

# Key Issues in China-Iran Relations

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**Abstract:** *Wide range cooperation and close bilateral relations between China and Iran have been under huge pressure from the US-led West. The main objective of this paper is to analyze what lines behind the China-Iran relations, mainly from three dimensions, i.e., economic, nuclear and strategic issues. We argue that the China-Iran relations are determined by domestic situations in both countries and international strategic environment, influenced by the shift of US geopolitical strategy in recent years. China should not be blamed for the failure of sanctions against Iran for its nuclear issues as she is not a so-called ally of Iran. The Iran nuclear issues can be solved by the use of US "smart power" and collective efforts derived from international cooperation between concerned powers and geopolitical players.*

**Key Words:** *China; Iran; US; Middle East Politics*

China and Iran have featured heavily in the news in recent years. China is both a military and economic power with 20% of the world's population; Iran is suspected of developing nuclear weapons and arming terrorists, and sits on the world's second-largest oil and gas reserves. They are also surprisingly close geographically: Iran is only 700 miles across Afghanistan from China's extreme western border. A 25-year, \$100 billion deal for Iran to supply China with oil and gas and a large number of Chinese companies operating in Iran show that the two are moving increasingly closer in both political and economic terms. But what does this mean for the rest of the world, and

especially for the “West”? This paper examines the key issues in China-Iran relations and attempts to analyze what the likely consequences for the world of an alliance between them.

## **I. Introduction**

China-Iran relations date back to over many centuries. Since ancient times, the Parthians and Sassanids had had various contacts with China, and the two lands were further connected via the Silk Road. These early links set the stage for the ties between Beijing and Tehran which we see today.

The Chinese explorer Zhang Qian, who visited the west neighboring countries of the Han Dynasty in 126 B.C., made the first known Chinese report on Parthia. In his accounts Parthia is named “Ānxī” (安息), a transliteration of “Arsacid”, the name of the Parthian dynasty. Following Zhang Qian’s embassy and report, commercial relations between China, Central Asia, and Parthia flourished, as many Chinese missions were sent via the Silk Road throughout the 1st century BC (See Feng, 1996). The Parthians were very intent on maintaining good relations with China and also sent their own embassies, starting around 110 B.C. Parthians also played a role in the Silk Road transmission of Buddhism from Central Asia to China. An Shih Kao(安世高), a Parthian nobleman and Buddhist missionary, went to the Chinese capital Luoyang in 148 B.C. where he established temples and became the first man to translate Buddhist scriptures into Chinese (See Foltz, 2000). Like their predecessors the Parthians, the Sassanid Empire maintained active foreign relations with China, and ambassadors from Persia frequently traveled to China. Commercially, land and maritime trade with China was important to both the Sassanid and the Chinese empires. A large number of Sassanid coins have been found in southern China, confirming maritime trade. On various occasions, Sassanid kings sent their most talented Persian musicians and dancers to the Chinese imperial court (See Wood, 2004). Both empires benefited from trade along the Silk Road, and shared a

common interest in preserving and protecting trade. They cooperated in guarding the trade routes through central Asia, and both built outposts in border areas to keep caravans safe from nomadic tribes and bandits. Following encroachments by the nomadic Turkic on states in Central Asia, we also see what looks like a collaboration between Chinese and Sassanid forces to repel the Turkic advances. Following the invasion of Iran by Muslim Arabs, Sassanid nobles took refuge in China and were given high titles at the Chinese court (See Gernet, 1996). After the Islamic conquest of Persia, Persia continued to flourish during the Islamic Golden Age and its relations with China continued. During the Tang Dynasty, communities of Persian-speaking merchants, known as Húrén(胡人), formed in northwestern China's major trade centers. A large number of Central Asian and Persian soldiers, experts, and artisans were recruited by the Yuan Dynasty of China. Some of them, known as Sèmù rén (色目人) occupied important official posts in the Yuan Dynasty administration (Dillon, 1999:19-21). One of the most famous settlers from Persia was al-Sayyid Shams al-Din'Umar, who is identified as an ancestor of many Chinese Hui and that of Yunnan's Hui population. His most famous descendant was Zheng He, who became the Ming dynasty's most famous explorer and visited Iran several times. Shah Abbas the Great had hundreds of Chinese artisans in his capital Esfahan and Safavid Iranian art was also influenced by Chinese art to some extent.

