for this paper and will identify certain key concepts and theories used in the thesis.

C. Defining Theories and Concepts

I will be using primary and secondary data, and content analysis, as a research method. The paper will follow a qualitative research approach since its primary aim is to explore and

⁷¹ Beyce Wakefield and Susan L. Levenstein, "China and the Persian Gulf: Implications for the United States", *Woodrow Wilson International Center for Scholars*, Washington DC, (2011): 2, https://www.wilsoncenter.org/sites/default/files/ASIA%20Program_China%20and%20the%20PG.pdf, accessed 11/10/2018

⁷² Andrew Schobell and Alireza Nader, *China in the Middle East: The Wary Dragon*, (RAND Corporation, 2016), p. 30

⁷³ *Ibid.*, 35.

gain an understanding of different opinions highlighted by experts and scholars. However, quantitative data will be used to help analyze the relations between oil imports and nuclear negotiations. That is the effect of the sanctions on China's decrease in oil imports from Iran.

Primary and secondary data analysis are flexible and can be utilized easily.⁷⁴ They are data that are collected from other researches and scholars focusing on this topic or regional politics. This kind of research is like an investigation to learn what is already written, published, said about the topic by reviewing primary and secondary sources others have previously conducted.⁷⁵ Meanwhile, my participation in the international conference “Eurasian Research on Modern China and Eurasia Conference” held in Yerevan, Armenia (November 1-2, 2019), helped me to receive feedback from Chinese, Russian and Iranian scholars researching in this field.⁷⁶ Being the only Middle Eastern participant, many European, Indian, Russian, Chinese, and even Armenian scholars were interested to find how locals view the Iranian nuclear crisis. The conference also helped to further examine the Chinese-Russian cooperation linking the Iranian nuclear issue to reshaping the regional balance of power in Eurasia and preventing the spread of American influence there. By regional balance of power, we can understand a shared view of a multipolar order in Eurasia where not a single power is the hegemon. Moreover, I will be reviewing books, academic journals, official publications, articles, interviews done by major scholars, economists, and officials who are experts in this field in English. The content analysis will also help me to review speeches and official interviews made by Chinese, Iranian

⁷⁴ Melissa P. Johnston, “Secondary Data Analysis: A Method of which the Time Has Come”, *Qualitative and Quantitative Methods in Libraries (QQML)* 3: 621 , 2014, http://www.qqml.net/papers/September_2014_Issue/336QQML_Journal_2014_Johnston_Sept_619-626.pdf, accessed 22/11/2018.

⁷⁵ *Ibid.*, 621.

⁷⁶ Call for Papers: Eurasian Research on Modern China and Eurasia, Armenia State University of Economics, Nov 1-2, 2019, Yerevan, <https://chinastanorg.files.wordpress.com/2018/10/china-eurasia-conference-program-2018.pdf>.

and American officials, scholars and policy-makers, and wider elite discourse on the subject accessed through academic journals, books, online articles and, government websites which had an English translation. Where key words and phrases are used related to this subject. Such as measuring the repetition of certain phrases or words used by officials or scholars.⁷⁷ Chinese state representatives continue to make regular speeches at high-level forums and publish official documents about the region. Important dates related to the Iranian nuclear negotiations will be highlighted. Furthermore, China's relations with Iran will be analyzed both from energy security and geopolitical angles.

Certain concepts and terms will be explained. The term "energy security" will be occasionally used in the thesis. China's two decades of rapid economic growth have pushed to increase the demand for energy especially gas and oil. As China became a net importer in 1993, its dependence on energy imports has increased and will continue to increase over the coming decades. Within the context of "energy security", Beijing seeks to protect its energy investments overseas such as oil and gas exploration, building pipelines, expanding or updating refineries to process energy supplies from the Gulf region, and developing infrastructure projects. These projects in the future may reduce the vulnerability of China's energy supply to US power. When using the term pro-active diplomacy, President Xi Jinping's decision to support the Iranian nuclear negotiations responded to strategic and political motivations. Strategically, China has the interest to reduce the tension in the Gulf. Since as tension prevails, the risk to interrupt the flow of oil and gas towards China would increase. Politically speaking, China gained the consensus support of all stakeholders during the negotiation process. Both

⁷⁷ Barbara Downe-Wamboldt RN, "Content analysis: Method, applications, and issues", *Health Care for Women International*: 1-3, 14 August 2009, https://www.tandfonline.com/doi/pdf/10.1080/07399339209516006?casa_token=WDGEce_7QCEAAAAA:zVIAUp3FiMr6d_h5RIImDI5cKRMGkuPnmQaNNATy_2oGAYCcQ5GIMp1vDGFVV4k3G20BV7RHo2K621w, accessed 23/11/2018.

the American and Iranian sides trusted the Chinese side to facilitate the mediation process. By adopting a diplomatic and constructive approach to the Iranian question China was seen as a pro-active partner. Unsurprisingly, to please the Iranian side, after which Iran compromised and accepted the agreement terms, President Xi Jinping visited Tehran a week after the implantation of JCPOA in July 2015. The Chinese leader promised Iran a pivotal role in the Belt and Road Initiative and praised the historical relations between the two states.⁷⁸ Finally, China's policy towards Iran can be understood within the context of pragmatism and flexibility. The concepts of China's pragmatic and flexible approach are used by John Garver and Suisheng Zhao where both had used them extensively in their books and publications asserting that China's foreign policy is based on "pragmatism and strategic behavior".⁷⁹ As John Garver explains that Chinese fear from any possible Israeli and US airstrikes push her to abandon its traditional "non-interference" policy and adopt a more pro-active and pragmatic policy to balance between the rival parties and built trust between the American and the Iranian side.⁸⁰ The second main concept lies in China's geopolitical interest in the region. The regional order amid the Saudi-Iranian rivalry in the Gulf has pushed global powers to have a common interest to preserve the stability in the region. Chinese domestic economic growth and political stability are dependent on stable energy supplies.⁸¹ The Middle East is part of China's core interest, as energy supply from the region is essential to ensure the continuity of the long-term economic

⁷⁸ Jacopo Scita, China-Iran: A Complex, Seesaw Relationship, *Italian Institute for International Studies*, Durham University, February 8, 2019, https://www.ispionline.it/sites/default/files/pubblicazioni/commentary_scita_08.02.2018.pdf, accessed 10/12/2019 .

⁷⁹ Susheng Zhao, *Chinese Foreign Policy: Pragmatism and Strategic Behavior*, (Routledge, UK, July 22, 2016), p. 9.

⁸⁰ John Garver, China and Iran: An Emerging Partnership Post-Sanctions, *Middle East Institute*, February 8, 2016 , <https://www.mei.edu/publications/china-and-iran-emerging-partnership-post-sanctions>, accessed 16/10/2019.

⁸¹ Robert G. Sutter, *Chinese Foreign Relations, Power and Policy since the Cold War*, (Rowman & Littlefield, United Kingdom, 2016), 4rth edition, p. 295.

growth, thus the stability of the political system.⁸² The main concern shared by everyone was based on the idea that any war would trigger the blockade of access to energy and pave the way towards the rise of militant Islamist movements.⁸³ China's insistence on solving the Iranian nuclear crisis through dialogue was based on the fact that any potential American/Israeli military intervention or change in regime would destabilize the whole region and eventually the fire would spread north-west China where the rebellious Uyghur minority is concentrated.

Therefore, based on the interests mentioned above, China's strategy should be a reflection of a concern of Beijing's domestic political stability. The survival of the political system in China is based on continuing domestic economic growth and political stability. This growth is fueled by cheap oil imports and trade with the outside world.⁸⁴ This is why China needs the US to secure the oil artery in the Gulf. Chinese officials avoided antagonizing the US since they were aware that China's access to the energy resources in the Persian Gulf is heavily dependent on US military presence in the region.⁸⁵

D. Timeframe and Limitations

The time frame of the paper will be from 2003 where the nuclear negotiations started until the implementation of the JCPOA deal in 2015 and the election of US President Donald Trump in 2016 which paved the way for the US to pull out from the nuclear deal in May 2018.

⁸² Mikael Weissmann, "Chinese Foreign Policy in a Global Perspective: A Responsible Reformer "Striving for Achievement", *Journal of China and International Relations*, (2015): 155, <https://journals.aau.dk/index.php/jcir/article/view/1150>, accessed 24/11/2018.

⁸³ Simon Mabon, *Saudi Arabia and Iran: Power and Rivalry in the Middle East*, (I.B. Taurus, UK, 2016), p. 24.

⁸⁴ Weissmann, "Chinese Foreign Policy in a Global Perspective: A Responsible Reformer "Striving for Achievement", 151.

⁸⁵ Robert G. Sutter, *Chinese Foreign Relations, Power and Policy since the Cold War*, (Rowman & Littlefield, United Kingdom, 2016), 4th edition, p. 295.

The thesis will analyze China's response and pro-active diplomacy during this period and its reaction to President Trump's decision in turning down the agreement. The main barrier in this research will be the language. Since some local Chinese and Iranian written researches are not translated into English. Another challenge is to explore China's foreign policy towards the region and navigate between the conflicting interests between the contradictory policies of China's diplomatic and military circles. While China's diplomats believe in soft power and cooperation, this is PRC's official position towards the Iranian nuclear crisis, officials in the Peoples' Liberation Army (PLA) sometimes take hard positions, supported by classical realist theories such as the balance of power and military buildup, to counter the US hegemony in the region.

My positionality as a researcher is based on the argument that China's foreign policy towards the region varies upon domestic and geopolitical developments. China's foreign policy is a reflection of its domestic politics. Under President Xi Jinping, China gave up its traditional non-interventionist policy and adopted a pro-active pragmatic policy. China saw the Iranian nuclear negotiations as an opportunity to reflect its great power status in the region and the world. However, nothing is sure as China's status as great power may be threatened as the current pandemic is bringing new challenges to China. India and Australia backed by the US are trying to contain the Chinese political and economic influence in the region and Kashmir is turning into a time bomb between China and India. Any military action there would endanger the Belt and Road initiative and the status of China's rise as a peaceful player. This thesis can be a backbone of future researches on China's balancing foreign policy in the Persian Gulf and beyond and a source of a comparative study on China's future involvement in other conflicting zones.

The paper will be divided into six chapters. The first chapter will be the introduction where I will articulate the main arguments, explain the context, and provide a historical overview of China's role in the region. The second chapter will review the main scholarly debates, compare and contrast the major arguments and theories that scholars used in their publications on China's role in the Persian Gulf, and the research question. This chapter will explain the research methods and framework where I will explain my research question and its significance for future researchers, the tools for data collection methods, and define theories and concepts and limitations. The third chapter will analyze China's energy security and geopolitical interests in a broader context, how Chinese officials and policymakers articulate the term "energy security" and, the importance of the Persian Gulf within this setting. The fourth chapter will argue whether the Chinese-Iranian relations are limited to energy security or they have geopolitical components too. The fifth chapter will analyze the factors that pushed China to give up its traditional "responsive diplomacy" and pursue a "pro-active diplomacy" during Iran's nuclear negotiations and explain how China tried to balance its relations between Washington and Tehran during the UNSC resolutions and US-led sanctions. By balanced pro-active diplomacy, China was firmly opposing Iran's non-compromising attitude in its nuclear program in the UNSC resolutions but at the same time making sure that these resolutions and sanctions do not undermine her energy interests with Iran.⁸⁶ In the sixth chapter, the conclusion will be forward-looking and based on the above analysis will highlight China's position towards the Iranian nuclear crisis within the context of ongoing developments with Trump's era. Finally, a bibliography citing all the sources used for this paper.

⁸⁶ Lars Erslev and Yang Jiang, *Oil, Security, and Politics, Is China Challenging the US in the Persian Gulf?* (Danish Institute for International Studies, 2014), p. 32

The coming chapter will address China's energy and geopolitical interests in the region, identify the basic actors influencing China's foreign policy, and examine the key domestic and international factors that reshape China's geopolitical interests towards the Middle East.

CHAPTER III

CHINA'S ENERGY SECURITY, GEOPOLITICAL INTERESTS, AND THE PERSIAN GULF

This chapter will address and analyze how China's energy security and geopolitical interests towards the Middle East and the Persian Gulf are shaped. It will be divided into four sections. In the first section, I will explain China's energy security in broader terms within the context of growing political instability in its neighborhood and fluctuation in oil prices. The second section will highlight the importance of the Middle East for China from both energy security and geopolitical perspective. The third section will identify the key actors in structuring China's geopolitical interests towards the region, and how the military and diplomatic circles and institutions in China view their foreign policy. Finally, the last section will articulate the key domestic and international factors that shape China's geopolitical interests in the region. We will see that China's energy and geopolitical interests in the region are interdependent, as energy security needs a stable geopolitical environment.

A. China's Energy Security

China's need for foreign oil, especially after 1993 as China became a net oil importer country, has an impact on its foreign policy. The implications of China's growing dependence on foreign resources of energies and the fact that the supply lines were often controlled by the United States, pushed for debates among Chinese decision-makers on how to achieve energy security and what impact would this have on China's relations with the United States.⁸⁷ Having

⁸⁷ Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War*, (fourth edition, Rowman & Littlefield, UK, 2016), p. 13

in mind that stable relations with the United States are widely acknowledged as an important determinant of China's foreign policy.

During the 1990s, the deteriorating Chinese-American relations over Taiwan, made Chinese leaders rethink their energy security. Between 1995-1996, China conducted a series of missile tests in the waters surrounding Taiwan, the US government reacted furiously and responded by sending two aircraft carriers and dozens of battleships. Officials in Beijing were concerned that in case of any escalation with the US over Taiwan, the US Navy may restrict the oil imports coming from the sea, in turn, may lead to severe price fluctuation and thus endanger China's growing economy.⁸⁸ As a result, the Foreign Ministry started to cultivate good relations with oil-exporting US-friendly countries.

Currently, oil makes up only 20% of China's energy requirements, the rest is divided between coal (59%), liquefied and natural gas, and renewable energy, but the search to secure oil supplies dominates the discussion of China's energy policies.⁸⁹ China's energy security is defined by ensuring reliable, uninterrupted, and cheap foreign oil supplies.⁹⁰ China's Communist Party's legitimacy largely comes from its capacity to continually deliver rapid economic growth. As part of the "Made in China 2025" plan, Chinese leadership unveiled its plan for a long-term strategy for making China one of the world's leading global manufactures.⁹¹ To provide large amounts of subsidies to foster high-tech enterprises, China needs access to cheap energy sources to foster its growing economy. The oil will be the primary

⁸⁸ John W. Garver, *China and Iran; Ancient Partners in a Post-Imperial World*, (US, University of Washington Press, 2006), p. 265.

⁸⁹ John Lee, China's Geostrategic Search for Oil, *The Washington Quarterly*, Vol. 35, Issue 3, 2012, p. 76, <https://www.tandfonline.com/doi/abs/10.1080/0163660X.2012.706510>

⁹⁰ *Ibid.*, 77.

⁹¹ Tsukasa Hadano and Shosuke Kato, "After 7 decades, China's Communists still strive for legitimacy", *Nikkei Asian Review*, October 1, 2019, <https://asia.nikkei.com/Politics/Communist-China-at-70/After-7-decades-China-s-Communists-still-strive-for-legitimacy>, accessed 2/6/2020.

fuel for some time to come to satisfy the soaring demand for China's transportation and rapidly growing energy industry.⁹² Meanwhile, the capacity to extract offshore oil in the East China Sea is much more costly. In 2017, China National Petroleum Corporation (CNPC) announced that it had newly discovered between 0.52 – 1.24 billion tons of crude oil in oil-producing Xinjiang province. Chinese media outlets were replete of reports that soon the country may decrease its oil dependency, however, soon it was realized that the geology of the area will bring difficulties.⁹³ As a result, the movement of Chinese petroleum companies "going global" to address the oil shortage was facilitated.⁹⁴ China's major oil firms such as the state-owned China National Offshore Oil Corporation (CNOOC), CNPC, and China Petroleum and Chemical Corporation (Sinopec) favored expanding abroad and secure a globally competitive position. With CNPC and Sinopec controlling exploration, production, and distribution at home, while joining CNOOC, they all acquire overseas assets and companies to explore oil and gas abroad.⁹⁵

For China, ensuring domestic stability is dependent on the search for stable and cheap energy supply lines. Beijing is aware that political instability in its neighboring countries, especially in Pakistan and Central Asia where oil and gas pipelines are constructed, threatens to disrupt energy supplies. As a large oil importer and consumer, China is very sensitive to the fluctuation of oil prices. When, for example, in 2008 international oil prices hit \$147.50/barrel, China struggled to meet its growing energy demand. The decrease in oil prices since 2014, on

⁹² Sergei Trough, "China's Changing Oil Strategy and its Foreign Policy Implications", Brookings, <https://www.brookings.edu/articles/chinas-changing-oil-strategy-and-its-foreign-policy-implications/>, accessed 2/6/2020.

