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# From Beijing to Baghdad: Stability and Decision-making in Sino-Iraqi Relations, 1958-2012

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# From Beijing to Baghdad: Stability and Decision-making in Sino-Iraqi Relations, 1958-2012

## **Abstract**

As the People's Republic of China has modernized, it has become increasingly reliant on Middle Eastern oil to fuel its economy. But economics did not always play a primary role in China's Middle East policy. This thesis seeks to answer the questions: what have been the drivers of the PRC's foreign policy in the Persian Gulf region – and what historical, political, and economic circumstances caused them to evolve at such a rapid pace? In analyzing Chinese foreign policy in Iraq over three chronological periods – the Cold War Period (1958-1979), the Transition Period (1980-1988), and the Post-Cold War Period (1989-present) – this thesis finds that China has always had an interest in regional stability. However, the definition of “stability” has differed during each period, reflecting a general trend away from ideological and political considerations and toward a focus on economic interests.

## **Keywords**

China, Iraq, Middle East, oil, Persian Gulf, foreign policy, Chinese foreign policy, Iran-Iraq War

## **Disciplines**

Political Science

# FROM BEIJING TO BAGHDAD

STABILITY AND DECISION-MAKING IN SINO-IRAQI RELATIONS, 1958-2012

By

SCOTT LEE

Dr. Avery Goldstein, Advisor

A thesis submitted in partial fulfillment  
of the requirement for the  
Degree of Bachelor of Arts  
in Political Science with Distinction

University of Pennsylvania  
Philadelphia, PA  
April 1, 2013

## **ABSTRACT**

As the People's Republic of China has modernized, it has become increasingly reliant on Middle Eastern oil to fuel its economy. But economics did not always play a primary role in China's Middle East policy. This thesis seeks to answer the questions: what have been the drivers of the PRC's foreign policy in the Persian Gulf region – and what historical, political, and economic circumstances caused them to evolve at such a rapid pace? In analyzing Chinese foreign policy in Iraq over three chronological periods – the Cold War Period (1958-1979), the Transition Period (1980-1988), and the Post-Cold War Period (1989-present) – this thesis finds that China has always had an interest in regional stability. However, the definition of “stability” has differed during each period, reflecting a general trend away from ideological and political considerations and toward a focus on economic interests.

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# I. INTRODUCTION

## PROLOGUE

Even though China's Middle East presence has been confined to the past sixty years, the arc of China's regional foreign policy has witnessed a complete about-face. During the 1960s, China attempted to export its revolutionary ideology abroad, supporting revolutionary insurrections in Algeria, Palestine, Oman, and Yemen.<sup>1</sup> By the 2000s, however, China had established a resolute posture of noninterference and registered its disapproval of Western efforts to enforce regime change in the Middle East. What, then, have been the drivers of the PRC's foreign policy in the Middle East – and more importantly, what historical, political, and economic circumstances caused them to evolve at such a rapid pace?

The People's Republic of China made its debut to the Middle East in 1955. The Asian-African Bandung Conference, held in Bandung, Indonesia, hosted delegates from twenty-nine mostly Third World countries, including the People's Republic of China and the Kingdom of Iraq. Many Western scholars at the time anxiously interpreted the event as a sounding board for the Third World's grievances against colonialism, racism, and imperialism perpetrated by the West.<sup>2</sup> Their suspicion was not unwarranted. Even though the express purpose was to promote economic and cultural cooperation, human rights and international peace, the conference is also remembered for engendering the "Bandung spirit," a shared global struggle against imperialism and colonialism.<sup>3</sup>

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<sup>1</sup> Yitzhak Shichor, "China's Middle East Strategy: In Search of Wells and Power," in *China, the Developing World, and the New Global Dynamic*, ed. Lowell Dittmer and George T. Yu. (Boulder: Lynne Rienner Publishers, Inc., 2010), 156-176.

<sup>2</sup> Saunders Redding, "The Meaning of Bandung," *The American Scholar*, 25. no. 4 (1956): 414.

<sup>3</sup> "The Bandung Conference of 1955," *China Daily*, April 20, 2005.

[http://www.chinadaily.com.cn/english/doc/2005-04/20/content\\_435929.htm](http://www.chinadaily.com.cn/english/doc/2005-04/20/content_435929.htm) (accessed January 6, 2013).