In an overview of the diplomatic history between China and Iran, we find that frequent exchanges of culture, religion, trade, art, science and technology are the distinctive features of their bilateral relations. John W. Garver, Professor of International Affairs at the Georgia Institute of Technology, concluded that, China and Iran shaped their perceptions and power projection through cultural interactions and thus, paved the road for their cooperation and friendship (See Garver, 2007). In fact, this is also the contemporary history of friendly relations between accumulation and foundation. Since establishing diplomatic relations in 1971, the relationship between China and Iran has significantly deepened, especially in the economy, energy, security and politics sphere.

## **II. Economic Issues**

Economic and trade exchanges between China and Iran have developed mainly in two areas, namely, general trade and oil-gas trade.

Tehran-Beijing economic relations have grown at an annual average rate of 40% over the past few years, the level of trade between the two countries increased from \$400 million in 1994 to \$29 billion in 2008 (Iran Sees, 2010: January 18). "China is currently Iran's main economic partner in Asia and also Iran's third leading trade partner in the world," Iranian Foreign Minister Manouchehr Mottaki said at the Iran-China trade cooperation conference in Tehran, May 11<sup>th</sup>, 2009 (Iran-China, 2009: May 11). China has overtaken the European Union to become Iran's largest trading partner. Official figures say the EU remains Tehran's largest commercial partner, with trade totaling \$35 billion in 2008, compared with \$29 billion with China. But this number disguises the fact that much of Iran's trade with the United Arab Emirates consists of goods channeled to or from China. Majid-Reza Hariri, Deputy Head of the Iran-China Chamber of Commerce, said that transshipments to China accounted for more than half of Tehran's \$15 billion trade with the UAE. When this is taken into account, China's trade with Iran totals at least \$36.5 billion, which could be more than with the entire EU bloc (Bozorgmehr & Dyer, 2010: February 8).

However, Iran and China have yet to fully exploit their economic potential in various spheres. A number of steps must be taken to improve Iran-China trade relations, such as signing customs agreements, coordinating the two countries' import-export regulations, removing financial and banking obstacles, and establishing legal arbitration boards. China wants to deepen the presence of its firms in the Iranian market, which could be a good outlet for Chinese exports, including products and technology. The development of a strong economy is fundamental for China's external projection of power (Christiani, 2006: October 6). More than 100 Chinese state companies are operating in Iran to develop ports and airports in the major Iranian cities. China's

economic initiatives in Iran go far beyond the energy field, including electricity, dam building, cement plants, steel mills, railways, shipbuilding, motorways, airport infrastructure and metros. As some European countries have decreased their economic trade with Tehran in response to US pressure, China and other Asian countries have stepped in to fill the void. Iran's eastward looking foreign policy and its vacillation toward the West might have been influential in China's gains. China has become a major exporter of manufactured goods to Iran, including computer systems, household appliances and cars.

China finds in Iran a permanent partner for its exports and a source for its growing energy demand. Beijing is not only interested in the exploitation of Iran's market expansion. Iran has sizeable revenues from oil and gas exports. Despite the fact that Iran has only 1% of the world's population (70 million), the country owns 7% of the world's natural reserves including 11% of proven global oil reserves and 16% of the world's natural gas resources which translates into 133 billion barrels of oil (17 billion tons) and 27 trillion cubic meters of gas, totaling to \$4000 billion by the current price of oil and gas (*BP*, 2009: June). Ali Akbar Saheli, Iran's former representative to the International Atomic Energy Agency said that the two countries "mutually complement each other. They have industry and we have energy resources" (*China Firms in Iran*, 2007: August 31).