⁹³ Viktor Katona, "The 'Mega' Oil Field That Will Never Boom", *Oil price*, 5/12/2017, <https://oilprice.com/Energy/Crude-Oil/The-Mega-Oil-Field-That-Will-Never-Boom.html>, accessed 3/6/2020.

⁹⁴ Alain Sepulchre, Energy and Globalisation: Oil and Gas in China, *China Perspective*, Vol. 54, July-August 2004, p. 10, <https://journals.openedition.org/chinaperspectives/2962?lang=en> .

⁹⁵ John Lee, China's Geostrategic Search for Oil, *The Washington Quarterly*, Vol. 35, Issue 3, 2012, p. 83, <https://www.tandfonline.com/doi/abs/10.1080/0163660X.2012.706510>.

the other hand, has very much worked in China's favor and enabled faster economic growth.⁹⁶ To ensure the legitimacy of the ruling Party, Chinese leaders continued to emphasize the maintenance of a peaceful and fair international environment which would facilitate the flow of trade and investment along the region.

It is worth mentioning that China's energy security is part of its grand geo-economic interests and can be summarized in three points; First, Beijing employs a strategic tactic that is China not only wishes to import oil but also secures oil supply lines. This is why Chinese companies are involved in upstream investments. Second, China's oil companies are mostly state-run and treated as a tool of foreign policymaking when it comes to decision-making and signing of contracts. Finally, China's dependence on the Persian Gulf sources of energy should not come at the expense of a confrontation with the US given that the flow of oil supply is secured by US military presence.⁹⁷

Hence, to secure more stable and cheap energy resources, China started to look for new long-term energy supplies and sought to expand its relations with the oil and gas producing states in the Middle East and especially the Persian Gulf.⁹⁸

⁹⁶ Hany Besada and Justine Salam, China's Energy Strategy in the MENA Region, *China Quarterly of International Strategic Studies*, Vol. 3, No. 4, p. 617, <https://www.worldscientific.com/doi/abs/10.1142/S2377740017500269>

⁹⁷ *Ibid.*, 66.

⁹⁸ Zhao Hong, "China's Dilemma on Iran: Between Energy Security and a Responsible Rising Power", *Journal of Cotemporary China*, Vol. 23, No. 87, 408-424, 2014, <https://www.tandfonline.com/doi/full/10.1080/10670564.2013.843880>.

B. Why the Middle East?

The Middle East has both energy and geopolitical significance for China's foreign policy.

With more than 800 billion barrels of crude oil reserves, the Middle East is a key player in China's energy needs.⁹⁹ As China becomes more populous and urbanized and its needs for transportation services grows, its demand for oil and gas will increase. The International Energy Agency (IEA) assumes that China's oil imports in 2030 will grow to 10.9 million barrels/day, where China will be importing 77% of its crude oil and more than half coming from the Persian Gulf.¹⁰⁰ The Strait of Hormuz is the exit point for around 20% of the global oil supply.¹⁰¹ As mentioned in the previous section that oil supply disruptions and sharp increase and fall of global oil prices are the largest risks for China's growing economy. In this case, we can't ignore the role of international energy geopolitics, which is the impact of geopolitical events on the international energy market.¹⁰² The Persian Gulf has been the center of oil and gas markets, hence influencing the global economy in many ways. The region exports over 30% of the world's crude oil and holds 40% of global gas reserves.¹⁰³ Given the huge energy reserves in terms of oil and gas in the Persian Gulf, the low cost of extraction, and China's rapid economic growth, it is not surprising that China's energy dependence on the region has increased over the past years. Significantly, China's rising dependence on the

⁹⁹ Hany Besada and Justine Salam, China's Energy Strategy in the MENA Region, *China Quarterly of International Strategic Studies*, Vol. 3, No. 4, p. 598, <https://www.worldscientific.com/doi/abs/10.1142/S2377740017500269>.

¹⁰⁰ Henry Lee and Dan A. Shalmon, Searching for Oil China's Initiatives in the Middle East, *Environment: Science and Policy for Sustainable Development*, Vol 49, Issue 5, 2007, 7/8/2010, <https://www.tandfonline.com/doi/abs/10.3200/ENVT.49.5.8-23>.

¹⁰¹ Mahan Abedin, *Iran Resurgent: The Rise and Rise of the Shia State*, (Hurst and Company, London, 2019), p.157.

¹⁰² Wu Lei, The Oil Politics & Geopolitical Risks with China "Going Out" Strategy towards the Greater Middle East, *Journal of Middle Eastern and Islamic Studies (in Asia)*, Vol. 6, No. 3, 2012, p. 79.

¹⁰³ Mahmood Monshipouri, *Middle East Politics: Changing Dynamics*, (Routledge, New York, 2019), p. 245

Persian Gulf energy supplies contrasts with a declining reliance by the US.¹⁰⁴ Where the US dependence on the Gulf fell from around 30% oil imports in 1991 to less than 25% in 2017. By 2030, China is expected to overcome the US as the largest global consumer.¹⁰⁵

For China, the Middle East is both a security threat, with the rise of extremism and militancy, and investment opportunity due to its significant geostrategic location in the Belt and Road initiative. China's interests in the region go beyond energy security and have geopolitical dimensions related to China's domestic stability and territorial integrity. Like many countries in the region, the modern history of China also experienced secessionist movements. These movements spread in Xinjiang and Tibet. However, the Xinjiang Autonomous region where Uyghurs are concentrated possesses greater geopolitical danger to China's domestic stability and territorial integrity since it is bordered to unstable Muslim states in Central Asia and is influenced by the political upheavals in the Middle East. The geopolitical changes in the region after the Arab Uprising and the emergence of ISIS posed a warning for China's energy security and geopolitical interests in the region. China also fears that unrest in the Middle East would spread to the oil-producing, Muslim-majority Xinjiang Uyghur Autonomous Region. China also is well aware that most of its oil and gas pipelines and the New Silk Road highways pass from there extending to Central Asia. Thus, unrest or insurgency would jeopardize these infrastructures.¹⁰⁶ A stable and peaceful geopolitical environment in the Middle East is a requirement for China's energy security.

¹⁰⁴ Kent E. Calder, *Super Continent: The Logic of Eurasian Integration*, (Stanford University Press, Stanford, California, 2019), p. 81.

¹⁰⁵ Kent E. Calder, *Super Continent: The Logic of Eurasian Integration*, (Stanford University Press, Stanford, California, 2019), p. 81.

¹⁰⁶ Henry Lee and Dan A. Shalmon, Searching for Oil China's Initiatives in the Middle East, *Environment: Science and Policy for Sustainable Development*, Vol 49, Issue 5, 2007, 7/8/2010, <https://www.tandfonline.com/doi/abs/10.3200/ENVT.49.5.8-23>.

To avoid taking sides and sinking in regional conflicts, China traditionally has taken cautious steps to raise its profile in the region in search of a greater regional role to project the image of a major responsible power.¹⁰⁷ However, China has started to face more challenges in the region, the next section will examine the main arguments around China's foreign policy and the domestic and international factors that are pushing Beijing to abandon its traditional "non-interference" principle-based policy to more a pro-active one.

C. Who Shapes China's Foreign Policy Towards the Region?

The debate within China over foreign policy goals intensified during the early years of Xi Jinping's leadership. Chinese officials prefer to use the term "peaceful development" rather than "peaceful rise" when it comes to conceptualizing their position in international affairs.¹⁰⁸ According to them the term "rise" is a "western" concept that may sound like a "threat" thus they prefer to use the term "peaceful development". Chinese officials tend to announce that their country seeks to create a "harmonious world". A world where the international system is fair and there is no hegemonic power dictating others.¹⁰⁹ However, when it comes to foreign policymaking often there is a silent philosophical clash between the military and diplomatic establishments.

Following the end of the cold war, Chinese foreign policymakers demonstrated pragmatic integration and adaptation of the existing world system. Amid major uncertainties at home and abroad, they were in no position to confront major powers and oppose the existing

¹⁰⁷ Anoushiravan Ehteshami and Niv Horesh (Ed.). *China's Presence in the Middle East; the Implication of the One Belt, One Road Initiative*, (New York, Routledge, 2018), p 12.

¹⁰⁸ Alexander Lukim, *China and Russia: The New Rapprochement* (Polity Press, UK, 2018), p. 23.

¹⁰⁹ Ibid.

US-led order. In general, officials in the Chinese Communist Party focused on long-term economic development while maintaining domestic political stability.¹¹⁰ Thus, the Chinese foreign policy serves these objectives by preserving an international environment that supports economic development and political stability.¹¹¹ Therefore, China's activities abroad are an essential foundation for the continued survival of the Communist Party rule. Beijing's priorities regarding economic development and domestic stability formulated a foreign policy that is inclined to accept the current order, that is accepting the US dominance but working with the existing order and international organizations to bring reforms and create an environment that would serve China's energy and geopolitical interests.¹¹² Experts summarize China's foreign policy activities in four points: Great-power diplomacy aiming to maintain good relations with the United States and Russia; pro-active diplomacy to build friendly relations with its neighbors to create a buffer against foreign threats and preserve the territorial integrity of the state; growing interaction with international organizations (UN, WTO...) to enhance China's international profile and posture a positive image of a "rising responsible power"; and showing Chinese willingness to undertake international responsibilities in mediation and conflict resolution.¹¹³

When it comes to foreign policymaking Chinese officials are divided into two philosophical camps that have been labeled as moderates and radicals.¹¹⁴ The moderates adhere to Deng Xiaoping's principles of non-interference and maintaining low-profile in international diplomacy.¹¹⁵ They support the constructivist approach when it comes to diplomatic

¹¹⁰ Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War*, (fourth edition, Rowman & Littlefield, UK, 2016), p. 2.

¹¹¹ *Ibid.*, 2.

¹¹² *Ibid.*, 4.

¹¹³ *Ibid.*, 6-10.

¹¹⁴ Alexander Lukin, *China and Russia: The New Rapprochement* (Polity Press, UK, 2018), p. 23.

¹¹⁵ *Ibid.*

engagement, that is an approach that is based on prior experiences. They argue that by interfering in other disputes, China would not only sink into protracted conflicts but also be vulnerable and potentially justify Western states to interfere in China's domestic affairs, particularly in the domain of human rights. The traditional policy rotates around the four "No"s: non-interference in other states' domestic affairs, non-alignment, no sphere of influence, and no establishment of military bases abroad.¹¹⁶ China's traditional low profile policy in the Middle East was based on the idea of avoiding conflicts with the US and expanding its trade and investments by free-riding on the American security umbrella.¹¹⁷ This gradually started to change. Under President Xi, moderates started to move away from their traditional pessimist approach and adhere to more pro-active diplomacy. Chinese policymakers started progressively taking pro-active measures by contributing to UN peacekeeping missions and engaging in conflict resolution and mediation efforts. This camp advocates taking greater international responsibility and engaging in pro-active diplomacy given China's new status as a global power. According to Erslev and Jiang (2014) advocates of this camp rely on Confucian teachings which believes that a big country must seek to win friends using its "material and moral superiority".¹¹⁸ The proponents of this school further believe that China's national interests have grown beyond its national borders.¹¹⁹ This approach was represented in President Xi Jinping's statement during a 2016 Communist Party's Central Committee's Political Bureau's study session that argued China must actively participate in global governance and take more limited international responsibilities.¹²⁰ However, the radicals, often conservative

¹¹⁶ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 85.

¹¹⁷ Lars Erslev and Yang Jiang, *Oil, Security, and Politics, Is China Challenging the US in the Persian Gulf?* (Danish Institute for International Studies, 2014), p. 29.

¹¹⁸ *Ibid.*, 36.

¹¹⁹ Alexander Lukim, *China and Russia: The New Rapprochement* (Polity Press, UK, 2018), pp 23-24.

¹²⁰ *Ibid.*, 25.

generals in the Peoples' Liberation Army, argue that to protect its commercial interests abroad, China must establish military bases in foreign lands and directly challenge US interests by establishing alliances.¹²¹ Sometimes these disagreements are shown publicly were officials from the 'International Military Studies at the Academy of Military Science' publicly had criticized the "soft" approach of the diplomats dealing with international issues.¹²² Whereas, diplomats are interested to improve China's image worldwide through diplomatic means, and soft power, the generals give high priority to push China to engage in conflict resolution, sending peacekeeping missions and establish military bases abroad.¹²³ When talking about China's soft power in the Middle East, it is worth mentioning that it is not measured by the spread of culture or films but by the appeal of its state-oriented economic model which has been attractive to many authoritarian states in the region.¹²⁴

Today, there are calls within China's leadership circles to revise Deng Xiaoping's careful and passive foreign policy and replace it with more pro-active foreign policy.¹²⁵ The influence of radical school is in decline, while the moderate school under President Xi is gradually gaining support in official statements and decision-making circles. Officials are adopting a more moderate tone in their official statements insisting on "civilization dialogue", "development" and "cooperation". Therefore, the more China gets involved in international politics, the more it should seek to adjust its traditional foreign policy to feed its domestic growth and secure its energy and geopolitical interests abroad.

¹²¹ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 85.

¹²² Lukim, *China and Russia: The New Rapprochement*, 21.

¹²³ Lars Erslev and Yang Jiang, *Oil, Security, and Politics, Is China Challenging the US in the Persian Gulf?* (Danish Institute for International Studies, 2014), p. 36.

¹²⁴ Thomas Barker, "The Real Source of China's Soft Power", *The Diplomat*, November 18, 2017, <https://thediplomat.com/2017/11/the-real-source-of-chinas-soft-power/>, accessed 2/6/2020.

¹²⁵ Alexander Lukim, *China and Russia: The New Rapprochement* (Polity Press, UK, 2018), p. 19

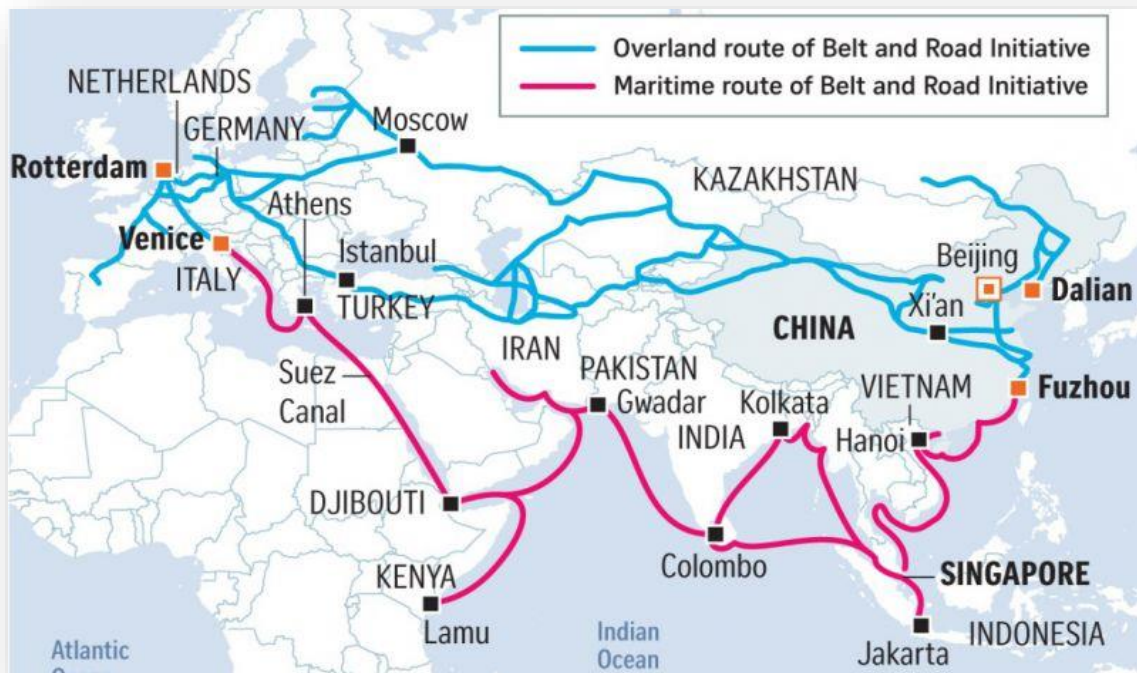
D. Domestic and International Geopolitical Factors Behind China's Middle East and Persian Gulf Policy

Historically, China long adopted the traditional conservative policy of non-interference. It played no significant role in Middle East security affairs. However, over the past decade, there was a shift in China's non-interference policy towards more pro-active diplomatic and security engagement advocated by the moderate policy-seekers.¹²⁶ This pro-active involvement was shaped both by domestic and international geopolitical factors.