The Bandung Conference reflected the complexities of a world reeling from the legacy of colonialism and embroiled in the midst of the U.S.-Soviet Cold War. At the time, the relationship between China and the United States was particularly strained. Not only did Chinese leaders perceive America as the avatar of imperialism and the foe of communist countries worldwide – but to make matters worse, en route to the Bandung Conference, Premier Zhou Enlai narrowly escaped an assassination attempt that the Chinese blamed on the KMT and the CIA.<sup>4</sup> Nevertheless, Zhou took great pains to appear cool and collected before the conference’s delegates. There already existed among the attendees a stigma against communism as dictatorial and neo-colonial in its own right. Zhou did his best to head off their concerns and delivered a speech in which he propounded:

There exists common ground among the Asian and African countries, the basis of which is that the overwhelming Asian and African countries and their peoples have suffered and are still suffering from the calamities of colonialism. All the Asian and African countries gained their independence from colonialist rule whether these countries are led by the communist or nationalists. We should seek to understand each other and respect each other, sympathize with and support one another.<sup>5</sup>

In the true Bandung Spirit, Zhou attempted to reach out to fellow nations who had been the victims of colonial and imperial aggression. This was the first opportunity that China had to engage with other members of the Third World in so public a forum. In doing so, China laid down the framework for its eventual relationships with countries in the Middle East-North Africa (MENA) region. Indeed, the year after the conference, Yemen, Egypt, and Syria

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<sup>4</sup> Wendell L. Minnick, "Target: Zhou Enlai—Was America’s CIA Working With Taiwan Agents to Kill Chinese Premier?", *Far Eastern Economic Review*, 158 (1995): 54-55.

<sup>5</sup> "The Bandung Conference of 1955," 2005.



formally recognized and established diplomatic relations with the PRC, while Egypt became the first Arab recipient of Chinese foreign aid.<sup>6</sup>

One of the Bandung Conference's most significant achievements was the passing of the "Ten Principles of Peace." Based off the 1954 Sino-Indian declaration of "Five Principles of Peaceful Coexistence," the agreement emphasized a consistent message of respect for sovereignty and territorial integrity, nonaggression, and noninterference in other's internal affairs.<sup>7</sup> This message would become the rhetorical focal point of China's Middle East policy for the next half century. It bears curious resemblance to contemporary China's doctrine of noninterference in the affairs of other countries: the PRC's reluctance to approve multilateral military action in Libya and Syria during 2011 and 2012, respectively, are but two examples. Yet it would be misleading to assume that China has always embraced a steadfast policy of nonintervention in the Gulf. In fact, this policy is a recent phenomenon that began to emerge following the end of the Cold War, and it is only in the past decade that China has gained the confidence to assert its opinions so vehemently on the world stage.

Iraq was considered the Gulf's most important state until the more recent ascendancy of Saudi Arabia following the toppling of the Saddam Hussein regime in 2003. Not surprisingly, Beijing has enjoyed a particularly deep and nuanced relationship with Baghdad since the Bandung Conference. As China's long-standing relationship with Iraq has spanned the gamut of political, military, and economic cooperation throughout the latter half of the twentieth century, I submit that Iraq is heuristically representative of Chinese policy in the region. Just as importantly, the Sino-Iraqi bilateral relationship has encompassed many

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<sup>6</sup> Hashim Behbehani, *China's Foreign Policy in the Arab World, 1955-75: Three Case Studies*, (London: Kegan Paul International Ltd, 1981), 4.

<sup>7</sup> Sally Percival Wood, "'Chou Gags Critics in Bandoeng: How the media framed Premier Zhou Enlai at the Bandung Conference, 1955.'" *Modern Asian Studies* 44, no. 5 (2009): 20.

different phases: direct partnership and antagonism, calculated neutrality, and strategic friendship – perfectly modeling the progression of China’s Middle East policy over time. Despite Iraq’s obvious importance to the development of Chinese regional policy and to China’s own domestic modernization, there is little scholarship devoted solely to the evolution of this bilateral relationship. Thus, my thesis seeks to bridge a gap in the body of academic work regarding Chinese-Middle Eastern relations by undertaking a full-scale study of the Sino-Iraqi relationship after the founding of the People’s Republic of China in 1949.