China's economy is rapidly expanding as its energy needs grow. China's proven oil reserve is due to be depleted in a few years, so the country is trying to aggressively secure future crude oil supplies (*Wright*, 2004: November 17). Also China wants to reinforce its relations with Iran and to deepen its presence in Central Asia in order to gain access to energy reserves in the Caspian Sea. Securing Caspian energy would help China lessen its dependence on maritime oil imports coming from the Arab countries of the Persian Gulf, thus better securing an uninterrupted flow of oil (*Christiani*, 2006: October 6). The importance of energy reserves for China rests on the country's desire to develop its economy, which is the foundation of its attempts to play a stronger role in the international system. Over 50% of China's crude oil

imports come from the Middle East in 2008. The International Energy Agency expects that China will be relying on the Middle East for 70% of its oil imports by 2015, up from 44% in 2006 (Ma, 2008: June 9).

In the past years, China's investment in Iran's energy sector has increased as some western countries, led by the US, have sanctioned Iran over its nuclear program. Iran has the second largest natural gas reserves world-wide, after Russia. In March 2004, the Zhuhai Zhenrong Corporation, a Chinese state-run company, signed a 25-year contract to import 110 million metric tons of liquefied natural gas (LNG) from Iran. In the same year, China agreed to buy \$20 billion in liquefied natural gas from Iran over the next 25 years (Wright, 2004: November 17). In April 2007, China replaced the EU as the largest petroleum trade partner with Iran. Asian countries in general are gradually exceeding EU in trade with Iran (China Surpassed EU, 2008: April 21). Sinopec Group and the Iranian oil ministry signed a \$2 billion contract on the development of the Yadavaran oilfield in southwestern Iran on December 9<sup>th</sup>, 2007 (Sinopec, 2007: December 10). In July 2008, after signing three UN Security Council resolutions designed to sanction Iran for non-cooperation, Beijing announced that it will be pursuing a \$70 billion plan to develop Iran's Yadavaran oil field in exchange for 10 million tons of liquefied natural gas.

**Projects by China National Petroleum Corporation in Iran, from 2009**

Contractor	Project Name	Amount (Current Dollar Value)	Last Action
China National Petroleum Corporation	CNPC Upstream Activities - Kuhdasht Block	\$18 million	12/31/2009
China National Petroleum Corporation	CNPC - NIOC South Azadegan Field Development	\$2.5 billion	09/28/2009
China National Petroleum Corporation	CNPC to Develop North Azadegan Oilfield	\$2 billion	01/16/2009
China National Petroleum Corporation	NIOC - CNPC, South Pars Phase 11	\$4.7 billion	02/10/2010
China National Petroleum Corporation	Sinopec, CNPC, Crude Oil Imports		11/11/2009

China imported 204 million tons of crude oil in 2008, up 13.9% from a year earlier, cost the world's third largest economy \$ 89.26 billion. Iran is the third largest oil exporter to China after Saudi Arabia and Angola, providing China with roughly 15% of China's total annual oil consumption (China Sweats, 2009: September 10). China's oil imports from Iran stood at 23.15 million tons and represented a year-on-year increase of 8.6% (Saudi Arabia, 2010: February 10).

The economic ties between the two of Asia's oldest civilizations, which were both stops on the ancient Silk Road trade route, have broad political implications. Hossein Shariatmadari, a leading conservative theorist and editor of the influential Iranian newspaper Kayhan said, "Sanctions are not effective nowadays because we have many options in secondary markets, like China" (Wright, 2004: November 17). A report by the US-China Security Review Commission, a research group created by Congress, warned that China's increasing need for imported energy has given it an incentive to become closer to countries supporting terrorism like Iran, Iraq and Sudan: "A key driver in China's relations with terrorist-sponsoring governments is its dependence on foreign oil to fuel its economic development. This dependency is expected to increase over the coming decade" (Weisel, 2005: July 21). China faces a conundrum about whether to support UN sanctions against Iran's nuclear program. China opposes Iran's goal of acquiring a nuclear weapon for fear of its destabilizing effects, but wants to ensure unhindered economic cooperation with Iran in order to enhance its own presence on the world stage (See Shen, 2006: Spring).