China's Middle East policy since the fall of the Soviet Union aimed to ensure securing the acquisition of oil, expanding trade relations, and cooperating with major Muslim countries in Central Asia and the Middle East to contain the Uyghur separatist movement in North-Western China. While most scholars argue that China's foreign policy in the region revolves around energy security, I would argue that we cannot ignore the geopolitical aspect that is characterized by ensuring domestic stability by countering Islamist terrorism, bolstering

¹²⁶ Mahmood Monshipouri, *Middle East Politics: Changing Dynamics*, (Routledge, New York, 2019), p. 298

Beijing's great power status in a multipolar world, fostering its Belt and Road initiative.¹²⁷



Map 2: China's Belt and Road Initiative with its Overland and Maritime routes. February 21, 2020 Source: www.asiagreen.com

China was not enthusiastic about the spread of protest movements in 2011 in the Arab world. From the Chinese perspective, such protests would further destabilize the Middle East and create a power vacuum and degrade the states.¹²⁸ With the rise of ISIS in 2014, Beijing started to be more concerned about the security and the stability of the region and the possible spread of the movement to its frontier. For the Chinese authorities, Xinjiang is the extension of the Middle East, thus the stability of the Middle East is related to the stability of the Chinese province. This is why China sought to avoid any confrontation with the US in the Middle East. Beijing is worried that these extremist transnational movements may inspire Uyghur separatists

¹²⁷ Mahmood Monshipouri, *Middle East Politics: Changing Dynamics*, (Routledge, New York, 2019), p. 297.

¹²⁸ Baogang He, "China's Responses to the Arab Uprisings", *Social Science Research Network*, December 4, 2014, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2533391 accessed 3/6/2020.

to press for greater autonomy or even complete secession from China.¹²⁹ The participation of Uyghur fighters (Eastern Turkistan Islamic Party) in ISIS ranks in Syria and Iraq raised eyebrows in China and pushed the government to strengthen its security relations with regional actors such as Iran, KSA, and Turkey. Furthermore, the rapprochement with major Muslim countries in the region such as Iran and Saudi Arabia aims at protecting China from the potential risks of radical Islamic movements in oil-rich Xinjiang province, home to more than 20 million Uyghur Muslims.¹³⁰

There is no doubt that, without directly challenging the US influence, China is becoming rising power in the Persian Gulf, and this may reflect on China's rising power status in a multipolar world. With multipolarity, we understand a world where US influence is reduced and several strong rising powers compete or cooperate. In 2008, China published a White Paper on national defense arguing that "economic globalization and world multipolarization are gaining momentum". In one of the paragraph's the Paper claims: "The rise and decline of international strategic forces are quickening, major powers are stepping up their efforts to cooperate and draw each other's strengths. They continue to compete with and hold each other in check...".¹³¹ The paper adds that a "profound adjustment" must be performed to bring reform to the international system.¹³² The keywords here are "profound adjustment" where Chinese officials publicly announce that they do not intend to destroy the current system but to bring reforms to build a fair international system. Chinese-Iranian and Chinese-Russian relations fall within this context. The projection of US power into the Persian Gulf and Central

¹²⁹ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 25.

¹³⁰ Lounnas Djallil, China and the Iranian Nuclear Crisis: Between Ambiguities and Interests, *European Journal of East Asian Studies*, Vol. 10, Issue 2, 1/1/2011, https://brill.com/view/journals/ejea/10/2/article-p227_8.xml.

¹³¹ John W. Garver, *China and Iran: Expanding Cooperation under Conditions of US Domination*, (N.Horesh ed., Toward Well-Oiled Relations?), 2016, p. 202.

¹³² Ibid.

Asia after the 9/11 attacks, aggravated China's fears that the US Navy would expand its naval presence in the Gulf and the South China Sea. This pushed China to consider that having a common front with other strong regional powers such as Russia to establish just, rational, and multipolar international order.¹³³ From a geopolitical angle, internationally, China benefits from Russia's countermeasures against the West since it may delay the US expansion in China's direction. By positioning Russia on the frontline, China would not be caught in a confrontation with the American side, thus always keeping the communication channels open so that its economic interests would not suffer.¹³⁴ In 2015, during the UN General Assembly address, Chinese President Xi Jinping said: "The movement toward a multi-polar world and the rise of emerging markets and developing countries have become an irresistible trend of history."¹³⁵ China's cooperation with other regional and rising powers such as Russia and Iran can be understood within this context that it may be an endeavor to reform the international system. Beijing is seeking for "multiple balancing system" in the region where no single power can dominate.¹³⁶ From President Jinping's statement, we can conclude that China does not seek to accept the international status quo nor revise it but to reform it from within and reshape it in a form that serves China's interests. Regionally, as we will see in the coming chapter, Iran plays a similar role in containing the American expansion in the Gulf.

The "Belt and Road Initiative" with both its land and maritime networks has become the flagship of Beijing's foreign policy in the region, where the Middle East is turning into a geostrategic region in a global web of New Silk Road networks. For this reason, China has

¹³³ Alexander Lukin, *China and Russia: The New Rapprochement* (Polity Press, UK, 2018), p. 49.

¹³⁴ *Ibid.*, 53.

¹³⁵ *Ibid.*, 5.

¹³⁶ Srikanth Kondapalli, "China and the Iranian Nuclear Issue-Converting Challenges into Opportunities", *Contemporary Review of the Middle East*, 3 (1) 68, 2016 , <https://journals.sagepub.com/doi/abs/10.1177/2347798916633291?journalCode=cmea>.

successfully managed to remain cooperative and friendly to all and the enemy of no one. In the Gulf, KSA, UAE, and Iran became the major trading partners with China, while Beijing tried to expand towards the Mediterranean by investing in the ports of Syria and Israel. For this reason, China has avoided taking extreme sides in regional conflicts. China sees that its “win-win” partnership within the context of BRI can be an incentive to de-escalate regional tensions between regional rivals such as Tehran and Riyadh. Beijing is aware that any direct military conflict between the two would not only be disastrous to its ambitious BRI but also for the stability of Xinjiang province.

As mentioned above, three factors have shaped China’s geopolitical interests in the Middle East and the Persian Gulf. First, the extension of China’s periphery to the Middle East and Beijing’s role in fighting Uyghur terrorism. Second, the Persian Gulf is viewed as an arena of great power competition, in which China as a rising power must have a share in a multipolar order. Third, the trade and investment flow along with the Belt and Road initiative.

Based on this analysis, in the coming chapter, we will see how important is Iran to China not only from energy but also from a geopolitical perspective. Tehran is a long-term source of cheap energy supply and a strong potential geopolitical asset in preventing Washington from controlling the energy resources in the region. Moreover, unlike other Gulf states, Iran’s independent foreign policy suits China, since its energy policies and regional politics are not effected by Washington.¹³⁷

¹³⁷ Anoushiravan Ehteshami and Niv Horesh (Ed.). *China’s Presence in the Middle East; the Implication of the One Belt, One Road Initiative*, (New York, Routledge, 2018), p 181.

CHAPTER IV

CHINESE-IRANIAN RELATIONS: BEYOND ENERGY SECURITY

In the previous chapter, I analyzed China's energy security and geopolitical interests in the Persian Gulf. In this chapter, I will focus on China's relations with Iran before the 2015 JCPOA nuclear deal, which was characterized by the expansion of Chinese energy companies in Iran, building infrastructures, political and security coordination, and the halt of nuclear cooperation. I will argue that China's strategy towards Iran goes beyond securing core energy interests to include Iran's strategic position within its centerpiece "Belt and Road Initiative" that connects China to the Middle East and beyond and security cooperation around Xinjiang. The coming sections will explain how China filled the energy vacuum as major energy companies pulled out from Iran due to the sanctions. Moreover, to facilitate the transportation of oil and gas from Iran, China invested in Iran's infrastructure within the context of the "Belt and Road Initiative", however, we will see that China's relations with Iran had also its limitations. Despite China transferring nuclear technologies to Iran, Beijing ultimately gave up on American pressures and eventually halted this cooperation to preserve its energy interests in Iran.

A. Securing Oil and Gas: The Pathway Towards Tehran

China views Iran as a strategically powerful regional player given it has the world's third-largest oil reserves and the second-largest natural gas reserves.¹³⁸ As such, China has

¹³⁸ Bas van der Werff, *Finding Balance in an Imbalanced System: The Case of the Triangular Relation Between China, Saudi Arabia, Iran*, MA thesis, Leiden University, p. 30.

advanced a strategy that focuses on mutual interests between the two countries, as eschewed the sensitive conditions related to Iran's human rights or political leanings. As Ali Akbar Salehi, Iran's former representative to the International Atomic Energy Agency (IAEA) has argued, that Iran and China complement each other, the former has energy resources and the latter has the technology.¹³⁹ China looks at Iran as a long-term energy supplier and considers close relations with Iran as a means of influencing the global distribution of oil. From its part, Iran, under strict sanctions by Western countries, views China as an essential player to access foreign investment capital and technology. Moreover, Iran understands the strategic and symbolic value of doing business with a major power that holds a permanent seat, and veto power at the UN Security Council.

As European and East Asian companies have been forced out of Iran, due to the strict sanctions regime that has left Iran isolated, Chinese firms stepped in to fill the void and monopolize the flow of investments in the Iranian energy sector. About half of Chinese investments have targeted the Iranian oil and gas sector while the remaining are distributed to the transportation, telecommunication, and industry sectors.¹⁴⁰ China's state-owned "National Offshore Companies" working in Iran have become strong autonomous political actors and started to exert political pressure on the Chinese government to find ways around the sanctions regime in order to avoid risks to their business.¹⁴¹ Their effective monopolistic position has

¹³⁹ Liu Jun and Wu Lei, Key Issues in China-Iran Relations, *Journal of Middle Eastern and Islamic Studies*, Vol. 4, No. 1, 2010, p. 44

¹⁴⁰ Robert R. Bianchi, *China and the Islamic World, How the New Silk Road is Transforming Global Politics*, (Oxford University Press, 2019), p. 89

¹⁴¹ Bas van der Werff, *Finding Balance in an Imbalanced System: The Case of the Triangular Relation Between China, Saudi Arabia, Iran*, MA thesis, Leiden University, p. 31

allowed these companies to operate at below-market project financing rates not afforded to competing for international corporations.¹⁴²

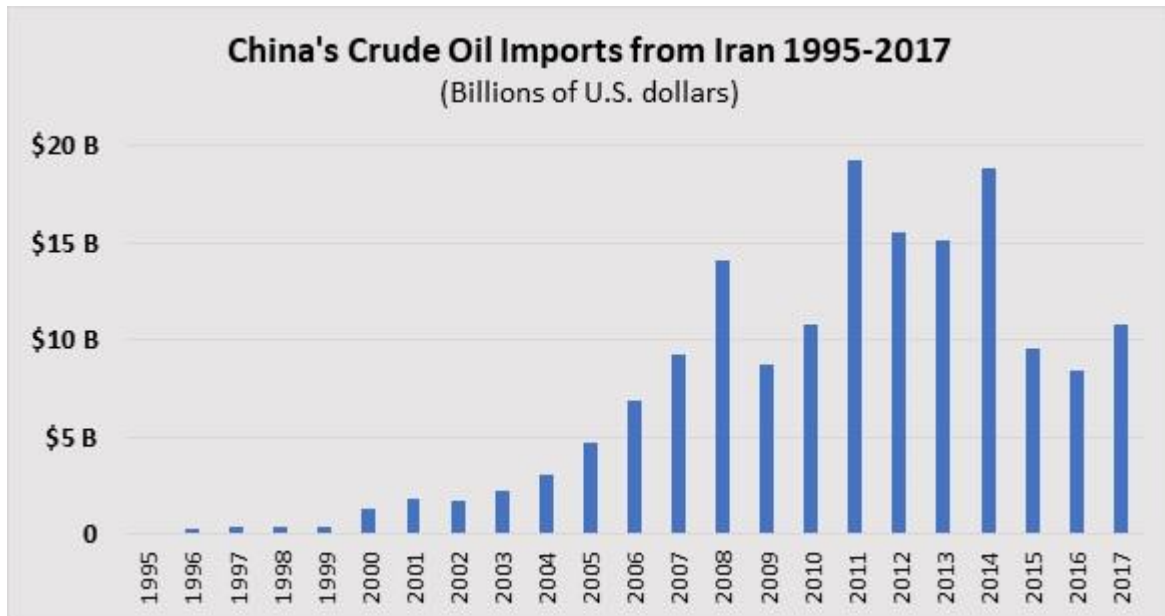


Figure 2: China's Crude Oil Imports from Iran 1995-2017 (Billions of U.S.D), source: Alex Yacoubian, *Iran's Increasing Reliance on China*, September 11, 2019, U.S. Institute of Peace.

China's energy cooperation with Iran is based on five sectors: crude oil, liquefied natural gas (LNG), upstream and downstream development, refineries upgrade, and pipeline construction. Iranian oil export revenues account for more than 20% of its GDP, 80% of its currency earnings, and more than 60% of its budgetary revenue.¹⁴³ In 2006, for a short period, Iran replaced Saudi Arabia as China's main source of imported oil. Regarding the benefit on the Chinese side, it is worth mentioning that Iranian crude oil helps contain rising import costs through the purchase of cheap, and heavy (sulfur-rich) oil which is abundant in Iran compared to other neighboring oil-rich countries.¹⁴⁴ China's growing appetite for LNG has provided

¹⁴² Peter Mackenzie, A Closer Look at China-Iran Relations, CAN China Studies, September 2010, p.5, https://www.cna.org/CNA_files/PDF/D0023622.A3.pdf

¹⁴³ Jordan D'amato, US Strategic Competition with Iran: Energy, Economic, Sanctions and the Nuclear Issue, *Center for Strategic Studies*, March 11, 2011.

¹⁴⁴ John Clabrese, China and Iran: Partners Perfectly Mismatched, *Middle East Institute*, August 18, 2006, p. 8.

another energy link with Iran, which has an estimated 15% of global natural gas reserves. In March 2004, the state-owned Zhuhai Zhenrong Corporation (NORINCO) agreed to import 110 million tons of LNG over 25 years.¹⁴⁵ In 2008, Iran's Pars Oil and Gas Company and China National Offshore Oil Corporation (CNOOC) signed an agreement to exploit the North Pars gas field and sell the gas in international markets.¹⁴⁶ The third area of cooperation in the energy sector is the upstream and downstream development. Upstream oil and gas production is the process of conducting the extraction of raw materials by companies, while the downstream development engages in anything related to post-production activities. This is part of the Chinese companies' global strategy effort to enhance long-term energy security. Where Chinese companies are not only interested in extracting raw materials, but also in activities related to the post-production period such as exporting oil from Iran. In the coming years, Iran wishes to invest \$134 billion in the upstream oil sector and \$52 billion in the downstream oil sector to be able to increase its oil production.¹⁴⁷ In 2000, the China National Petroleum Corporation (CNPC) won its first drilling contract in Iran and started to drill 9 gas wells in Southern Iran.¹⁴⁸ CNPC has also been responsible since the year 2000 for the fourth area of cooperation, namely upgrading Iranian refineries and the enhancement of oil recovery. CNPC is responsible for oil recovery and extraction project to increase the production of oil fields in many areas across Iran and not just the Persian Gulf. The deal is that while Iran owns the gasoline produced at the refinery, China exports other outputs. The CNPC has been engaged in two major projects: The North Pars gas field and the Yadavaran oil field. The fifth and final area of cooperation between Iran and China is in pipeline construction and maintenance, to

¹⁴⁵ John Clabrese, *China and Iran: Partners Perfectly Mismatched*, *Middle East Institute*, August 18, 2006, p. 8.

