

China's Iranian Gambit

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Articles & Testimony

Beijing is playing a dangerous game: using the Islamic Republic to foil American interests in the Middle East.

The elections in Tunisia and the dramatic demise of former Libyan leader Muammar al-Qaddafi have pushed the allegations of an Iran-sponsored plot to assassinate the Saudi envoy to Washington on U.S. soil from the headlines. But countering Iran's efforts to develop a nuclear weapon and exploit the tumult in the Arab world for its own gain is vital to securing U.S. interests in a rapidly changing Middle East, and remains an urgent priority of U.S. diplomacy around the world.

Inevitably, efforts to isolate Iran will refocus Washington and Europe's attention on Beijing. Past attempts to persuade China to support new measures against Tehran -- or even robust enforcement of existing ones -- have met with little success, in large part due to a misunderstanding of Chinese motivations. Whereas Washington tends to see Beijing as torn between conflicting priorities, Chinese strategists see the Islamic Republic as a potential partner in their strategic rivalry with the United States. Unless Beijing can be convinced that the costs of obstructing U.S. efforts on Iran outweigh the benefits of doing so, the Chinese will be of little help. Shifting China's calculus in this manner ultimately requires that the United States develop a credible military option to neutralize Iran's nuclear-weapons aims.

For three decades, U.S. diplomats have failed to secure real Chinese cooperation in their efforts to prevent Iran from going nuclear. Although Beijing has formally supported U.N. Security Council sanctions resolutions against Iran since 2005, it has at the same time actively undermined those measures by watering them down in council deliberations and then implementing them only weakly and unevenly. According to the *Washington Post*, a senior U.S. official handed over to his Chinese counterparts in October 2010 a "significant list" of Chinese firms thought to be aiding Iranian proliferation in violation of U.N. sanctions.

The effects are pernicious. Increasing Chinese trade with Iran -- projected to reach \$40 billion in 2011, up from \$30 billion last year, according to the Chinese ambassador to Iran -- eases the pressure on Tehran and provides the

Iranian regime with revenue, expertise, and other resources. It also leads to howls of protest by European and Asian firms that have curtailed their business with Iran only to see it backfilled by Chinese competitors.

Chinese trade with Iran is driven in large part by Beijing's growing need for energy imports, and its desire to secure them by participating in oil and gas exploration, development, and other "upstream" activities of its overseas energy suppliers. Indeed, from a security perspective, Iran's geographic position is unique -- it is the only Gulf supplier that China can reach by both pipelines and sea routes. This diversification of supply lines helps reassure those in Beijing who most fear a foreign interdiction campaign or blockade that would cut China off from its energy supplies.

But the Chinese-Iranian love affair is not all about oil and gas. China has also provided Iran with substantial strategic and military assistance, through official and non-official channels. China provided critical support to the development of Iran's nuclear program during the 1980s and 1990s and emerged in the 1980s as one of Iran's principal arms suppliers, with transfers including cruise missile and ballistic-missile capabilities. According to the Stockholm International Peace Research Institute, the value of these transfers reached more than \$3.6 billion during those decades.

This support has continued and, in certain areas, seems to have expanded. For instance, news reports that arms from Tehran have found their way into the hands of militants in Iraq and Afghanistan mention not only Chinese-made anti-ship cruise missiles, but also sniper rifles, armor-piercing rounds, rocket-propelled grenades, anti-aircraft missiles and guns, mines, and other components for explosive devices. In a February op-ed, retired Adm. James Lyons, a former head of U.S. Pacific Fleet, wrote of the probable transfer from China to Iran of passive radar technology that could contribute to Iran's recently announced anti-ship ballistic-missile program. According to Iranian media outlets, the same week as Admiral Lyons's op-ed appeared, Maj. Gen. Wang Pufeng of the Chinese Academy of Military Sciences was meeting with Iran's defense attache in Beijing to express China's desire for expanded military ties.

Perhaps most alarming are the continuing allegations of Chinese support for Iran's nuclear program. Earlier this year, China moved to block the release of a U.N. report that described suspected Chinese involvement in the transfer to Iran of aluminum powder used as a solid propellant for nuclear-capable ballistic missiles. Last week, China joined Russia in pressing the IAEA not to release damning information on Iranian military nuclear research. And last year, media sources covered the sale by Chinese firms of high-quality carbon fibers that would help Iran build better centrifuges.

China's reluctance to pressure Iran is no secret in Washington. The conventional wisdom holds that Chinese policy is the result of a dilemma -- Beijing, so the logic goes, is caught in a conflict between its interest in secure energy supplies and its interest in good relations with the United States and global nonproliferation. Writing in English-language outlets, Chinese foreign-policy intellectuals such as Wang Jisi have echoed this line. From the perspective of China's Communist Party leadership, on which all Chinese scholars depend for their travel visas and permission to publish, it makes good sense to spread this notion in the hopes of eliciting more active American attempts at diplomatic persuasion or economic incentives.

This strategy has to some extent succeeded, as prescriptions for solving this "dilemma" rely heavily on carrots such as granting China official prestigious visits and greater inclusion in diplomatic deliberations. For example, Erica Downs and Suzanne Maloney argued recently in *Foreign Affairs* that the United States should "elevat[e] the bilateral diplomatic dialogue" and "ensure clear communication" with Beijing about sanctions.