### **III. Nuclear Issues**

In the second part of its newly published Quadrennial Defense Review Report, the US described a specific air and marine military strategy, the so-called "Deter and Defeat Aggression in Anti-Access Environments", which is aimed at China and Iran (See Quadrennial Defense Review Report, 2010: February). The US-led West believes that

China played a key role in Iran's missile and nuclear development, with exports and assistance dating back at least 20 years. Beijing is providing Iran with advanced military technology, including access to improved ballistic missile capability (Shujia, 2008: January 21). China's exports and assistance to Iran generally fall into two areas: provision of anti-ship cruise missiles and related technology and technical assistance for Iran's ballistic missile program, as well as some exports of complete ballistic missiles (China's Missile Exports, 2003: September 25). In fact, in terms of China-Iran relations, the US's suspicion and hostility came from the so-called "Iranian nuclear issue."

Iran's efforts to develop nuclear energy trace to 1957, in connection with a push from the Eisenhower administration to increase its military, economic, and civilian assistance to Iran. On March 5<sup>th</sup> of that year, the two countries announced a "proposed agreement for cooperation in research in the peaceful uses of atomic energy" under the auspices of Eisenhower's Atoms for Peace program. Two years after the agreement was made public, Shah Mohammed Reza Pahlavi ordered the establishment of an institute at Tehran University--the Tehran Nuclear Research Center--and negotiated with the US to supply a five-megawatt reactor. Over the next decade the US provided nuclear fuel and equipment that Iran used to start up its research. On July 1<sup>st</sup>, 1968, Iran signed the Nuclear Nonproliferation Treaty (NPT) on the day it opened for signature. Six years later, Iran completed its Safeguards Agreement with the International Atomic Energy Agency (IAEA). By the 1970s, France and Germany joined the US in providing assistance to the Iranian nuclear program. But concern over Iranian intentions followed by the upheaval of the Islamic Revolution in 1979 effectively ended outside assistance. After the Islamic Revolution and the seizure of US hostages in 1979, and termination of diplomatic relations in 1980, the US opposition to Iran's nuclear efforts increased during the 1980s and 1990s. Washington blocked nuclear deals between Iran and Argentina, China, and Russia (See Chubin, 2006; Afrasiabi, 2006; Iran's Nuclear Program, 2007; Reed & Stillman, 2009). Mohammad Javad Zarif, the former Iranian

ambassador to the United Nations, wrote in 2007 that Washington's shift away from supporting Iran's nuclear energy program left Tehran with little choice but to be discreet in its nuclear activities, "in order to avoid the US-led restrictions and impediments, Iran refrained from disclosing the details of its programs" (Zarif, 2007: Spring/Summer).

Iran was known to be reviving its civilian nuclear programs during the 1990s. Unlike his predecessor, Ayatollah Ali Khamenei held a more favorable view of nuclear energy and military technology, and set out to rebuild Tehran's nuclear program. The 1991 Gulf War, as well as a growing US presence in the region, also pushed Tehran to ramp up its research. In a boost to its civilian nuclear effort, Russia in January 1995 picked up where Germany left off, signing a contract with Iran to complete two 950-megawatt light-water reactors at Buzher. In September 2008, the Russian company building the power plant reiterated its commitment (AFP) to finishing the project, while Moscow had said it hoped to fire up the reactor by the end of 2009. Iranian officials have also announced that the Darkhovin project has resumed, and plans call for a 360-megawatt reactor to be operational there by 2016. Iran claims it wants to build nuclear power plants to diversify its energy portfolio.