¹⁴⁶ Parris H. Chang, "China's Policy Toward Iran and the Middle East", *Institute for National Security, Journal of East Asian Affairs*, Vol. 25, No. 1 (Spring/Summer 2011), pp. 9-10.

¹⁴⁷ Mohsen Shariatnia & Hamidreza Azizi, "Iran and the Belt and Road Initiative: Amid Hope and Fear", *Journal of Contemporary China*, March 21, 2019, p.5.

¹⁴⁸ John Clabrese, *China and Iran: Partners Perfectly Mismatched*, *Middle East Institute*, August 18, 2006, p. 8.

facilitate the transfer of oil and gas via land, and enable Iran to augment its overall volume of oil and gas production.¹⁴⁹ In 2015, as seen in “Map 3”, Iran scored a strategic victory against Saudi Arabia when China agreed to build a gas pipeline connecting Iran to Pakistan, which potentially would reduce China’s energy dependence on Saudi Arabia.¹⁵⁰ But China is also interested in reducing its overall reliance on energy from the Persian Gulf and is looking to build pipelines near the Caspian Sea oil fields. Securing the Caspian Sea energy resources would help China to lessen its dependence on maritime oil imports from the Gulf, thus securing an uninterrupted flow of oil that, moreover, is located far from American political influence.

Two Proposed Pipelines in South Asia



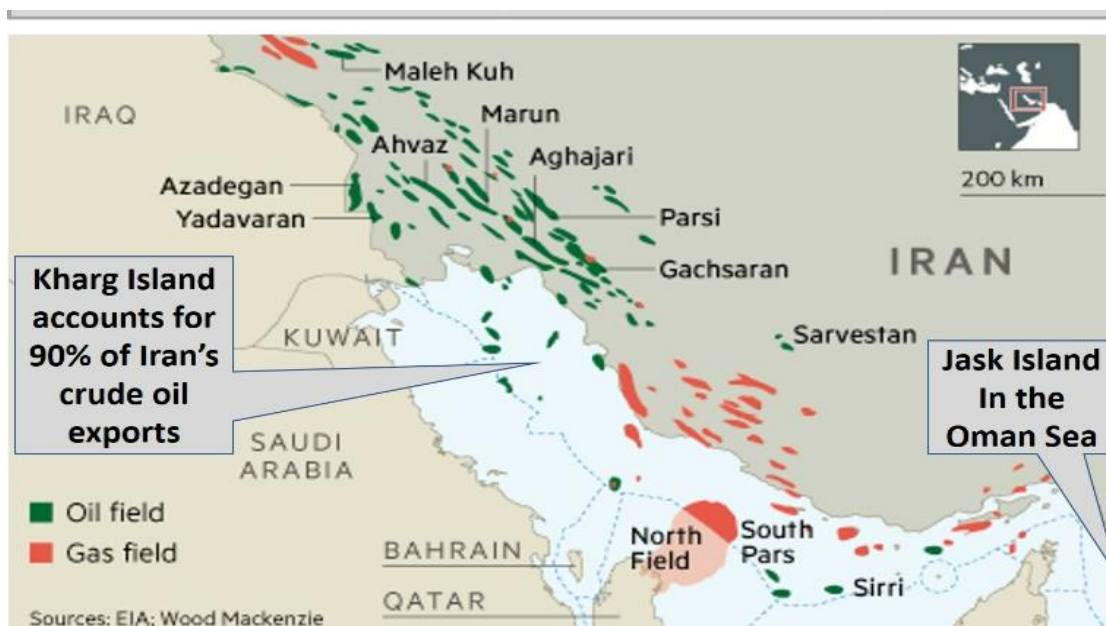
Map 1 • B 2139 heritage.org

Map 3: Showing the proposed Iran-Pakistan-India pipeline where China agreed to invest in the Iran-Pakistan pipeline. Source: www.thehindubusinessline.com, 2013

¹⁴⁹ John Clabrese, China and Iran: Partners Perfectly Mismatched, *Middle East Institute*, August 18, 2006, p. 8.

¹⁵⁰ Saeed Shah, China to Build Pipeline from Iran to Pakistan, *The Wall Street Journal*, April 9, 2015, <http://www.wsj.com/articles/china-to-build-pipeline-from-iran-to-pakistan-1428515277>.

China's investment in pipeline infrastructure is based on its need for larger quantities of imported oil and gas to feed its growing economy, and its cooperation with Iran in particular hinges on Iran being the only state in the region whose energy resources were unexploited by Western powers. In 2015, energy expert Micha'el Tanchum published a report in the *“World LNG Report”* writing that in the future the gas pipelines from Iran and Turkmenistan, rather than Saudi Arabia, will decide which way the Eurasian energy architecture will tilt. According to the research, within five years, Iran will have 24.6 billion cubic meters of available natural gas. If sanctions are lifted, Iranian leadership will face a crucial geopolitical choice in deciding which direction the gas will be exported. Iran will have three choices: The European Union via Turkey, Indian and Chinese markets via the Persian Gulf, Pakistan, and Central Asia. However, the degree to which the energy relationships in Eurasia will be shaped will be determined by the country that will secure the Caspian gas pipeline exports. In this case, it is China.¹⁵¹



Map 4: Showing the oil and gas fields in Iran bordering the Persian Gulf, the Azadegan and Yadavaran oil fields are the areas with heavy Chinese investments (source: www.pressclub.world, 11/11/2019)

¹⁵¹ James M. Dorsey, *China and the Middle East; Venturing into the Maelstrom*, (Palgrave Macmillan, 2019), p. 82.

However, with the escalation of sanctions, under the direct instruction of Beijing, Chinese companies halted or delayed the investments in Yadavaran, North Azadegan, North Pars, and South Gas oil and gas fields (see Map 4). For example, from 2008 to 2010 Iran's crude oil supply to China decreased from almost \$14 billion to \$11 billion. While in 2010 Iranian crude oil exports to China decreased to 8.9%. As seen in Figure 3, Iranian oil production and exports to China decreased from 2012-2016 due to the sanctions and European embargo. Equally interesting was the increase in oil imports from Saudi Arabia and Iraq. The Obama administration encouraged KSA to pump more oil to China so that the latter decrease its oil dependency on Iran. Of the \$40 billion investment deals in the energy sector in Iran, China implemented less than \$3 billion out of fear of the Comprehensive Iran Sanctions Accountability and Divestment Act (CIASDA) by the Obama administration.¹⁵² In 2014, Iran canceled a \$2.5 billion contract with CNPC for the development of the South Azadegan oil field arguing that the Chinese side was delaying the implementation of the agreement. The agreement was later renegotiated, and to secure its position in the post-sanction period, China in 2016 increased its energy investments in Iran.¹⁵³

¹⁵² Barbara Slavin, *Iran Turns to China, Barter to Survive Sanctions*, Atlantic Council, *Iran Task Force*, Nov. 2011, p. 3.

¹⁵³ James M. Dorsey, *China and the Middle East; Venturing into the Maelstrom*, (Palgrave Macmillan, 2019) p. 85.

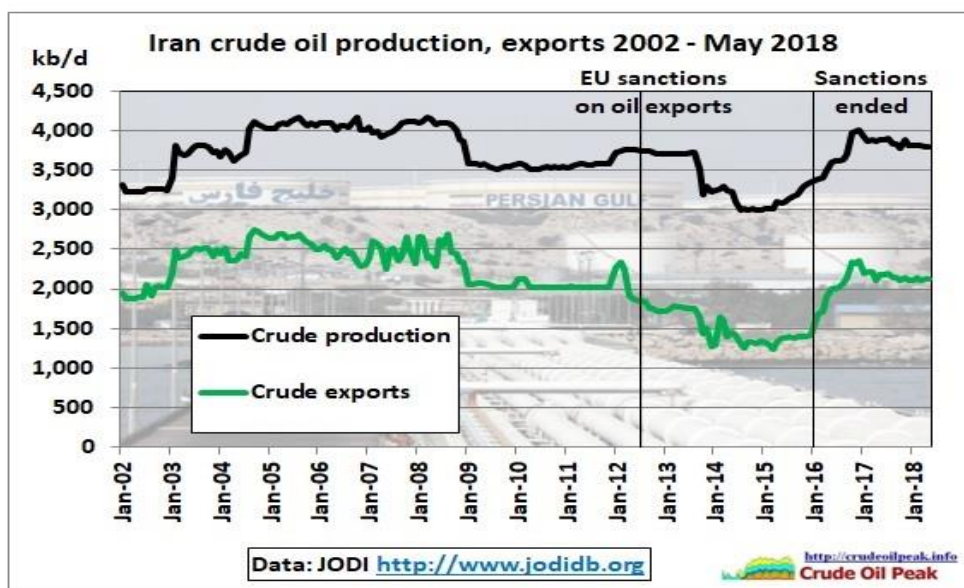


Figure 3: Iran's crude oil production and exports from January 2002 - January 2018, source: Iran Peak, May 2018, www.crudeoilpeak.info

It is worth noting that in 2013, Iran provided only 4% of China's energy needs, down from 11.3% in 2009. The decline was due to the US imposed sanctions. But after mid of 2014 with the relaxation of sanctions amid ongoing nuclear negotiations, the level increased to 8%.¹⁵⁴ Although Saudi Arabia provides around 20.3% of China's energy needs, the Iranian oil is cheaper. China has also taken advantage of the EU embargo against Iran to receive a substantial discount on Iranian oil and gas.¹⁵⁵ During this period the decline of oil imports from Iran was also motivated by Beijing's attempts to diversify its oil and natural gas supplies.¹⁵⁶ This is why China started to look towards Central Asian and other Gulf countries such as Kazakhstan and KSA.

¹⁵⁴ Muhamad S. Olimat, *China and the Middle East Since World War II: A Bilateral Approach*, (Lexington Books, 2014), p. 55.

¹⁵⁵ Scott Harold and Alireza Nader, *China and Iran: Economic, Political, and Military Relations*, (RAND Center for Middle East Public Policy, 2012). p. 12.

¹⁵⁶ Muhamad S. Olimat, *China and the Middle East Since World War II: A Bilateral Approach*, (Lexington Books, 2014,) p. 57.

As we will see in the next chapter China's "go-slow and pull-back" approach to energy cooperation with Iran was influenced and shaped by US-Chinese relations.¹⁵⁷ China did its best to end the sanctions on Iran to secure more access to Iran's energy sector. However, China's interests in Iran go beyond energy security and we will see that China was also involved in the Iranian nuclear program and has further pushed its geopolitical interests.

B. Security Cooperation Around Xinjiang

Massive geopolitical changes mainly after the war in Afghanistan and the rise of ISIS, have deprived Xinjiang province of the defensive buffer that long shielded China from the fallout of the conflict in the Middle East. China is well aware of the inter-connected stability across the Eurasian landmass. Thus the security and stability in Xinjiang have become a priority for Beijing when shaping its foreign policy towards the Middle East. Beijing is worried that extremist transnational movements such as ISIS would infiltrate and provide military training and inspiration to Uyghurs in Xinjiang province. Already according to China, there are estimated 3000 Uyghur fighters under the banner of the "Eastern Turkistan Islamic Party" concentrated in Idlib, Syria.¹⁵⁸ Uyghurs are Turkic people living in Xinjiang who sought independence from China. Official Beijing believes that Iran's influence in the Middle East will expand and already has strong ties with Central Asian countries. Central Asia is important

¹⁵⁷ John W. Garver, China's Iran Policies, China's Current and Emerging Foreign Policy Priorities, *Testimony Before the U.S.-China Economic and Security Review Commission on China's Current and Emerging Foreign Policy Priorities*, April 13, 2011. P. 11, www.uscc.gov/si-tes/default/files/4.13.11Garver.pdf.

¹⁵⁸ Mehdi Jedinia, Sirwan Kajjo, "Analysts: Uighur Jihadis in Syria Could Pose Threat", *Voanews*, December 15, 2018, <https://www.voanews.com/extremism-watch/analysts-uighur-jihadis-syria-could-pose-threat>, accessed 11/6/2020.

to China as the government is trying to exert its soft power there to prevent the support and sympathy of Islamists movements to Uyghur militants.

After the 1979 revolution, Iranian religious organizations secretly established a small number of madrassahs (religious seminaries) in Xinjiang without Chinese authorization and secretly invited Uyghur Shias to study in Iran.¹⁵⁹ In 1992, when Iranian President, Ali Akbar Rafsanjani visited the region, the Uyghurs greeted him like a hero. Rafsanjani had signed an agreement with China to link Iran to Xinjiang by air and a railway.¹⁶⁰ China tried to win over Iran since it had concerns that a conflict with Iran would trigger negative consequences in Xinjiang where a small minority of Shia Tajiks live. In 2009 when clashes erupted in Xinjiang and the police cracked down the protests, former Iranian acting Foreign Minister, Hossein Sheikh al-Islam reminded the Chinese about the Iranian clerics' sensitivity over the issue and urged "China to respect the rights of Muslims".¹⁶¹ One of the clerics, Ayatollah Youssef Sanei, a reformist, argued that Iran, which considers itself the defender of the Muslim World, is unable to criticize China due to its commercial, military and political ties. On one of the reformist websites, he raised the following question: "*How could China suppress the Muslims so violently and seek good relations with Muslim countries, and sometimes dominate their markets?*"¹⁶² As a result, the Chinese realized that the incident was a wake-up call and the issue should be a top priority concern when dealing with major Islamic countries such as Iran.¹⁶³ China's strategy is based on the idea that close ties with major Muslim countries would nudge

¹⁵⁹ James M. Dorsey, *China and the Middle East; Venturing into the Maelstrom*, (Palgrave Macmillan, 2019), p. 100.

¹⁶⁰ *Ibid.*, 101.

¹⁶¹ "East Turkestan: Iran Urges China to Respect Rights of Uyghurs", *Unrepresented Nations and Peoples Organization*, August 3, 2009, <https://unpo.org/article/9877>.

¹⁶² Robert F. Worth, Clerics Fault a Mute Iran as Muslims Die in China, *New York Times*, June 13, 2009 <https://www.nytimes.com/2009/07/14/world/middleeast/14iran.html?auth=login-facebook>.

¹⁶³ The Iran Nuclear Issue: The View from Beijing, *Crisis Group Asia Briefing*, no. 100, February 17, 2010.

Uyghurs to follow the path of China's Hui Muslims and assimilate in the society by giving up their separatist ambitions.¹⁶⁴ Chinese officials started to call for common security cooperation. In June 2019 article in the Iranian daily *Tehran Times*, the Chinese ambassador in Iran wrote that cooperation between the two countries in countering terrorism and extremism will grow larger and both can play an important role in safeguarding the security and stability of the region.¹⁶⁵ China also saw Shiism as anti-dote to Salafism that was the prime anti-Chinese mobilizing ideology in Xinjiang.