As an ascendant nation, China’s primary interest today is maintaining steady economic growth that can only be achieved through regional stability and carefully manicured relations with Persian Gulf countries. I hope that my contribution will be valuable to the community of China-watching scholars, that it might help to illuminate some of the motivations and rationales behind China’s actions in this region. I hope that it may offer some insight as to future directions in Chinese-Gulf relations, but particularly in situations where China’s cooperation with the world community clearly militates against its own strategic interests, even as it is critical for its reputation as a “responsible stakeholder.”

#### BACKGROUND: TWO SCHOLARS, TWO SCHOOLS

Two schools of thought are at the forefront of theorizing Chinese foreign policy in the Middle East. One theory, proposed by John Calabrese, contends that China’s Middle East policy has always been couched as a factor of its relationships with the world superpowers, the United States and Russia. Other scholarship chronicles Chinese Middle East policy as a string of related, but evolving, phases that reflect China’s internal needs.<sup>8</sup>

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<sup>8</sup> Many scholars discuss Chinese policy within the entire Middle East-North Africa region. My study, however, confines itself to the Gulf region, as superpower attention and activity has traditionally been geographically trained on this zone.

### *Superpower Super-centrism*

Authors such as John Calabrese stress the centrality of the United States and the Soviet Union (and now Russia) as constants in Chinese foreign policy decision-making. For Calabrese, China's Middle East policy reflects the changes and shifts in Chinese foreign policy as a whole. Indigenous conflicts in the region have been ancillary at best, while China's reaction to global events dominated by superpowers have been the principal determinant of China's actions in the Middle East.<sup>9</sup> In his book *China's Changing Relations with the Middle East*, Calabrese traces China's decision calculus through three stages.

The first period from 1950-1965, which he entitles "Probing without progress," is characterized by "rapid socialist economic transformation...within a context of mutual suspicion, reciprocal provocation and generally implacable enmity between the United States and the Soviet Union."<sup>10</sup> Following just off the heels of the Maoist revolution, the early People's Republic of the 50s through 60s was possessed by the fervor of anti-imperialism and anti-colonialism. This zeitgeist inspired Chinese policymakers to initially view the United States as the greatest perpetrator of these sins. Thus, from 1950-1957, China loyally committed to an alliance with the Soviet Union while orienting itself to combat the creeping specter of American imperialism. Over time, however, the relationship between Moscow and Beijing grew frosty as differences in Chinese and Russian ideology grew apparent. Beijing and Moscow began to contend for the mantle of leadership of the communist front and Third World organizations. Perhaps more specific to this study, Mao Zedong was displeased by Nikita Khrushchev's embrace of Peaceful Coexistence and reluctance to directly challenge the United States on a military basis. Eventually, Beijing's deep insecurity and seething

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<sup>9</sup> John Calabrese, *China's Changing Relations with the Middle East* (London: Pinter, 1991), 10.

<sup>10</sup> *Ibid.*, 7.

resentment of the Soviets led to China's reassessment of the Soviet Union as the greatest threat to regional and global stability. Beijing thus began to view the Middle East as a crucial theatre of Sino-Soviet rivalry.<sup>11</sup> China's policy was geared toward neutralizing the Soviet Union's regional influence.

Calabrese labels 1966-1977 a period of "Paralysis to Pragmatism." This period was coincident with the Cultural Revolution and witnessed an intensification of China's hostility toward the two superpowers. Championing itself as the true standard-bearer of Marxism-Leninism, China began supporting revolutionary movements and communist parties throughout the region, most notably rebels in South Yemen, Oman, and Palestinian lands, as well as communist factions in Iran, Iraq, and Lebanon. The end goal of supporting these liberation movements was to promote China's brand of communism and especially to subvert Soviet revisionism and its threat to world revolution and regional stability.<sup>12</sup> By this point, relations with the Soviet Union had reached rock bottom, and by the mid-70s, China had allied itself with the United States after coming to view the USSR as its primary enemy. America began escalate its presence in the Persian Gulf in response to Great Britain's declining presence and as a means of precluding increasing Soviet influence. This supplied Beijing with an opportunity to pursue bilateral ties with Gulf regimes.