Iran has consistently denied allegations that it seeks to develop a nuclear bomb. Yet many in the international community remain skeptical. Revelations in 2002 and 2003 of clandestine research into fuel enrichment and conversion raised the West's concern that Iran's ambitions had metastasized beyond peaceful intent. Despite a US intelligence finding in November 2007 that concluded Iran halted its nuclear weapons program in 2003 (Iran Nuclear Intentions. 2007: November), the Bush administration warned that Iran sought to weaponize its nuclear program, concerns which the Obama administration shares. Bush said that "all options are on the table" if the Iranians refused to comply with international demands to halt their nuclear program, pointedly noting that he had already used force to protect US security (*USA Today*, 2005: August 13). Nonproliferation experts note Iran's ability to produce enriched uranium continues to

progress but disagree on how close Iran is to mastering capabilities to weaponize. The September 2009 revelation of a second uranium enrichment facility near the holy city of Qom – constructed under the radar of international inspectors – deepened suspicion surrounding Iran’s nuclear ambitions. The West’s fears were confirmed in mid-February 2010 when the IAEA released a report that detailed Iran’s potential for producing a nuclear weapon, including further fuel enrichment and plans for developing a missile-ready warhead. Chairman of the US Joint Chiefs of Staff Admiral Mike Mullen has warned of “unintended consequences” of military action against Iran on February 22<sup>nd</sup>, 2010 (Mullen Warns, 2010: February 23).

Since 2002, China has believed that a peaceful solution to the Iranian nuclear question via diplomacy and negotiations is the best option and stated that it would continue its efforts for this end. Iran informed the IAEA about its plan to start its enrichment activities to the purity of 20% on February 9<sup>th</sup>, 2009, provoking fresh warnings by Western countries of new sanctions. China’s Permanent Representative to the United Nations Zhang Yesui expounded, “China always advocates resolution of the Iran nuclear issue through diplomatic negotiations, and we believe sanctions are not the way to solve the root issues” (China Urges Diplomacy, 2010: February 7). China called for increased diplomatic efforts and an early agreement for an internationally-backed nuclear fuel proposal for Tehran after Iran started its higher-grade uranium enrichment program (China Calls for More Diplomacy, 2010: February 9). Also China believes that a sovereign country like Iran has its lawful right of peaceful use of nuclear energy. The IAEA should provide a strengthened service to member states to promote the peaceful use of nuclear energy. The US’ skepticism about Iran is based on the fact that a state so petroleum-rich should not need nuclear power to preserve its exports, as Iran claims. The US Joint Economic Committee scoffed, “Iran’s vast oil and gas resources undermine the Iranian regime’s claim that its nuclear program is needed for domestic energy generation” (2006: March). In fact, Roger Stern believes that “Iran’s energy demand

growth has exceeded its supply growth,” and, “Iran’s oil export will decline,” or even “could go to zero within 12–19 years” (2007: January, 377). Therefore, Iran’s need for nuclear power is “genuine, because Iran relies on...proceeds from oil exports for most revenues, and could become politically vulnerable if exports decline.” Nuclear reactors “will substitute for the power now generated by petroleum, thus, freeing petroleum for export” (Stern, 381). Many other US and Western experts have reached the same conclusions. In fact, Iran’s current plans to produce 20,000 megawatts of nuclear electricity by 2020 may save Iran 190 million barrels of crude oil every year or nearly \$14 billion annually (Zarif, 2007: Spring/Summer). From an environmental perspective, more Western utilities are looking for nuclear power because “nuclear power has been presented as providing net environmental benefits. Specifically, nuclear power makes no contribution to global warming through the emission of carbon dioxide” (Energy Information Administration).

A concerted, credible and vigorous political strategy would convince Iran to give its full cooperation to the IAEA and abandon the possibility of developing nuclear weapons. This political strategy should contain the following elements: the US should respect the sovereignty and integrity of Iran, as long as Iran respects the sovereignty and integrity of other states and abandons the development of nuclear weapons; a successful political strategy that convinces Iran to abandon the development of a nuclear weapons option requires a multilateral approach. The support of Russia, China, the EU and the Arab countries is of vital importance in this respect; the wielding of double standards undermines a credible strategy and prohibits broad international support of this strategy.