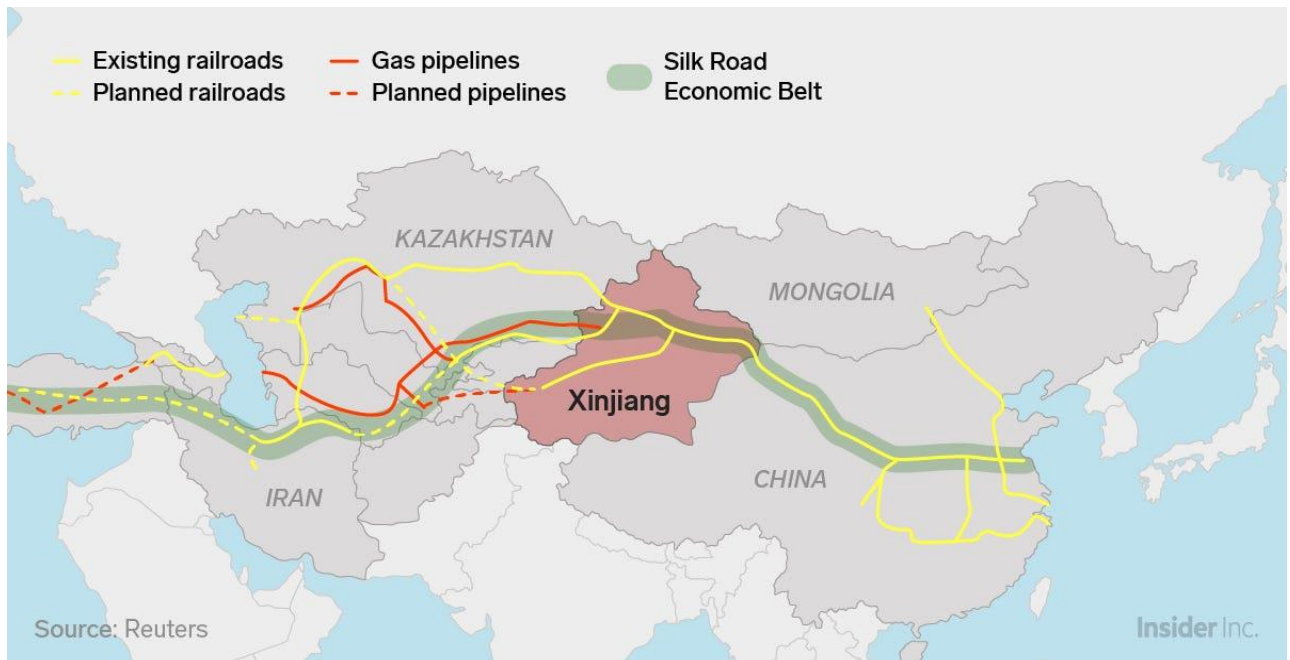
Moreover, China was alerted in 2014, when ISIS published the map of the Islamic Caliphate which included the "Eastern Turkistan" (Xinjiang province) as part of the empire. Al Qaida also expressed a similar attitude, condemning China's policy towards the Uyghurs and claimed that Xinjiang will soon to be liberated by the "army of Islam".¹⁶⁶ China believes that the Chinese-built infrastructure in Pakistan and Central Asia would increase interdependency and spur economic development and silence any separatist movement in the region.¹⁶⁷ As seen in "Map 5", Xinjiang has been the gate of China in expanding railroads and pipelines towards Central Asia and the Middle East. For this reason, China needs Iran to play a strategic role in the Belt and Road initiative, wherefrom the Chinese perspective, economic prosperity would bring stability in the region.

¹⁶⁴ James M. Dorsey, *China and the Middle East; Venturing into the Maelstrom*, (Palgrave Macmillan, 2019), p. 100.

¹⁶⁵ Chang Hua, "Chinese ambassador to Iran, Efforts to counter terrorism and extremism in Xinjiang", *Tehran Times*, June 7, 2019, <https://www.tehrantimes.com/news/437824/Efforts-to-counter-terrorism-and-extremism-in-Xinjiang>.

¹⁶⁶ James M. Dorsey, *China and the Middle East; Venturing into the Maelstrom*, (Palgrave Macmillan, 2019) p. 101.

¹⁶⁷ *Ibid.*, 101.



Map 5: Chinese Xinjiang province at the crossroads of the “Belt and Road Initiative”. Source: Business Insider, February 23, 2019

C. Iran’s Position in the Belt and Road Initiative

Coming to the “Belt and Road Initiative”, at every opportunity, officials from both sides invoke the ancient relationship between the two countries and how they shaped the history of the Silk Road. Historical wounds and centuries of colonial occupation and humiliation and sense of victimization by British and American colonial interventions are deeply sensed in the national consciousness of both people.

In 2015, with State Council authorization, “*Vision and actions on jointly building Silk Road economic belt and 21st century maritime Silk Road*” vision document was published.¹⁶⁸

This document states that the BRI will focus on bringing together China, Central Asia, Russia,

¹⁶⁸ Astrid H. M Nordin and, Mikael Weissmann, “Will Trump make China great again? The belt and road initiative and international order”, *Chatham House*: Volume 94, no 2, March 9, 2018, <https://www.chathamhouse.org/publication/ia/will-trump-make-china-great-again-belt-and-road-initiative-and-international-order>.

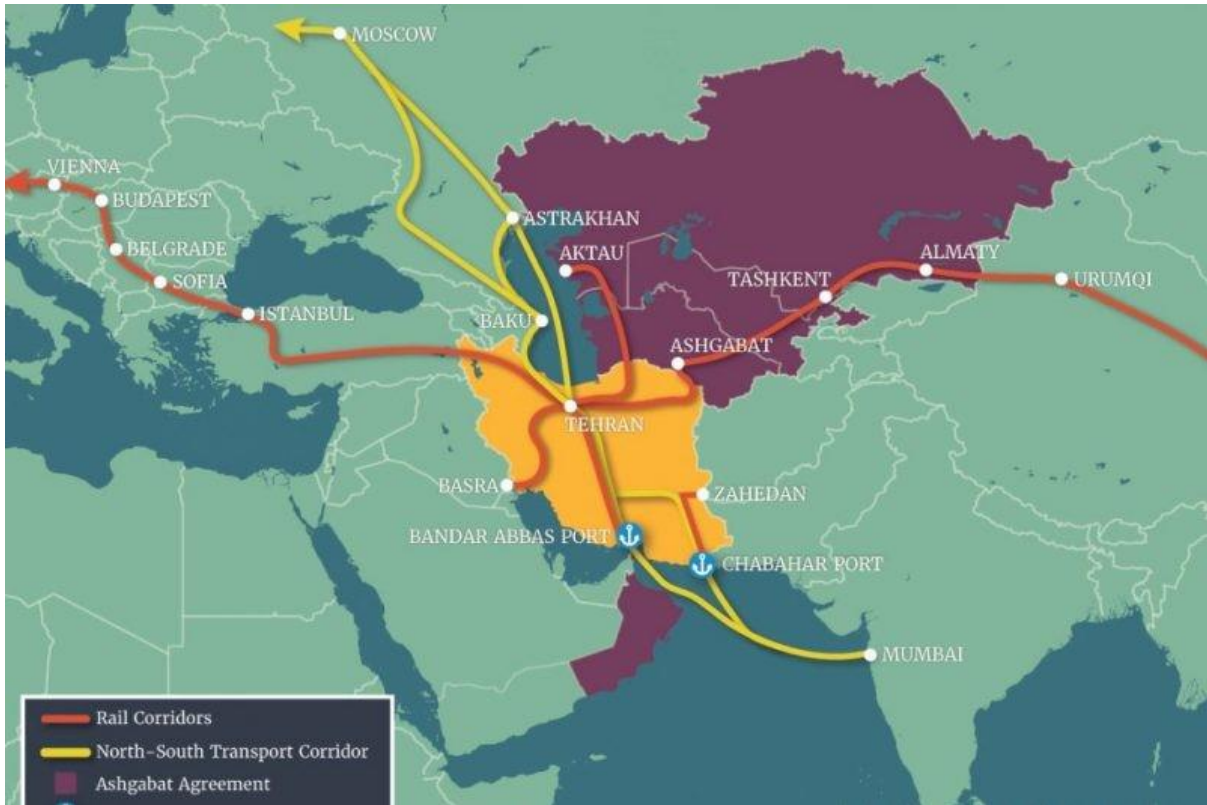
and Europe; linking China with the Persian Gulf and the Mediterranean Sea.¹⁶⁹ Iran offers an important overland route to Europe, where railroads and pipelines extend from Xinjiang through the Southern corridor of the Caspian Sea and bypass Russia. China also recognizes Iran's historical suspicion of Russia's motives in Southern Caucasus and Central Asia.¹⁷⁰ Iran's relations with Russia are based on expediency rather than shared strategic interests. Tehran's suspicion towards Russia was later justified when Moscow in 2010 halted the plan to transfer S-300 air defense missile systems to Iran due to American and Israeli pressures.¹⁷¹

As seen in "Map 6" The BRI passes through Turkmenistan and later Iran dividing into two routes: an east-west to Turkey and north-south to the Persian Gulf (Bandar Abbas port). Turning it into China's transportation hub in the Middle East, Iran may likely be a future supplier of piped gas to China via the Iran-Pakistan and Iran-Turkmenistan pipelines which is under construction. Whether Iran in the future can be transformed into a strategic node along BRI will largely depend on the geopolitical dynamics in the region and Iran's domestic stability. Translating BRI from a vision into a project will require some level of security and economic cooperation between Iran, China, and Russia.

¹⁶⁹ Anoushiravan Ehteshami and Niv Horesh (Ed.). *China's Presence in the Middle East; the Implication of the One Belt, One Road Initiative*, (New York, Routledge, 2018), p. 27.

¹⁷⁰ Lindsay Hughes, The Energy and Strategy of China-Iran Relations, *Independent Strategic Analysis of Australia's Global Interests*, November 17, 2015.

¹⁷¹ Russia halts S-300 delivery to Iran on back of Israeli intelligence: report, *I24news*, March 6, 2016, <https://www.i24news.tv/en/news/international/105183-160305-russia-halts-s-300-delivery-to-iran-on-back-of-israeli-intelligence-report>.



Map 6: Iran and the North-South Transport Corridors, Source: Chabahar Free Industrial Zone, April 10, 2019

The BRI has also geopolitical goals, where China would easily transform arms and weaponry to Iran through these railroads without the US notice. From the Chinese perspective, if Iran is well-armed, it would check the American influence in the Persian Gulf. Some conservative hardliners in China’s military and national security establishments prefer a nuclear Iran if that compels the Americans to deploy more forces in the Gulf rather than East Asia.¹⁷² These establishments also view Iran as a counterweight against radical Islamists movements such the ISIS.¹⁷³ China views Iran as a strong strategic partner in any future potential struggle against the US. Chinese generals stress the value of geopolitical gains where a strong “anti-US” Iran suits their regional calculations. For them, Iran is a stronghold to uphold

¹⁷² Barbara Slavin, *Iran Turns to China, Barter to Survive Sanctions*, Atlantic Council, *Iran Task Force*, Nov. 2011, p. 3.

¹⁷³ Andrew Schobell and Alireza Nader, *China in the Middle East: The Wary Dragon*, (RAND Corporation, 2016), p. 51.

US expansion to East Asia and thus preventing the US from “carving up and destroying China”.¹⁷⁴ With the fall of the Soviet Union, China was concerned that the US would support separatist movements in China and push for Taiwan’s independence to weaken Beijing. Hence, if resistance against the US is met outside China’s sphere of influence, then the American direct threat to China’s sovereignty may be minimized. Iran, for its part, is anxious about the US military presence in the Gulf, which it views as its rightful sphere of influence. The sanctions have devastated Iran’s economy.¹⁷⁵ Iranian officials believe that China’s political, economic, and military interests are tied to Iran.¹⁷⁶ From an Iranian perspective, China is a useful “ally” because of its position in the UN Security Council, which gives her potential diplomatic and political cover. China’s support for Iran is also linked with its concerns about the “color revolutions” that swept the region over the last years. For China, the disappearance of the Iranian government is an economic and geopolitical loss. Beijing considers that these “revolutions” are conspiracies to produce political gains for the West.¹⁷⁷ For both, regime survival became dependent on economic prosperity and geopolitical gains.

For this purpose, China supported Iran’s quest to develop its own short, medium, and long-range missiles. Starting the late 1980s, China started to export to Iran HY-2 Silkworm cruise missiles and C802 anti-ship missiles which raised deep concerns in Washington over the safety of its naval forces in the Persian Gulf. These weapons were threatening US warship and oil tankers in the Gulf. However, a closer look at figures one may indicate that between 2005-2010 China exported weapons of the only worth of \$384 million to Iran, extremely low

¹⁷⁴ John W. Garver, Is China Playing a Dual Game in Iran?, *The Washington Quarterly*, Winton 2011, Vol. 34, no. 1, p. 84

¹⁷⁵ “Six charts that show how hard US sanctions have hit Iran”, *BBC news*, December 9, 2019, <https://www.bbc.com/news/world-middle-east-48119109>, accessed 11/6/2020

¹⁷⁶ Scott Harold and Alireza Nader, China and Iran: Economic, Political, and Military Relations, *RAND Center for Middle East Public Policy*, 2012. p. 5

¹⁷⁷ The Iran Nuclear Issue: The View from Beijing, *Crisis Group Asia Briefing*, no. 100, February 17, 2010.

compared to China's arms sale to neighboring Pakistan.¹⁷⁸ This reflects China's "arms for oil" formula, which allows countries such as Iran to trade their oil for weapons. Moreover, UNSC resolutions forbid Beijing to sell heavy weapons and to cooperate in ballistic missiles technology with Tehran. Chinese companies also sold the necessary technology for Iran to develop "Shahab-3" and "Shahab-4" missile systems.¹⁷⁹

Moreover, China's markets and the flow of cash within the context of BRI have prevented the Iranian economy from isolation and further collapse, giving her enough "oxygen" to resist US pressures. Finally, China's non-interventionist policy in the region makes Iran believe that Beijing will not meddle in Iran's domestic affairs. As Shariatinia and Azizi (2019) both experts on Iran wrote that from the Iranian side: "any force aimed at the redistribution of power on the global scene is considered an opportunity, and could help the country (Iran) gain more freedom of action...in the international arena." For Iran "China's rise is a game-changer...and BRI provides her with significant economic, as well as geopolitical opportunities".¹⁸⁰

Thus their shared interest became a guide to the direction of building a multipolar regional and global order. In the case of Chinese-Iranian relations, ideological differences (communism vs theocracy) have been outweighed by energy trade, strategic concerns, and political flexibility. Chinese-Iranian relations took a strategic direction seeking to raise political influence in international affairs.¹⁸¹ In the coming section, we will highlight cooperation with

¹⁷⁸ Lounnas Djallil, China and the Iranian Nuclear Crisis: Between Ambiguities and Interests, *European Journals of East Asian Studies*, Vol. 10, (2011), p. 235.

¹⁷⁹ John Clabrese, China and Iran: Partners Perfectly Mismatched, Middle East Institute, August 18, 2006, p. 11.

¹⁸⁰ Mohsen Shariatinia & Hamidreza Azizi, Iran and the Belt and Road Initiative: Amid Hope and Fear, *Journal of Contemporary China*, March 21, 2019, p.4.

¹⁸¹ Scott Harold and Alireza Nader, China and Iran: Economic, Political, and Military Relations, RAND Center for Middle East Public Policy, 2012. p. 19.

Iran in nuclear energy which ultimately drew Beijing's pragmatic policy and diplomatic influence during the nuclear negotiations.

D. Nuclear Energy Cooperation with Tehran

It is important to analyze and understand why China halted its nuclear cooperation with Iran. The section will show how China gave up this domain to preserve its stable relations with the Americans at the expense of Iranians and eventually gain America's trust.

Following the 1979 Iranian revolution, the Americans and later the Europeans halted the nuclear cooperation with Iran.¹⁸² At the beginning of the 2000s, reports circulated of a secret Iranian uranium enrichment program which raised alarms that the Iranian government was developing nuclear weapons.¹⁸³ The International Atomic Energy Agency (IAEA) launched an investigation in 2003 and found that Iran had built secret facilities for nuclear purposes. In 2006, UNSC declared that Iran had violated its obligation under the Nuclear Proliferation Treaty (NPT) and demanded Tehran to suspend its enrichment programs.

Under Western pressure, Iran was desperate for nuclear cooperation and equipment to continue its program. Russians and the Chinese expressed their readiness, however, they were cautious too.¹⁸⁴ Russians were vulnerable to pressure from the US and the Israeli lobby and they were worried that if Iran becomes a nuclear power it may shift the balance of power in the

¹⁸² Iran nuclear program, *Nuclear Threat Initiative*, January 2020, <https://www.nti.org/learn/countries/iran/nuclear/>.

¹⁸³ Ibid.

¹⁸⁴ Bulent Aras and Fatih Ozbay, Dances With Wolves: Russia, Iran And The Nuclear Issue, *Middle East Policy Council*, Volume 13, No. 4, Winter 2006, <https://mepc.org/journal/dances-wolves-russia-iran-and-nuclear-issue>.

South Caucasus and Central Asia. Beijing was also cautious with Tehran and preferred a careful separation of its oil and gas interests from the nuclear program.