Calabrese's third period, from 1978-1989, is labeled one of "Anti-Hegemonism to Modernisation." Under the leadership of Deng Xiaoping, modernization became the guiding principle of Chinese foreign relations. Just as China focused on promoting modernization, it also had to protect its interests. Thus, economic and strategic incentives were tightly linked, and protecting continued modernization required stopping the USSR's continued incursion

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<sup>11</sup> *Ibid.*, 34.

<sup>12</sup> Hafizullah Emadi, *China's Foreign Policy Toward the Middle East* (Saddar Karachi: Royal Book Company, 1997).

into the Middle East.<sup>13</sup> China began looking to the region as a market for weapons and potential exports. It also viewed the region as a source of diverse raw materials. By the end of the 80s, China's foreign policy had detached itself from its ideological and Cold War underpinnings and now placed a primary emphasis on economic cooperation.

Unfortunately, Calabrese's book was published in 1991 and ends there. Since that time, China has made vast strides with respect to its diplomatic, economic, and political relationships in the region. One downside of Calabrese's framework is that it fails to account for foreign policy after the fall of the Soviet Union. And while his analysis of Chinese foreign policy as responsive to superpower politics is compelling within the context of the Cold War, it is necessary to draw on other theories to fully contextualize China's Middle East policy in the Post-Cold War era.

#### *Progression and Evolution*

Yitzhak Shichor offers a different approach in his analysis of Chinese Middle East policy. Instead, he breaks it up into a logical progression encompassing three distinct eras; one in the Maoist era and two in the post-Maoist era. While taking Calabrese's theory of superpower influence into account, Shichor's theory is broader and hesitant to center the whole of China's Middle East policy around this theme. Shichor first presents the Maoist period, which was determined primary by inconsistent political factors – a mishmash of competing political, strategic, security, and ideological considerations that derived from both internal and external factors.<sup>14</sup> Starting in the 1940s, the Middle East originally served as China's strategic buffer against Nazi Germany before becoming a bulwark against Soviet presence in the 60s. Broadly speaking, China's foreign policy from the 40s through the 50s

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<sup>13</sup> Calabrese, *China's Changing Relations with the Middle East*, 118.

<sup>14</sup> Shichor, "China's Middle East Strategy: In Search of Wells and Power," 160.

reflected Chinese internal politics: fomenting Middle Eastern revolutions reflected Maoist belief that constant change, revolution, and transformation were integral to the socialist agenda.<sup>15</sup> During the 1970s, China's policy still exhibited the fractious nature of domestic Chinese politics: the learning curve was steep and an internal debate raged within Beijing about how to utilize its new position of power on the UN Security Council, what responsibilities it had as an international player, and how to avoid unnecessary entanglement in political issues tangential to strategic interests. This eventually led to a policy of abstention and absenteeism, the legacy of which is still apparent today.

While the Maoist stage was governed by political, strategic, security and ideological considerations, economics and pragmatism reigned supreme during the Post-Mao stage.<sup>16</sup> Shichor divide this stage into two parts: before the 1990s and after. Initially, China regarded the Middle East and Persian Gulf in particular as a huge market for Chinese goods and services, particularly labor export and construction contracts. During the late 70s, China increased its sales of arms and military technology, and the Middle East eventually became China's leading arms market by the 80s. Beginning the 1980s, China began to buy small quantities of crude oil. The role of oil in Chinese regional policy is so important that Shichor delineates a second Post-Mao phase (post-90s) specifically to account for the rise of China's Middle Eastern oil relationships. By the early 2000s, the Greater Middle East had become China's principal source of oil imports, accounting for approximately 50-60% of the total.<sup>17</sup>

In sum, while China initially considered the Middle East as an arena for mediating its relationships with the global superpowers, a confluence of Deng Xiaoping's opening up

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<sup>15</sup> Yitzhak Shichor, *The Middle East in China's Foreign Policy 1949-1977* (Cambridge: Cambridge University Press, 1979), 159.

<sup>16</sup> Shichor, "China's Middle East Strategy: In Search of Wells and Power," 161.

