



**S. RAJARATNAM SCHOOL  
OF INTERNATIONAL STUDIES**  
A Graduate School of Nanyang Technological University

# RSIS COMMENTARIES

RSIS Commentaries are intended to provide timely and, where appropriate, policy relevant background and analysis of contemporary developments. The views of the authors are their own and do not represent the official position of the S.Rajaratnam School of International Studies, NTU. These commentaries may be reproduced electronically or in print with prior permission from RSIS. Due recognition must be given to the author or authors and RSIS. Please email: [RSISPublication@ntu.edu.sg](mailto:RSISPublication@ntu.edu.sg) or call 6790 6982 to speak to the Editor RSIS Commentaries, Yang Razali Kassim.

No. 105/2010 dated 1 September 2010

## **From UN to Unilateral Sanctions on Iran: Political Implications for China**

By Yoram Evron

### **Synopsis**

*As long as international efforts against Iran were directed by the UN Security Council, China could use its permanent membership to foster its interests in Iran and still play by the rules. Now that unilateral sanctions are taking the lead, China has to make some difficult decisions.*

### **Commentary**

#### **China and UN Sanctions**

THE UNILATERAL American and European Union sanctions imposed on Iran in July, 2010 to curtail its nuclear programme not only changed the situation for Teheran but also pose a political challenge to China.

While China has been a partner to all United Nations resolutions on Iran, it has constantly objected to imposing sanctions that might put significant pressure on Teheran. Consequently, China has been accused of hampering international endeavours to halt the Iranian nuclear effort. Notwithstanding, China holds a clear position against Iran's nuclear armament project, and it has not ruled out the possibility that it is actually exists. To complicate matters, in March this year, when China announced it would join the fourth round of sanctions, it also inaugurated a missile plant in Iran. Then, after impeding a new resolution for several months, it lifted its objection, just after Brazil and Turkey had unexpectedly concluded a nuclear fuel swap deal with Iran, which was presented as a possible diplomatic solution to the crisis. Noticeably, arriving at a diplomatic solution has long been China's proclaimed goal.

The prevailing explanation for China's dual-track policy towards Iran is its interest in securing long-term, energy-related economic connections with Teheran, while simultaneously attempting to keep the crisis under control and avoid conflict with the US. Other – albeit less significant– factors have also been mentioned, such as Iran's potential influence over Chinese Muslim minorities, Beijing's overall objection to international sanctions, and issues related to its relations with the US.

#### **China's Interests in Iran**

More broadly, it would appear that China has nothing to gain by destabilising the Iranian regime and everything to gain while the crisis continues, provided that the tense situation remains under control.

In 2009, China concluded that the global situation had reached a point at which it could afford to play a greater role in world affairs. These circumstances complemented China's decade-long effort to foster relations with developing countries that could function as strategic suppliers of raw materials and energy resources. In the Middle East, the Persian Gulf oil producers fit the bill. However, from China's viewpoint, the US' overwhelming influence in the region and its alleged control over the global oil supply jeopardised Beijing's interests and gave Washington unparalleled power.

An opportunity to counterbalance the US influence in the Gulf clearly constituted a desirable goal for China. Yet, unable to handle the challenge on its own, and perceiving Iran as the one country that could and was willing to do so, China probably recognised the survival and stability of the Iranian regime as its interest.

Additionally, Iran's capacity to provide China with direct land access to the Persian Gulf, which addresses China's concern over the security of its shipping lanes, could be of high strategic value. Actually, a proposal to construct a pipeline from Iran to China through Pakistan had already been suggested, but was rejected by Beijing due to economic and security considerations. Nevertheless, similar endeavours may arise again, but will be relevant only if China's relations with Teheran are firm, and Iran is free from American influence.

Finally, China only partially accepts the Western position on the Iranian issue. On the one hand, it shares the West's objection to Iran's nuclear armament and is aware of the destabilising effect the possession of such a weapon could have on the Middle East and on the global energy market. On the other hand, Beijing neither shares the Western resentment toward the Ayatollahs regime in Iran, nor is it convinced by the West's estimation regarding Iran's misuse of the bomb.

### **Getting the Best of Both Worlds**

Consequently, despite mounting criticism for letting Iran get closer to completing the bomb, China, using its enormous bargaining power, saw fit to maintain its dual track strategy for as long as possible. It has had several good reasons to do so. As part of the decision-making group (the P5+1 Group, which includes the permanent members of the UN Security Council and Germany), China attained its long desired goal of gaining recognition as a leading global power.

Additionally, during the sanctions' drafting, China was able to extract significant concessions from its partners. These included the exemption of Iran's energy and trade sectors from the sanction resolutions, the delay of US unilateral sanctions, the exemption of Chinese companies from joining future unilateral US sanctions against Iran, and excluding from the resolution Iranian companies and individuals that are relevant to China's economic activity in Iran.

Consequently, as Western companies were curbing their activities in Iran, Chinese companies legitimately stepped in to fill the void. In 2009, China became Iran's largest trading partner, and since 2009, Chinese firms have signed over US\$20 billion worth of contracts in the Iranian energy sector. Furthermore, China was able to effectively secure both the continued stability of the Iranian regime and its own future relations with it. Teheran clearly realises this, and while criticising all other P5+1 members for imposing the sanctions, it has been relatively quiet on the subject of China.

Apparently, it was a matter of time until China's approach -- getting the best of both worlds -- would become a self-defeating strategy. In fact, it was probably one of the main reasons for the US' and the EU's decisions to shift gears to unilateral sanctions. Moreover, Beijing's ambiguous approach to the Iranian issue has attracted criticism from developing countries, eroded Iran's confidence in China -- despite Teheran's attempts to minimise outright criticism, and counteracted China's own aspiration for a position of leadership among developing countries.

The recent unilateral sanctions imposed on Iran puts China in new situation. Although its economic activity in Iran remains relatively secure, due to the aforementioned US concessions to China, Beijing's ability to protect the Iranian regime has undoubtedly decreased significantly, as has its ability to shape the political and economic environment in preparation for its future economic activities in Iran. These pervasive limitations will make it more difficult for Beijing to avoid a clear decision in the next step -- compelling it to define its Middle East interests --vis-à-vis Iran-- more explicitly.

*Yoram Evron is a Visiting Fellow at S.Rajaratnam School of International Studies (RSIS), Nanyang Technological University. He is also an Assistant Professor in the Department of Asian Studies at the University of Haifa, and a Research Fellow at the Institute for National Security Studies (INSS).*