For a short period, China cooperated with Iran in nuclear technology. China signed a nuclear agreement with Iran in 1985 and trained Iranian nuclear scientists and helped to build a nuclear research facility in Isfahan. However, in 1997, China gave up on American pressures and had to suspend its nuclear cooperation with Iran.¹⁸⁵ This suspension can be explained in four points: China's desire to access US nuclear technology; China's efforts to stabilize and normalize relations with Washington; Beijing's desire to be recognized as rising responsible power among other major powers; and finally, China, as a member (1992) of Treaty of Non-Proliferation of Nuclear Weapons (NPT), is under the duty to restrict the number of states possessing nuclear weapons.¹⁸⁶ These points were later translated in China's backing of UNSC Resolution 1803 which included a point forbidding the sale of nuclear goods to Iran.

Some Chinese analysts believe that if Tehran acquires nuclear weapons then other Middle Eastern neighboring countries will start a nuclear arms race, where any escalation of tensions will increase oil prices and thus further jeopardize China's status as a major nuclear power.¹⁸⁷ Nevertheless, the Chinese do not share the fear of a nuclear threat from Iran, they believe that Iran lacks the technology of weaponized enriched uranium. According to general Zhang Zhaozhong, from the National Defense University of China, the enrichment technology of Iran is still primitive, and Iran does not have large quantities of uranium ore, enough facilities, and equipment.¹⁸⁸ China's representatives during the UNSC sessions had always

¹⁸⁵ Lounnas Djallil, China and the Iranian Nuclear Crisis: Between Ambiguities and Interests, *European Journals of East Asian Studies*, Vol. 10, (2011), p. 237

¹⁸⁶ Ibid.

¹⁸⁷ Hany Besada and Justine Salam, "China's Energy Strategy in the MENA Region", *China Quarterly of International Strategic Studies*, Vol. 3, No. 4, Winter 2017, p. 615

¹⁸⁸ The Iran Nuclear Issue: The View from Beijing, *Crisis Group Asia Briefing*, no. 100, February 17, 2010.

stressed the need to find a diplomatic solution to the nuclear issue and to safeguard the non-proliferation regime, and guarantee Iran's right to nuclear energy for peaceful purposes.¹⁸⁹ The idea that Iran should not possess nuclear arms but has the right to a peaceful nuclear program was a key factor in shaping China's pro-active policy towards nuclear negotiations.

In the following chapter, we will highlight China's pro-active balanced diplomacy dealing with Iran's nuclear negotiations. The chapter will argue that China is not ready to side with Iran at the expense of its relations with the US. Despite this, China continues to advocate Iran's right to develop nuclear energy for peaceful means and bring stability to the region to secure its energy and geopolitical interests.

¹⁸⁹ Emma Scott , "A Nuclear Deal with Chinese Characteristics: China's Role in the P5+1 Talks with Iran", *Jamestown Foundation, China Brief*, Volume: 15 Issue: 14, July 17, 2015, <https://jamestown.org/program/a-nuclear-deal-with-chinese-characteristics-chinas-role-in-the-p51-talks-with-iran/>, accessed 10/6/2020

CHAPTER V

CHINA'S "PRO-ACTIVE" DIPLOMACY; HAS BEIJING SECURED ITS INTERESTS DURING THE NUCLEAR NEGOTIATIONS?

This chapter will be divided into three sections. The chapter will analyze how China tried to maneuver between the sanctions and tried to minimize their impacts on its oil and gas deals with Iran, it will also highlight how China's pro-active diplomacy was successful in Iran and how this policy preserved China's energy and geopolitical interests in the Persian Gulf and beyond. The first section will address in detail how China operated within the Iran sanctions regime and why Beijing voted in favor of UN Security Council resolutions that imposed these sections. China's main goal behind supporting these sanctions was to win the trust of the international community and the US specifically. The second section will trace the roots of China's pro-active diplomacy, and analyze China's balanced pro-active diplomacy towards Iran during the nuclear talks and how Beijing tried to satisfy the American and Iranian sides. China played a pivotal role in bringing the two sides together and provide a compromise deal based on "Hua's proposal". The final section of this chapter will address the question of whether this pro-active diplomacy helped China to secure its energy and geopolitical interests amid the Iranian nuclear talks and agreement in 2015.

A. Dancing Around the Sanctions

In November 2003, the IAEA (International Atomic Energy Agency) declared that Iran had violated its obligations under NPT (Nuclear non-Proliferation Treaty). Two years later, Iran officially declared that it had started the process of uranium enrichment and claimed that

it was forced to resolve secrecy due to the concern that the US may have pressured foreign governments to halt their nuclear contracts with Tehran. Six United Nations Security Council resolutions have since been passed: resolutions 1969 (July 2006), 1737 (December 2006), 1747 (March 2007), 1803 (March 2008), 1835 (September 2008) and 1929 (June 2010). These resolutions included sanctions, embargoes, and freezing assets and arms sale and call for Iran to abide by the rules of nuclear non-proliferation.

China has voted in favor of all these resolutions. Officially, China justified its position within the context of the Non-Proliferation Treaty that forbids countries to develop nuclear weapons and abiding by its duties of restricting the number of states acquiring nuclear arms. By doing so, on one hand, China believed that limited sanctions can be useful to bring Iran to the negotiation tables, and on the other, it could satisfy Washington.¹⁹⁰ However, China argued that pressing the sanctions too hard, by isolating Iran economically, can be counterproductive since Iran might take extreme steps, Tehran would reject dialogue with Great Powers, and further enrich uranium. The Chinese leadership was caught between the need to keep strong ties with the US and preserve its energy interests with Iran. Moreover, China's power as a permanent member of the UN Security Council grants it the authority to water down the punitive content of the sanctions. As we will analyze in the coming section, China has supported multilateral sanctions but at the same time presented itself as a mediator between Tehran and the West, in order to have diplomatic and economic influence in Iran.

How did China respond and “dance” along with the sanctions? Iran's intransigence to give concessions on its nuclear program in the beginning, left China no choice but to agree in March 2006, to transfer the nuclear debate from IAEA to the UN Security Council and later

¹⁹⁰ Zhao Hong, “China's Dilemma on Iran: Between Energy Security and a Responsible Rising Power”, *Journal of Cotemporary China*, Vol. 23, No. 87, 420, 2014, <https://www.tandfonline.com/doi/full/10.1080/10670564.2013.843880>

adopt the UNSCR 1696 urging Tehran to halt its nuclear activities within 30 days.¹⁹¹ China had until then insisted that given its technical nature, the IAEA was a better venue in dealing with the nuclear issue than the highly politicized and polarized Security Council. In June 2006, former Iranian President Mahmoud Ahmadinejad met his Chinese counterpart President Hu Jintao in Beijing. Jintao advised the Iranians to respond positively to the requests of the international community to further facilitate the dialogue process.¹⁹² But when Iran ignored the advice and continued its uranium enrichment by removing UN seals on enrichment equipment, and ignoring the deadline to halt the program as specified in Resolution 1696, China joined the UNSC permanent members and Germany (known as P5+1) in implementing gradual sanctions against Iran, with the hope that the latter would compromise.¹⁹³ The Iranians were a bit reluctant about whether to trust the Chinese in UNSC. For instance, in 2006, responding to a question whether China will veto one of the UN resolutions on Iran's nuclear program, China's then Foreign Minister, Li Zhao Xing answered that veto cannot be used extensively and China's decision will not depend only on the existing proof of nuclear weapon development by Iran but also on the attitude of other permanent members in the Security Council.¹⁹⁴ That is, China was not then ready to confront the world powers to protect Iran's nuclear ambitions. This was a signal where Tehran realized that in order not to remain isolated it had to sit on the negotiation table.

In order not to threaten its relations with Iran, China made it clear that it supports Iran's right of the peaceful nuclear program but opposes allowing Iran obtaining nuclear weapons

¹⁹¹ Lounnas Djallil, "China and the Iranian Nuclear Crisis: Between Ambiguities and Interests", *European Journal of East Asian Studies*, 10, 239, 2011, https://brill.com/view/journals/ejea/10/2/article-p227_8.xml

¹⁹² Ibid., 249.

¹⁹³ Hany Besada and Justine Salam, China's Energy Strategy in the MENA Region, *China Quarterly of International Strategic Studies*, Vol. 3, No. 4, p. 615, <https://www.worldscientific.com/doi/abs/10.1142/S2377740017500269>.

¹⁹⁴ Djallil, "China and the Iranian Nuclear Crisis: Between Ambiguities and Interests", 239.

since this would trigger a nuclear arms race and nuclear proliferation in the Middle East and thus threatens China's energy security. Thus, Beijing engaged with Moscow to soften the sanctions and block any US-led attempt to introduce a Chapter VII resolution at the UN.¹⁹⁵ Both Beijing and Moscow acted as "good offices" between Tehran and the Western Powers. China was concerned that any UN resolution under Chapter VII would not only trigger the suspension of nuclear talks but also open the path to American military intervention or air strikes on Iran. China's diplomatic skills and its open diplomatic channels with Russia, the EU, and the US have provided her enough leverage to bargain with great powers over the Iranian nuclear crisis. For example, in November 2003, IAEA demanded a report on the activities of the Iranian nuclear program, Beijing, and Moscow tried to postpone the report until February 2006. Similar delays occurred during the adaptation of UN Security Council resolutions. For instance, resolution 1737 (December 2006), resolution 1747 (March 2007) and resolution 1803 (March 2008) banned missiles transfer and sensitive material related to the Iranian nuclear program.¹⁹⁶ China abided with all these resolutions winning the trust of Western states. Moreover, when US President Barack Obama pushed for a four-round of sanctions in mid-December 2009, China started negotiations with the American side on certain details having the aim to delay the resolution until June 2010 where the resolution 1929 was adopted.¹⁹⁷ During the negotiations to adopt the UN Security Resolution 1747 in March 2007, China resisted the restriction on governmental loans for firms doing business in Iran.¹⁹⁸ Beijing

¹⁹⁵ "Iran Says Russia, China Won't Back Sanctions", *Radio Free Europe Radio Liberty*, May 2, 2006, <https://www.rferl.org/a/1068078.html>.

¹⁹⁶ Lounnas Djallil, "China and the Iranian Nuclear Crisis: Between Ambiguities and Interests", *European Journal of East Asian Studies*, 10, 250, 2011, https://brill.com/view/journals/ejea/10/2/article-p227_8.xml

¹⁹⁷ John W. Garver, China's Iran Policies, China's Current and Emerging Foreign Policy Priorities, *Testimony Before the U.S.-China Economic and Security Review Commission on China's Current and Emerging Foreign Policy Priorities*, April 13, 2011. P. 6, www.uscc.gov/sites/default/files/4.13.11Garver.pdf

¹⁹⁸ *Ibid.*, 7

insisted that the resolution should target individuals rather than companies or governments. It also sought to make the sanctions voluntary rather than mandatory.

In the IAEA and UNSC debates, China always supported Iran's right for the peaceful development of its nuclear program but rejected any threat or use of military means to halt the program. For instance, Beijing secured the replacement and the elimination of certain "harsh words" from the UNSC resolutions such as replacing the word "report" with the word "referral" to describe IAEA transmission of the Iranian nuclear issue to the UNSC.¹⁹⁹ Since by using the term "report" Beijing argued that it can be implied that the nuclear issue was a threat to international security, which hinted the possible use of military force against Iran, something that Beijing and Moscow lobbied against.²⁰⁰ Although, China abide by the resolutions, nevertheless, it showed reservations in implementing them since the Chinese saw them as non-binding resolutions that should not tackle Iran's oil and gas production.²⁰¹

Consequently, the Iranian nuclear program provided Beijing the opportunity to provide a good example of China's attempts to balance its policies on one hand cooperating with the US and on the other, safeguarding its interests in the Gulf. Beijing has been always cautious with Iran and prefers a careful separation of the nuclear program from energy interests. Beijing ensured that the sanctions would not threaten the commercial relations with Iran especially the energy sector that produced most of Iran's foreign currency revenues.²⁰² This was clear when between 2002-2009 the US unilaterally under "US Legislations and Executive Orders" sanctioned 74 times 40 Chinese entities but interestingly none of the Chinese firms dealing

¹⁹⁹ John W. Garver, China's Iran Policies, China's Current and Emerging Foreign Policy Priorities, *Testimony Before the U.S.-China Economic and Security Review Commission on China's Current and Emerging Foreign Policy Priorities*, April 13, 2011. P. 7, www.uscc.gov/si-tes/default/files/4.13.11Garver.pdf

²⁰⁰ John W. Garver, China's Iran Policies, China's Current and Emerging Foreign Policy Priorities, April 13, 2011. P. 6.

²⁰¹ Ali Bagheri Dolatabadi and Rouhollah Zarei, The Future of Iran-China Relations: An Alliance or Pure Cooperation?, *Comparative Politics Russia Journal*, Vol 9, number 1, 2018, p. 65.

²⁰² Garver, "China's Iran Policies, China's Current and Emerging Foreign Policy Priorities", 7.

with oil and gas in Iran were on the list.²⁰³ Meanwhile, Chinese state-owned companies such as Sinopec and China National Petroleum Company (CNPC) were receiving waivers and legally bypassing the sanctions allowing them to import oil from Iran.²⁰⁴ Moreover, Chinese and Iranian tankers have tried to avoid sanctions by turning off their location transponders and changing the names of oil tankers.²⁰⁵ Nevertheless, the Chinese government and national companies have complied with UN sanctions. While remaining Iran's largest energy purchaser, Beijing nevertheless decreased its oil and gas purchase.²⁰⁶ Chinese businesses began taking advantage as international companies started pulling out. As a result in 2005 and 2007, China overtook Japan and the EU as Iran's largest trading partner.²⁰⁷ In the beginning, as China started to pursue a balancing foreign policy towards the nuclear issue, Iran was furious seeing Chinese companies delaying their projects. This is why in April 2014, Iran canceled a \$2.5 billion deal of Azadegan oil field due to the delays from the Chinese side.²⁰⁸

China was eager not to upset the American side too. For instance, in 2014, China's trade with the US was ten times the value of China's trade with Iran, as well as the value of Chinese direct and indirect investments in the US. China also engaged in important agreements with the US over climate change and counterterrorism.²⁰⁹ China also took into consideration of

²⁰³ John W. Garver, *China and Iran: Expanding Cooperation under Conditions of US Domination, Toward Well-Oiled Relations?* Niv Horesh (ed), *China's Presence in the Middle East following the Arab Spring*, (UK: Palgrave Macmillan, 2016) 193.

²⁰⁴ Dan Katz, "Despite sanctions, China is still doing (some) business with Iran", Atlantic Council, October 1, 2019, <https://www.atlanticcouncil.org/blogs/iransource/despite-sanctions-china-is-still-doing-some-business-with-iran/>, accessed 20/6/2020.

²⁰⁵ Ibid.

²⁰⁶ Andrew Scobell and Alireza Nader, "China in the Middle East: The Wary Dragon", *RAND Corporation*, (2016): 50, https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1229/RAND_RR1229.pdf, accessed 14/10/2018.

²⁰⁷ Ibid., 59.

²⁰⁸ Benoît Faucon, "Iran Cancels \$2.5 Billion Contract With Chinese Oil Company", *The Wall Street Journal*, April 29, 2014, <https://www.wsj.com/articles/iran-cancels-2-5-billion-deal-with-chinese-oil-company-1398760835>, accessed 1/4/2020.

²⁰⁹ Joel Wuthnow, "China and the Iran Nuclear Issue: Beyond Limited Partnership", Testimony before the U.S.-China Security and Economic Review Commission Hearing on "China and the Middle East", June 6, 2013.

Iran's regional foes such as Saudi Arabia and Israel. The former was China's main crude oil supplier, and Beijing was keen to have access to Israeli technology. As negotiations took a positive path, in January 2014, the US administration announced that it will not sanction Chinese firms that import Iranian crude oil, as long as they maintain their current import levels.²¹⁰

As will be made clearer in the next section, China's diplomacy during the sanctions and negotiations was successful. While, Beijing was bargaining with the American not to penalize Chinese energy firms, from 2003-2009, according to China's annual diplomatic yearbooks, there were 80 high level Chinese-Iranian official exchanges.²¹¹ While agreeing on the resolutions, China's strategy was to hold onto the projects that its companies had signed with Iran but to delay their implementation until it was safe or until it was able to extract concessions from the US to do so. To secure its interests Chinese diplomacy succeeded in bringing all sides to get along during the 2015 Vienna nuclear negotiations which ultimately paved the way for the compromised agreement. The following section will highlight China's pro-active diplomacy and Beijing's underinvestigated role during the Iranian nuclear negotiations.