In reality, however, such efforts by Washington appear to yield little. For years, a parade of high-level U.S. envoys -- from State Department nonproliferation advisor Bob Einhorn to Secretary of State Hillary Clinton to President Barack Obama himself -- have trekked to Beijing on Iran-related missions, only to come up short. The truth is that it

is China, not the United States, that has been reluctant to engage on Iran -- Beijing has frequently declined to send high-level envoys to meetings of the so-called "P5+1" powers, choosing instead to send its nearest ambassador, or be absent entirely. China hardly seems eager for more dialogue on Iran.

The image of Beijing as a "reluctant partner" on Iran reflects a fundamental misunderstanding of China's motivations. If China truly faced the dilemma described above, its nuclear and strategic assistance to Iran would make little sense. Rather than using its clout as one of Iran's largest energy customers and vendors-of-last-resort to secure Iranian compliance with U.N. Security Council and nonproliferation norms, Beijing appears to fuel the very behavior that is most provocative to the United States and its allies -- behavior that could destabilize the Middle East. Furthermore, other U.S. allies -- Japan and South Korea, for example -- have continued to obtain sizeable energy supplies from Iran while actively supporting the international sanctions regime.

The reality is that China -- quite unlike Japan and South Korea -- considers the United States its chief rival for influence in the Middle East and beyond. Viewed through this lens, Beijing's policies toward Iran and the United States are not in conflict, as many analysts suggest, but are entirely compatible. The United States may see China as a key partner in isolating Iran, but China sees Iran as a potential partner in countering U.S. power.

China's strategic thinking is laid out clearly in Chinese-language publications aimed at Beijing's political and military elites. This literature differs significantly in tone and content from those produced for foreign consumption. For example, defense analyst Maj. Gen. Zhang Shiping, who is often described in the Chinese press as a "researcher" within China's Academy of Military Sciences, argued in *China's Sea Power*, an important 1998 book that was re-published in 2009 for the 60th anniversary of the Chinese navy, that Iran was a potentially desirable location for a Chinese military base in the Middle East.

Zhang's sentiment has been echoed by other high-ranking Chinese military officers -- including Dai Xu, an outspoken Chinese Air Force colonel and Yin Zhuo, a Chinese rear admiral -- in discussions of how China can counter the perceived threat posed by democratic rivals like India and the United States and protect its interests in the face of American power projection in the Gulf and across the Pacific.

From this perspective, securing Chinese cooperation with U.S. efforts to pressure Iran is hardly the matter of a few good meetings. The cultivation of Iran's security establishment and top-level leadership provides China with a strategically placed, regionally powerful client that can frustrate U.S. aims in a region where China seeks greater influence. For China, Iranian acquisition of nuclear weapons may be a negative development, but it is preferable to a reorientation toward the West.

The U.S. Treasury Department's penalties imposed on Chinese sanctions-defying entities have sought to force Chinese firms to choose between their U.S. business and their relatively smaller trade with Iran. However, this approach has not worked because, ironically, the United States, unlike China with America, truly does face a conflict between its Iran and China policies.

Beijing has good reason to doubt that the Obama administration would ever seriously jeopardize the U.S.-Chinese economic relationship, which has grown larger despite deep disagreements over not just Iran but also Taiwan, North Korea, the East and South China Seas, Tibet, and human rights. The Obama administration's latest sanctions on foreign entities involved in the Iranian energy sector has likewise given Chinese firms a pass.

U.S. officials, most recently Under Secretary of State Wendy Sherman, have asserted that sanctions have led China to suspend new energy investments in Iran. This data point does not tell the full story, however: Existing China-Iran projects continue apace, and Chinese imports of oil from Iran increased 40 percent in January to August of 2011 compared with the same period the previous year. It seems that Beijing has been able to write off any diplomatic tensions caused by its business in Iran as an inevitable -- and to date, largely low-cost -- feature of the U.S.-China

rivalry.

Although diplomatic cajoling won't make much headway, Washington does have ways to induce Beijing to reassess its approach to Iran. Exercising these options, however, requires taking a step that the Obama administration has so far avoided: establishing a credible military threat to Iran. CCP strategists who judge Chinese interests as being well-served by current U.S.-Iran tensions would not make the same calculation in light of a credible U.S. threat to disarm the Iranian regime. Such a scenario would threaten China's oil supplies and increase its energy costs, and could threaten Iran's China-friendly regime. The United States need not dismiss or downplay the very real risks that would accompany conflict with Iran, but it must persuade Beijing and Tehran alike that this option is the alternative to full compliance with international sanctions.

Making this threat credible would not be a trivial feat, especially in the context of U.S. defense budget cuts and growing Iranian military preparedness. Iran's nuclear program is growing increasingly advanced as well as difficult to strike -- as demonstrated by the revelation in 2009 of a new enrichment facility under development underneath a mountain near Qom. On the other hand, Iran's currently limited retaliatory options will only improve -- especially given the precision strike capabilities that Iran has been developing -- with Chinese assistance. Chinese strategists are careful students of U.S. military capabilities and movements, and convincing them of the credibility of the U.S. military option will be less costly now than it will be in the future.

The good news is that China's position can be adjusted. There is no structural bond guaranteeing Beijing's support for Tehran. The key to winning this geopolitical chess match is to recognize that China's devotion to its own interests will trump any friendship with Iran. Only by presenting a challenge to those interests is Washington likely to divert Beijing from its current approach, which has done much to increase China's access to energy supplies, boost its influence in a strategic region, and frustrate American ambitions in the Middle East.

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