#### **IV. Strategic Issues**

Iran stands out prominently as the largest and most populous Islamic nation in the oil-rich region of Western Asia. The country possesses major attributes of a regional power in Western Asia by

virtue of its geo-strategic location, geographical land mass and human resources. Iran's geo-strategic location draws significant attention from all major powers. It has an appreciably long coastline on the North Arabian Sea and it dominates the entire eastern flank of the Persian Gulf. It has long borders with Iraq, Turkey, Afghanistan and Pakistan. It also borders on the residual republics of the former Soviet Union. In the North, Iran also has a coastline on the Caspian Sea and it shares borders with the republics in the Central Asian region (See Alterman and Garver, 2008; Burman, 2009).

Iran's geo-strategic location and its potential as a regional power led to the US building it into one of the "strategic pillars" of the American grand strategy in Western Asia in the 1970s. However, the ouster of the Shah in 1979 and the Iranian hostage crisis which ensued led to Iran figuring significantly as a "strategic threat." The US allegedly gave Saddam Hussein the green light for attacking Iran and supported Iraq during the Iran-Iraq war. In April 1995, a total embargo on dealings with Iran by the US companies was imposed by President Clinton. On January 29<sup>th</sup>, 2002, President Bush gave his "Axis of evil" speech, describing Iran, along with North Korea and Iraq, as an "axis of evil" which support terrorism (See Ansari, 2007; Pollock, 2005; and Gonzales, 2007). The military implementation of the Bush administration's unilateralist foreign policy is creating monumental changes in the world's geostrategic alliances. The most significant of these changes is the formation of a new triangle comprised of China, Iran and Russia (Gundzik, 2005: June 4). Professor M. Ehsan Ahrari argues that Iran, China, and Russia are building closer ties to offset the geopolitical dominance of the US. Russia and China have moved to counter the containment of Iran by the US. One example is in Russia supplying nuclear and missile technology to Iran. The three countries seek the construction of a multi-polar international system. Central to this arrangement is the control of oil and gas resources, such as those in the Caspian Sea region and in the Middle East (Ahari, 2001). In their competing with the US in the world system, Tehran is more aggressive toward the US

than Beijing and Moscow are.

On China's side, the Middle East is a region with significant geostrategic importance for the entire global political balance. China will play an increasing role on the global scene, and therefore it needs to reinforce its presence in the regions that are fundamental for the overall fate of the global political balance. On this chessboard, China could have an important role in terms of economic, strategic and ideological influence. Beijing, therefore, is trying to strengthen its ties with those regional powers that represent an opportunity for entering into the regional political balance. Iran is the main target of such a strategy. Iran is emerging as a new regional power and it is playing a lead role in the Middle East's diplomatic balance. Moreover, in a period in which world energy markets highlight the increasing dependence of industrial powers on petroleum prices, Tehran has an important instrument of geopolitical pressure through its status as a major oil producer and its control of the Strait of Hormuz. Moreover, China wants to reinforce its relations with Iran and to strengthen its presence in Central Asia with the goal of reaching the energy resources of the Caspian Sea region; tapping Caspian energy would help China lessen its dependence on maritime oil imports from the Arab countries of the Persian Gulf, thus better securing an uninterrupted flow of oil.

As for the US-led West, China has always been exploiting opportunities in countries where the presence of major powers is weak. As part of this strategy, Tehran is an ideal partner for Beijing, both for its natural resources and for its geopolitical influence. US sanctions drove Iran to seek further investment partners in the rising Eastern powers of China, India, and Russia, which have in return found a critical energy partner in Tehran and one that shares concerns of American hegemony (Patey, 2006). China proposes itself as the country that can help Iran modernize its petroleum industry and the wider Iranian economy with industrial technology, capital, engineering services and nuclear technology. Moreover, the growing business links between Beijing and Tehran underline China's reluctance to agree to

any further economic sanctions on Iran as Western countries escalate their campaign to contain the country's nuclear ambitions (Bozormehr & Dyer, 2010: February 8).