B. China's Pro-Active Diplomacy During the Iranian Nuclear Negotiations

Without China's pivotal role in the Iranian nuclear negotiations, reaching an agreement would have been a difficult task. Although both China and the US shared the same perspective on nuclear non-proliferation, China differed from the US when it comes to the Middle East. While China has called for a "nuclear-weapon-free Middle East", the US was reluctant for this

²¹⁰ Scobell and Nader, "China in the Middle East: The Wary Dragon", 64.

²¹¹ John W. Garver, China's Iran Policies, China's Current and Emerging Foreign Policy Priorities, *Testimony Before the U.S.-China Economic and Security Review Commission on China's Current and Emerging Foreign Policy Priorities*, April 13, 2011. P. 7, www.uscc.gov/si-tes/default/files/4.13.11Garver.pdf

idea due to Israel's possession of nuclear weapons. Moreover, Beijing insisted on a "multiple balancing system" where no single power can dictate the others.²¹² China's started to move from traditional "non-interventionist", "low profile" "responsive diplomacy" to more "pro-active diplomacy". That is instead of challenging the existing order, Beijing tried to build a negotiated order through the existing system and international institutions. That is an order based on dialogue, balance, and bargaining rather than directly confronting the US. I will further argue that the Iranian crisis was an opportunity for China to stretch its pro-active diplomatic muscles.

China's ability to grow requires a stable relationship with the US. China has used international and regional institutions (United Nations, Shanghai Cooperation Organization) to project power from within the order. According to Schweller and Pu (2011),

A rising power may employ a strategy of rightful resistance to improve its position within the established order. Such a state does not seek to overthrow the order but merely to gain recognition of its rights and prestige within the system and to garner a better position for itself as a power broker at various international bargaining tables.²¹³

That is when a rising power becomes successful under the existing order, then it becomes too costly for it to pursue revisionist aims. China's pragmatism is based on its judgment of the current international order.²¹⁴ This is why the announcements and practice of Chinese diplomats and high officials show that they are keen to support international institutions and multilateralism when it comes to conflict resolution.

²¹² Srikanth Kondapalli, "China and the Iranian Nuclear Issue-Converting Challenges into Opportunities", *Contemporary Review of the Middle East*, 3 (1) 68, 2016 ,

²¹³ Randall L. Schweller and Xiaoyu Pu, "After Unipolarity: China's Visions of International Order in an Era of U.S. Decline", *International Security*, Volume 36, Issue1, (Summer 2011): 50, https://www.mitpressjournals.org/doi/abs/10.1162/isec_a_00044

²¹⁴ Bryce Wakefield and Susan L. Levenstein, "China and the Persian Gulf; Implications for the United States", *Woodrow Wilson International Center for Scholars*, Washington DC, (2011): 25, https://www.wilsoncenter.org/sites/default/files/ASIA%20Program_China%20and%20the%20PG.pdf, accessed 11/10/2018

China's special envoy for Africa, Zhong Jiahuang sums up China's increasing role in conflict zones when he said: "It's a new challenge for us. Since it is new for us, we...always do things pretty cautiously...We are not only a participant, but also learning".²¹⁵ Therefore, China is no more playing a "wait-and-see" game. China's flexible diplomacy gives it more space to maneuver. This is where the concept of "pro-active diplomacy" comes which is based on pragmatism and creativeness. This policy has become the guiding diplomatic strategy of China's foreign policy towards the Iranian nuclear crisis. Chinese leaders started to initiate suggestions and offered to play mediating roles. They have realized that negotiations and compromise are less costly than wars which would eventually destabilize the world system and oil prices.

Coming to the Middle East, China's position is a reflection of its global attitude toward the existing order. As the Chinese scholar, Wu Lei puts it, "a peaceful geopolitical environment of the MENA is a requirement for China's energy security". However, Lei continues saying that, there is little chance to win a confrontation against the US since "China (yet) lacks the capability of dealing with international energy politics and risks"²¹⁶ Beijing has calculated that any military confrontation between Iran and the US/Israel would not just be disastrous for Iran and the region but also China's geopolitical and energy interests in the Middle East. In 2011 and 2012, when then Israeli Defense Minister Ehud Barak, Chief of Staff Benny Gantz, and Foreign Minister Avigdor Lieberman started pressuring unsuccessfully President Obama to take military action against Iranian nuclear facilities, China acted quickly by pressuring Iran to

²¹⁵ Lars Erslev and Yang Jiang, *Oil, Security, and Politics, Is China Challenging the US in the Persian Gulf?* (Danish Institute for International Studies, 2014), p. 34

²¹⁶ Wu Lei, *The Oil Politics & Geopolitical Risks with China "Going Out" Strategy towards the Greater Middle East*, *Journal of Middle Eastern and Islamic Studies (in Asia)*, Vol. 6, No. 3, 2012, p. 79.

bring her to negotiating table.²¹⁷ Chinese leaders realized that such a war would not just threaten their oil and gas supply chain but also their ambitious BRI and the stability of the Xinjiang province.²¹⁸

China's first case study for its pro-active diplomacy was the Iranian nuclear crisis. In 2006 in an article published in *China International Studies*, the Chinese Foreign Ministry think tank's official journal, former Chinese ambassador to Iran, Hua Liming who was the mastermind behind the Iranian nuclear deal, wrote:

Since the major difficulty in resolving the Iran Nuclear issue lies in the antagonism between the US and Iran and the only way for its resolution is to conduct direct talks between the two countries, then why cannot China act as a mediator between them?...as the US and Iran distrust each other...there must be an influential big country to mediate and shuttle between them and put forwards plans for settlement for them to bargain on. China can and should play this role.²¹⁹

Liming highlights three important characteristics of China's policy in this article; it is a responsible great power, has the trust of both sides, and can bring both sides together by suggesting new ideas that both the Americans and Iranians can negotiate. For Liming, a mediating effort would strengthen China's reputation as a responsible great power, it would have a positive impact on Chinese-US relations and be perceived positively by Iran, whose dependence on China would be further increased.

China's pro-active balanced foreign policy was based on the policy of exerting influence on Iran to engage in talks with Washington, balance China's relations with both sides and manifest a desire to show that China is a great power and influencer in making peace. Three

²¹⁷ John Garver, China and Iran: An Emerging Partnership Post-Sanctions, *Middle East Institute*, February 8, 2016, <https://www.mei.edu/publications/china-and-iran-emerging-partnership-post-sanctions>, accessed 16/10/2019.

²¹⁸ Ibid.

²¹⁹ Hua Liming, "The Iranian Nuclear Issue and China's Diplomatic Choice," *China International Studies*, Winter 2006, no. 5, p. 95.

principles guided China's pro-active diplomacy that was highlighted by former ambassador Hua Liming's article: Iran should not acquire nuclear weapons, China's economic interests must not be jeopardized, and military force should not be used to solve the nuclear crisis.²²⁰ These principles were the main domino behind China's diplomacy during the last phase of the Iranian nuclear negotiations which will be further explained. Hua Liming suggested that China should abandon its non-interventionist responsive diplomacy and play a more pro-active role in dealing with the Iranian nuclear issue.²²¹ Thus we will highlight the evolution of China's mediation efforts between the Americans and Iranians, Beijing's role in the P5+1, and the "Basket proposal" which was vital in making Iran sign the JCAOP agreement.



Figure 4: A summary of China's balancing positions regarding Iran's nuclear talks

As seen in Figure 4, China tried to balance both sides, often taking positions supporting the US stance and often supporting some Iranian claims. Beijing's goal was to find a compromise that would be satisfactory to both sides. Sometimes, certain positions were

²²⁰ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 126.

²²¹ Hua Liming, "The Iranian Nuclear Issue and China's Diplomatic Choice," *China International Studies*, Winter 2006, no. 5, p. 97.

dependent on the tense relations China experienced with the US or Iran. For example, When in January 2010, the Obama administration announced a sell off \$6.4 billion arms sale to Taiwan, China retaliated with taking a harsher position during the nuclear negotiations.²²²

Finally, after long intense negotiations, in 2013 Iranian President Hasan Rouhani declared that Iran has no intention to acquire nuclear weapons talks started to accelerate. The same year, China started using its good offices and advance its suggestions with a “basket proposal” that would be acceptable for both sides.²²³

Aside from China’s concerns from potential military strikes on Iran, it is no secret that the rise of ISIS and the disintegration of some Arab states also fostered the nuclear talks. China was worried about geopolitical shifts and the growing number of Chinese Uyghurs militants fighting for ISIS.²²⁴ Both the US and China were seeking a peace deal that would stabilize the region. For the US, as Hua Liming wrote, the acceptance of such an agreement means the recognition of Iran as an independent regional power. In other words, China was not helping the US to achieve a victory in its global hegemonic plan but to push the US to cede a certain degree of autonomy to Iran in the Persian Gulf.²²⁵ For Hua, American influence in the Middle East was diminishing and Washington was keen to search for regional actors to contain terrorist organizations. Thus, bringing peace in the region via the mediation of the Iran-US conflict would not only serve China’s long-term interests but would also identify China as a “peace-

²²² Parris H. Chang, China’s Policy Toward Iran and the Middle East, Institute for National Security, Journal of East Asian Affairs, Vol. 25, No. 1 (Spring/Summer 2011), p 9.

²²³ Dan Roberts, “Hassan Rouhani: Iran will never seek to build nuclear weapons”, The Guardian, September 19, 2013, <https://www.theguardian.com/world/2013/sep/19/iran-nuclear-weapons-rouhani>, accessed 29/3/2020.

²²⁴ Ben Blanchard, “Syria says up to 5,000 Chinese Uighurs fighting in militant groups”, Reuters, May 11, 2017, <https://www.reuters.com/article/uk-mideast-crisis-syria-china/syria-says-up-to-5000-chinese-uighurs-fighting-in-militant-groups-idUSKBN1840UP>, accessed 7/4/2020 .

²²⁵ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 133.

making” responsible rising power.²²⁶ Moreover, by securing the international recognition of Iran’s right to enrich uranium, as China insisted in the negotiations, Beijing was going to win the trust and gratitude of the Iranian officials who expressed their willingness to see China playing a pro-active role in the Middle East.



Figure 5: Evolution of China’s initial mediation policy (what is known as Hua’s proposal) towards the Iranian nuclear crisis (2006-2012).

China played a pivotal diplomatic role during the negotiations by sometimes employing the “carrot and stick” approach to comply with Iran into making concessions by using economic pressures and playing an arbitral role between Iran and the US by winning the trust of both sides. Meanwhile, high-level meetings and phone conversations were taking place between Chinese and Iranian leaders, both sides engaged in “deep exchange of views” where the Chinese side repeatedly was pushing Iran to have the “political will”, accept the proposed Chinese “basket” and reach for a final settlement.²²⁷ China also promised huge infrastructural investments within the context of BRI.²²⁸ China’s ambassador to Iran, Pang Lin made it clear

²²⁶ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 134.

²²⁷ *Ibid.*, 140-141.

²²⁸ *Ibid.*, 140-143.

that the nuclear settlement would become a major driver for the realization of BRI-linked large-scale development projects in Iran.²²⁹

In 2014 Li Baodong, China's Vice Foreign Minister proposed China's "basket proposal" arguing that the deal should be balanced and acceptable by all sides. Baodong addressed Iran to resolve the concerns of the international community and fulfill its obligations under the rules of NPT. At the same time, Iran would have the right to continue its nuclear program only for civilian purposes and this must be respected by all sides. As these steps are taken, multilateral sanctions will be gradually lifted.²³⁰ As China advanced its position on a comprehensive solution to the nuclear issue, it pointed out three key principles to have a successful dialogue. First, all parties must adhere to the principle of dialogue. Neither party should walk away from the negotiations out of frustration. Second, the talks should aim for a just, acceptable, and long-term solution. Finally, the parties should create a fair environment where they can talk and take gradual steps to find a durable solution.²³¹

In 2015, China's ambassador to Iran, Pang Sen addressed in front of the "Iran-China Friendship Society" in Tehran in March 2015 saying

China has from start to finish taking an objective and fair position regarding the Iran nuclear issue and is happy if Iran and the Six Powers (P1+Germany) 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.²³²

²²⁹ "China's ambassador to Iran Pang Lin at seminar on prospects for China-Iran relations", *Huanqiu*, March 2015, <http://china.huanqiu.com/news/fmprc/2015-03/5817302.html>.

²³⁰ "China's suggestions, proposed by Li Baodong", *Xinhuanet*, February 18, 2014, http://news.xinhuanet.com/world/2014-02/19/c_119398221.htm/

²³¹ "Vice Foreign Minister Li Baodong Lays out China's five principles for a comprehensive settlement of the Iran nuclear issue", *World People*, <http://word.people.com.cn/n/2014/0219/c1002-24407910.html/>

²³² John Garver, China and Iran: An Emerging Partnership Post-Sanctions, *Middle East Institute*, February 8, 2016, <https://www.mei.edu/publications/china-and-iran-emerging-partnership-post-sanctions>, accessed 16/10/2019/

China started to adopt a mediating role, urging both sides to accommodate the other and seek a compromised and comprehensive solution to the nuclear crisis.

Finally, Iran started heeding Beijing's advice to make a compromise to achieve a diplomatic solution, in return for future Chinese assistance to Iran's infrastructural development. The Joint Comprehensive Plan of Action was finally signed in Vienna on July 14, 2015. All sides were satisfied. Under the JCPOA, Tehran agreed to put an end to its stockpile of medium-enriched uranium, cut 98% of its low enriched uranium, and reduce 2/3 of its gas centrifuges for 13 years. Iran also agreed not to build any new heavy-water facilities, convert its current facilities, and limit its uranium enrichment to 2.67%.²³³ In return, all UNSC, US, and EU-imposed sanctions were going to be lifted gradually. It was a victory for China's diplomacy.

Even though some Iranian officials were initially disappointed with China's attitude, blaming Beijing for capitulating to US pressures, Tehran officially thanked and praised China's "active", "important" and "constructive role" in the negotiations.²³⁴ Beijing announced that President Xi Jinping will start his Middle East trip first from Riyadh instead of Tehran to balance the tense relationship between the two countries. Saudi Arabia was not satisfied with the results of the nuclear talks and accused Beijing and the international community of being too soft on Iran. China, to save the JCPOA deal, realized that it had to take also Saudi Arabia's

²³³ "China and Iran: JCPOA and Beyond", February 19, 2019, *Belt and Road News*, <https://www.beltandroad.news/2019/02/19/china-and-iran-jcpoa-and-beyond/>.

²³⁴ James Reardon-Anderson (Ed.), *The Red Star & the Crescent; China and the Middle East*, (Hurst, United Kingdom, 2018). P. 144.

position into account to secure its interests.²³⁵ The next section will consider the question of how China secured its energy and geopolitical interests.

C. Has China Secured its Energy and Geopolitical Interests?

This section will argue how China's pro-active diplomacy during the Iranian nuclear negotiations has secured both its energy and geopolitical interests in the Persian Gulf. To secure its energy interests Chinese firms not only expanded in Iran but also to other neighboring states to replace the decrease of Iranian oil output. Iran's invitation to the Belt and Road initiative was a major geopolitical victory for China since Iran's geostrategic location was pivotal for the success of BRI in the region. Finally, by preventing a major war in the region, Beijing prevented the fall of a major regional player that would have caused could have further destabilized the region and eventually extend terror flames towards China's north-western frontiers.

Since the nuclear negotiations started to make progress in November 2013, and western sanctions reduced, Chinese oil imports increased to 630,000 b/d in the first six months of 2014, up 48% from the same period in 2003.²³⁶ However, Beijing already had few competitors in Iran, which made highly favorable conditions in which to negotiate business with Iran. Chinese companies filled the vacuum since their greater independence (compared to European and Japanese firms) from the US helped them to have a certain flexibility in working in Iran's

²³⁵ Anoushiravan Ehteshami and Niv Horesh (Ed.). *China's Presence in the Middle East; the Implication of the One Belt, One Road Initiative*, (New York, Routledge, 2018), p 77.

²³⁶ Lars Erslev and Yang Jiang, *Oil, Security, and Politics, Is China Challenging the US in the Persian Gulf?* (Danish Institute for International Studies, 2014), p. 39.

energy sector.²³⁷ Already in 2006, CNPC replaced the Japanese oil and gas exploration company (INPEX) after the US pressured it to cut its shares in the Azadegan oil field by 90%. By 2009, China was the largest energy partner of Iran, investing around \$30 billion that year alone.²³⁸ To balance its relations with the US, China reduced its oil imports from Iran as sanctions proceeded. The imports dropped from 555,000 barrels/day in 2011 to 402,000 in the first quarter of 2013.²³⁹ After the US sanctions caused a 75% drop in total sales of refined Iranian gasoline in 2010, Chinese companies, taking advantage of the embargo, moved in to sell at a 25% above the market rate.²⁴⁰ Later, as sanctions started to lift, to secure its position in the Iranian energy market, Chinese companies raised their investment in 2016 from \$25 billion to \$52 billion.²⁴¹

Meanwhile, Beijing had also a “Plan B”, from 2009 and 2010, Chinese imports from Saudi Arabia which still is China’s main oil supplier representing 20% of China’s oil imports and other US-friendly states increased while its imports from Iran decreased.²⁴² China’s “go-slow and pull-back” approach to energy investments and cooperation with Iran was related to the Chinese bargaining strategy with the Americans. This was clear subsequently while China was negotiating with the US over the Iranian nuclear program, Washington was proposing increased Chinese access to US-friendly energy markets (such as KSA and UAE) in exchange

²³⁷ John W. Garver, China’s Iran Policies, China’s Current and Emerging Foreign Policy Priorities, April 13, 2011. P. 10.

²³⁸ Andrew Scobell and Alireza Nader, “China in the Middle East: The Wary Dragon”, *RAND Corporation*, (2016): 60, https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1229/RAND_RR1229.pdf, accessed 14/10/2018.

²³⁹ “US Energy Information Administration China”, February 4, 2014, <http://www.eia.gov/countries/analysisbriefs/China/china.pdf>.

²⁴⁰ Anoushiravan Ehteshami and Niv Horesh (Ed.). *China’s Presence in the Middle East; the Implication of the One Belt, One Road Initiative*, (New York, Routledge, 2018), p 179.

²⁴¹ “China to Double Iranian Investment”, *BBC News*, November 16, 2014, <http://www.bbc.com/news/business-30075807>.

²⁴² Jon B. Alterman, “China’s Balancing Act in the Gulf”, *Center for Strategic and International Studies, Gulf Analysis Paper*, August 2013, p. 4, <https://www.csis.org/analysis/chinas-balancing-act-gulf>.

for China's gradual withdrawal from the Iranian energy market. China was happy to play this "game". Beijing tried to expand to other Gulf energy markets while slightly decreasing its energy investments in Iran. Beijing was also ready to tolerate US sanctions against Chinese technology dealing with the Iranian nuclear program but was very cautious these sanctions do not target the major oil companies such as Sinopec which would have major consequences on China's energy security.²⁴³

After all, most Chinese oil companies have their subsidiaries on US stock exchange markets, making them vulnerable to sanctions and American pressures.²⁴⁴ As sanctions were lifted, the Chinese President was the first leader to give an official visit to Tehran where many economic agreements were signed. By 2017, Iran's oil imports to China increased to 605,699 barrels/day.²⁴⁵ Meanwhile, China's expansion towards Central Asia, far from any US military presence, most likely will play an important role in reducing its dependence on energy supplies from the Persian Gulf.²⁴⁶

China's balanced and flexible pro-active diplomacy, therefore, worked quite well with both the American and Iranians. Beijing has secured the minimum energy required to meet its energy security needs from Iran, ensured that its companies are immune from the sanctions and minimized the financial damages, and started to expand to other energy markets in the Gulf and Central Asia reducing its energy dependency from Iran.

²⁴³ John W. Garver, *China's Iran Policies, China's Current and Emerging Foreign Policy Priorities*, April 13, 2011. P. 12.

²⁴⁴ Lounnas Djallil, "China and the Iranian Nuclear Crisis: Between Ambiguities and Interests", *European Journal of East Asian Studies*, 10, 246, 2011, https://brill.com/view/journals/ejea/10/2/article-p227_8.xml.

²⁴⁵ Irina Slav, "Iran To Boost Oil Exports to China Further in August", *Oilprice.com*, August 3, 2017, <http://oilprice.com/latest-energy-news/world-news/iran-to-boost-oil-exports-to-china-further-in-august.html>.

²⁴⁶ Irina Ionela Pop, "China's Energy Strategy in Central Asia: Interactions with Russia, India, and Japan", University of Oradea, *UNISCI Discussion Papers*, No 24 (October 2010), <https://revistas.ucm.es/index.php/UNIS/article/download/UNIS1010330197A/26956>.

Coming to geopolitics, China's pro-active diplomacy during the Iranian negotiations and its successful efforts to finalize the deal, avoided a new war in the region. Iran is much more than just an energy partner for China. Political expert, Robert Kaplan argued that Iran is the key to China's infrastructural plans just as Eurasia's destiny is linked to China's vision.²⁴⁷ From a geostrategic perspective, if Iran joins the Belt and Road initiative, then China's soft power will be reflected in the region. As we have seen in previous sections that China engaged in pro-active diplomacy out of concern of rising of transnational Islamic terrorism, US or Israeli military strikes, and out of fear that Iran may not abide by IAEA requirements and by pursuing nuclear arms an arms race would start in the region, destabilize the region, thus threatening China's energy and geopolitical interests. Having in mind the Iraqi experience, the Chinese were concerned that any collapse of the Iranian state would destabilize the whole region including Central Asia and China's Xinjiang province where Uyghur separatists were active. China also prevented the collapse of Iran and the flow of cash in return to the Iranian oil held Iran on its foot to resist American pressure. By supporting Iran, China tried to contain the American influence in the region.

Nonetheless, Beijing is well aware that the US remains the central power in the Middle East. That is why China has been careful not to antagonize the Americans on sensitive issues such as Iran's nuclear program. Although China ought to a multipolar order in the Middle East by backing Iran in some cases, Beijing has been extremely careful not to become too involved in the regional affairs out of concern of the extension of sectarian tensions to the troubled province of Xinjiang. The stability of Xinjiang was one of the main priorities of China when dealing with Iran and other regional actors. Here, China succeeded in reducing the exacerbation

²⁴⁷ Alex Vatanka, "China's Great Game in Iran", *Foreign Policy Magazine*, September 5, 2019, <https://foreignpolicy.com/2019/09/05/chinas-great-game-in-iran/>, accessed 10/4/2020.

of the political stability in the region by minimizing the possibility of a war by pushing the sides to engage in constructive dialogue. Furthermore, China burnished its reputation as a rising responsible power, upholding to NPT rules, reflected itself as a peace-maker and influencer in global politics. In October 2017, Chinese President announced that China is increasingly approaching the center of the world stage, therefore, Beijing has the duty and the desire to participate in conflict resolution in the Middle East. This announcement was not surprising at all. As Chinese special envoys and diplomats had shown greater flexibility and patience to regional conflicts. China's diplomacy was guided by constructive ideas and engagement with both sides of the nuclear conflict, rather than just setting agendas and harshly imposing on the parties.²⁴⁸

Therefore, China was also successful in securing its geopolitical interests too. China's diplomacy pushed both sides to overcome their political differences and compromise by signing a nuclear deal. Beijing prevented the possibility of a war on Iran and saving the region from a disastrous scenario which would only serve the interest of radical movements further destabilizing Xinjiang. Chinese investments within the context of BRI have provided Tehran the oxygen to rebuild its infrastructure. Finally, by supporting Iran in its economic and diplomatic isolation, Beijing provided Tehran the immunity to withstand US pressures and contain the American influence in the Persian Gulf, thus opening the path towards a multipolar order in the region.

²⁴⁸ Camille Lons, Jonathan Fulton, Degang Sun and Naser Al-Tamimi, "China's great game in the Middle East", *Policy Brief, European Council on Foreign Relations*, October 21, 2019
https://www.ecfr.eu/publications/summary/china_great_game_middle_east

CHAPTER VI

CONCLUSION

Despite, China's attempts to diversify its energy sources, for now, the Persian Gulf remains its primary source of oil imports. Beijing's skillful pro-active diplomacy, during the Iranian nuclear negotiations, has managed to balance between the US-Iran rivalry and securing its energy and geopolitical interests. By giving the US a certain level of cooperation in dealing with the nuclear crisis, while on the other hand providing Iran a certain level economic and diplomatic oxygen to withstand against mounting US pressures, China has pursued four major goals; preserve the domestic stability and economic growth, maintain stable US-Chinese relations, push the region towards a multi-polar order by containing the US hegemony in the Persian Gulf, and present itself.

The Iranian nuclear program was China's first pro-active diplomacy's case study. This policy was based on pragmatism and creativeness and judgment of international order. This policy has become the guiding diplomatic strategy of China's foreign policy towards the Iranian nuclear crisis. Beijing's role was crucial in the Iranian nuclear negotiations bringing the American and Iranian sides on the negotiating table. China's economic influence has given her enough leverage to push the conflicting parties forward and eventually sign the nuclear agreement in Vienna. Chinese leaders were well aware of the consequences if these negotiations failed.

Answering to the thesis question whether China's pro-active diplomacy during the Iranian nuclear negotiations has secured both its energy and geopolitical interests in the Persian Gulf. We can conclude that China eventually secured those interests through its pragmatic and balancing strategy. In order to secure its energy interests, Chinese energy companies not only

expanded in Iran but also to other Gulf states to replace the decrease of Iranian oil output. Eventually, China's energy interests expanded beyond Iran to neighboring Gulf states. Moreover, by bringing Iran to the Belt and Road initiative China scored a major geopolitical victory. Iran's geostrategic location with its railroads and pipelines were pivotal for the success of BRI in the region and bridging Asia to Europe. Finally, the signing of the nuclear agreement prevented a major war in the region. China prevented a political vacuum that would have been created in case of potential military action or change in the regime in Iran. China has always seen Iran as a buffer against the expansion of Islamic terrorism to Central Asia and north-western China.

However, the nuclear deal did not sustain further as with President Donald Trump's election in 2016, China's, and the US interests in the Persian Gulf started to diverge. Contrary to IAEA's report that it had found no evidence that Iran was breaching the nuclear agreement, Trump insisted that Iran was violating it.²⁴⁹ On May 8, 2018, Trump declared that he has been abandoning the nuclear deal and imposing new sanctions, arguing that the deal was "a one-sided and in favor of Iran".²⁵⁰ China, Russia, and the Europeans condemned Trump's decision and announced that they will preserve the deal. Moreover, on May 21, US Secretary of State Mike Pompeo laid out 12 points demanding Iran to halt its ballistic capabilities, and its support to Hizbollah and other groups, cease its military presence in Syria and Iraq and finally halt its uranium enrichment program.²⁵¹ Iran refused the proposal and argued that the unilateral sanctions imposed by Trump administration were illegal.

²⁴⁹ Mahmood Monshipouri, *Middle East Politics: Changing Dynamics*, (Routledge, New York, 2019), p. 283

²⁵⁰ Mark Landler, "Trump Abandons Iran Nuclear Deal He Long Scorned", *The New York Times*, May 8, 2018, <https://www.nytimes.com/2018/05/08/world/middleeast/trump-iran-nuclear-deal.html>, accessed 24/5/2020

²⁵¹ "Mike Pompeo speech: What are the 12 demands given to Iran?", *Al Jazeera News*, <https://www.aljazeera.com/news/2018/05/mike-pompeo-speech-12-demands-iran-180521151737787.html>, accessed 24/5/2020

Meanwhile, the war in Yemen has further destabilized the Gulf. The Houthi rebels, supported by Iran, in August 2019 and February 2020 launched rocket attacks on Saudi oil tanks and ARAMCO oil facilities. These incidents caused oil prices to spike and cut Saudi oil production in half.²⁵² Furthermore, the assassination of Iranian general Qassem Soleimani has raised new alarms in the region. China condemned the attack and called both sides to remain calm.²⁵³ China realized that it can no more become a “free-rider” of US security in the Persian Gulf. Given the recent series of incidents in the region and the increased tension between Iran and its geopolitical rivals, China could be forced to take a greater security role to protect its interests. China is well aware that it could be dragged into the security dynamics of the Persian Gulf and needs more active engagement to preserve its friendly relations with Iran and Saudi Arabia. Already in August 2019, China set its navy on a course for the Persian Gulf and agreed on Russia’s proposal on international cooperation for security in the Persian Gulf.²⁵⁴ China’s actions are marking a departure from its traditional “responsive” and “wait-and-see” rhetoric. China has gained enough confidence in its foreign policy and respect by regional actors to come up with proposals and even challenge US hegemony in the long run in the Persian Gulf.

Then came COVID-19, the oil price crash, and a new wave of a trade war started between China and the US. Beijing activated its goodwill campaign in the Middle East to mitigate the propaganda damage caused by the spread of the pandemic. With US sanctions threatening Iran’s health care system to fight the pandemic, China took the role to champion

²⁵² Ben Hubbard, Palko Karasz and Stanley Reed, “Two Major Saudi Oil Installations Hit by Drone Strike, and U.S. Blames Iran”, *The New York Times*, September 14, 2019, <https://www.nytimes.com/2019/09/14/world/middleeast/saudi-arabia-refineries-drone-attack.html>, accessed 26/4/2020

²⁵³ Jonathan Fulton, “China’s response to the Soleimani killing”, *Atlantic Council*, January 6, 2020 <https://www.atlanticcouncil.org/blogs/menasource/chinas-response-to-the-soleimani-killing/>, accessed 20/5/2020

²⁵⁴ Sabahat Khan, “China backs Russian proposal for Gulf security”, *The Arab Weekly*, August 3, 2019 <https://thearabweekly.com/china-backs-russian-proposal-gulf-security>, accessed 24/5/2020

Iran in its fight against the sanctions. China has called the US to remove its sanctions on Iran. The COVID-19 pandemic pushed Iran further closer to China. Beijing and Moscow were the major providers of medical equipment and aid deliveries to Tehran. China has also scored additional diplomatic points in the Middle East because of the absence of large-scale aid efforts from the US and EU to the countries. With the ongoing global lockdown and decrease demand for oil, oil prices crashed in April 2020. It is still uncertain how fast will China's and the US economy recover. The price of the oil will be dependent on the recovery and the lifting of lockdowns around the world.²⁵⁵ On the other hand, the US administration recently has sanctioned dozens of Chinese companies and institutions, restricting their operations in the US and limiting their access to US technology.²⁵⁶ Thus declaring a new phase of "trade war" between the two economic giants.

The pandemic, the quest for quick economic recovery, and the US-Chinese competition will start shaping the post-COVID-19 world order. Despite being a status quo reformist rising power, China will grab the opportunity to reshape a multipolar great power concert system. New rising powers in Asia may demand a share in this system which ultimately may shift the economic and political weight from West to East. It is unclear whether such an order managed by great powers will be based on cooperation or competition or a clash. It is uncertain how the US will respond to a rising China and to what extent will allow such a rise. However, what is clear is that Beijing wants to preserve its investments in the Middle East and beyond. This is

²⁵⁵ Thijs Van de Graaf, "The Coronavirus Pandemic Has Changed Oil Markets Forever", *World Politics Review*, May 19, 2020, <https://www.worldpoliticsreview.com/articles/28772/covid-19-and-the-oil-market-crash-have-changed-the-energy-industry-forever>, accessed 25/5/2020

²⁵⁶ Cheryl Arcibal, "US slaps sanctions on 33 Chinese companies and institutions, dialling up the tension amid the lowest point in US-China relations", *South China Morning Post*, May 23, 2020, https://www.scmp.com/business/companies/article/3085788/us-slaps-sanctions-33-chinese-companies-and-institutions?fbclid=IwAR3Bta5gbvRwUEPzOp05bYVF9A4Lh4Rg4S7Fp2UUmBbp23F_1qyznge41io, accessed 23/5/2020

why for the time being, China has to promote stability and cooperate with its energy partners in the region. For this purpose, China should seek a relatively stable system of cooperation, that manages competition and minimizes the risk of direct clashes between great powers. From the Chinese perspective, the preservation of the Iranian nuclear deal falls within this context of regional stability and cooperation between great powers rather than instability and great power competition.

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