On Iran's side, it needs a powerful ally to help it develop its economy, especially its oil industry, with the help of its "Look East" policy. President Mahmud Ahmadinejad's "Look East" strategy "pins its hopes on building win-win bilateral and multilateral relations and cooperation in the economic, political and cultural spheres with the non-Western world. This is basically a subset of an ambitious global strategy that prioritizes ties with various countries, for example in Asia, Africa, Central and Latin America, that are visibly anti-America" (Afrasiabi, 2008: April 29). China is a good partner because "the US will lose its position as the world's undisputed leading power over the next decade and a half, with China emerging as a formidable rival" (China to Rival US, 2006: June 2). Iran needs civil and military technology, and Beijing also could be a good partner in these fields. Moreover, it wants to improve its diplomatic and military status in the Middle East. Its nuclear program is a clear example of this. Beijing's calls to avoid UN sanctions against Tehran's nuclear program are a clear example of the deeper relationship between the two countries. Struggling against the supremacy of the US in the world system is another factor that binds China and Iran together. Formed in 1996, the Shanghai Cooperation Organization (SCO) has emerged as a globally influential political, economic and security association. Iran won observer status to the SCO in 2005. In March 2008, Iran's Foreign Minister Manouchehr Mottaki officially announced Iran's bid to join the SCO. Iran views the SCO as a potential guarantor of future security and "A major new alliance is emerging between Iran and China that threatens to undermine US ability to pressure Tehran on its nuclear program, support for extremist groups and refusal to back Arab-Israeli peace efforts" (Wright, 2004: November 17). China and Russia are wary of making Iran a full member on the grounds that Iranian membership could give the SCO more of an anti-American tone (Scheineson, 2009: March 24).

## V. Conclusion

On January 29<sup>th</sup>, 2009, US Secretary of State Hillary Clinton used the occasion of a speech in Paris to lecture China on its national security interests and warned Beijing of “economic insecurity and diplomatic isolation” if it did not sign onto new sanctions against Iran (Richter, 2010: January 30). China should not be blamed for the failure of sanctions against Iran. The US government, while pushing for tougher sanctions against Tehran, has given \$107 billion in the last decade to US and foreign companies doing business in Iran, much of it in the energy sector (Firms Get US Money, 2010: March 7). Furthermore, the improving relationship between Iran and China does not mean that their long term interests are the same, but it does mean that, in the medium term, the two states share common aims in the economic and geopolitical spheres. A recent example is that Iran’s clerical establishment issued its condemnation of China’s actions in the July 2009 Uighur Riots. On July 14<sup>th</sup>, Ayatollah Jafar Sobhani called for the Organization of the Islamic Conference (OIC) and other international institutions to intervene on behalf of the Uighurs. He also added: “We just thought that only the bullying West violates Muslims’ rights and deprive them of their basic rights but reports from China indicate that in that part of the world the unprotected Muslims are being mercilessly suppressed by yesterday’s communist China and today’s capitalist China” (“Ayatollah Sobhani urges OIC to stop injustice,” 2009: July 15). Other prominent Iranian clerics made similar comments and official criticism of China out of Iran has been coming from the clerical establishment. Nevertheless, the timing of the criticism, given the ongoing post-election turmoil, is also curious, since China has refrained from criticizing Tehran’s suppression of opposition elements.

US-China relations are influenced by a wide array of issues from Taiwan to trade relations and human rights. Robin Wright argues, “holding a veto at the UN Security Council, China has become the key

obstacle to putting international pressure on Iran” (2004: November 7). In fact, “the main obstacle has been US insistence that it will not agree to take part in face-to-face talks on the nuclear issue until Iran suspends its nuclear enrichment” (Luers, Pickering, Walsh, 2008: March 20). China does not want to alienate Washington, while at the same time it is very protective over its energy ties with Tehran. Undoubtedly, access to Middle East oil will become a key issue in the relations between the US and China (See Wu, 2003; Wu, 2009). Energy security has become an urgent global problem. Energy security and energy cooperation should become a major theme within the framework of multilateral dialogue and cooperation, such as the UN, G-8, and regional organizations. China should not be made a scapegoat for rising fuel prices in the US. Energy security and cooperation should be put on the agenda of the US-China Strategic Dialogue.

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