<sup>17</sup> *Ibid.*

policy along with the demise of the Soviet Union transformed Middle East policy to one predominantly based on economic interests. Almost all literature on the broad trends governing Chinese Middle East policy ends at the beginning of the First Gulf War. Since then, most journal articles and literature have tended to cover Chinese reactions to events in the Middle East on a case-by-case basis. Thus, the question of how best to theorize Chinese Middle East policy in the post-Cold War era is open for debate. In the Post-Cold War era, the two most historically prominent factors – China’s wary eye toward the interests of the superpowers and China’s own nascent economic interests – were pitted once more against each other in the 1990s and 2000s, most notably in Iraq. When Iraq invaded Kuwait in 1991, the international community supported the United States’ effort to put an end to Saddam Hussein’s aggression. China was caught in the unfortunate position of having to weigh its own economic interests and bilateral relationship with Iraq against the option of deferring to the United States and the wishes of the world community. What factored into China’s decision to remain neutral at this point in history, and again during the Second Iraq War? My hope is that this project will contribute to the field an understanding of the drivers of Chinese foreign policy in the region, with particular emphasis to identifying a cohesive strategy for the post-Cold War era.

Although helpful for contextualizing some of the broader trends in Middle East policy, Calabrese and Shichor’s approaches are due for an update. I submit a paradigm for organizing Chinese foreign policy in the Middle East that incorporates both Calabrese’s focus on superpowers and Shichor’s emphasis on internal dynamics, but identifies different historical turning points and highlights the decision-making challenges that Beijing has faced when evolving sets of competing interests come into conflict with one another.

## ARGUMENT

As a developing nation, the People's Republic of China has always been constrained by its limited resources and influence in the world. Lacking the power to unilaterally mold political and economic conditions to its own advantage, China's regional strategy in the Middle East has been centered on the notion of maintaining regional stability. Exactly what "stability" has entailed, however, has changed almost decade by decade.

I propose that China's Middle East policy be organized into three main eras: the Cold War Period (1958-1979), the Transition Period (1980-1989), and the Post-Cold War Period (1990-present). Each period reflects a different Chinese understanding of how best to construe stability, and thus, a different set of priorities. Central to this discussion will be the role of economic and commercial interests in Chinese policy-making and its elevation from an auxiliary concern to the primary driver of foreign policy. My focus will be on the evolution of these eras and the events and ideological shifts that they embodied.

During the Cold War Period (1958-1979), China framed the United States, and later on, Soviet Union as existential threats. Regional stability in this context meant preventing the further geographical encroachment of these imperialist powers into the Gulf. China's primary focus then was on cultivating good relationships with regional governments as a means of precluding the expansion of superpower spheres of influence. One way of cultivating strong political relationships was through increasing trade and economic cooperation. Accordingly, economics began as a mere means for attaining political goodwill.

The Transition Period (1980-1989) saw China's economic interests in the region slowly supplant anti-superpower hedging as the primary factor in China's regional decision-making. This era reflected the continuation and expansion of economic relationships China



forged for the purposes of hedging against superpowers during the preceding period.

Additionally, China's policy of opening up under Deng Xiaoping and the downgraded threat of the Soviet Union forced a reassessment of China's true interests in the Gulf. The case study of the Iran-Iraq War shows how the intra-Gulf conflict tested China's definitions of regional stability by pitting Cold War considerations against economic ones.

In the Post-Cold War Period (1990-present), China has focused almost exclusively on pursuing its own economic interests in the region. Regional stability here refers to ensuring, to the best of China's limited abilities, the conditions optimal for the free flow of trade and oil. In contrast to the Cold War Period, stability serves the purpose of securing economic interests. This strategy, however, is at least partially constrained by China's need to consider the interests of the United States and the international community.

## II. THE COLD WAR PERIOD (1958-1979)

### OVERVIEW: CHINA'S FOREIGN POLICY TRENDS

The first era of China's Middle East foreign policy is entitled the Cold War Period because at any given point during this Period, China's conception of regional stability meant precluding the expanding influence of one or both of the world's two Cold War superpowers, the United States and the Soviet Union. Furthermore, this title is apt because the manner in which China approached this goal was "Cold War" in nature. While the PRC did not directly or militarily engage with its superpower foes, it treated Middle Eastern nations like political battlegrounds, vying for political and economic relevance and attempting to supplant the United States and Soviet Union in influence.

During the early part of the Cold War Period, China viewed the United States as the main threat to peace in the Middle East and the world. Led by Mao Zedong, China's opposition to the United States and its Gulf policies was both ideological and strategic in nature. China's understanding of American motivations borrowed heavily from the Leninist theory that the survival of America's capitalist economic system required that the country aggressively expand into the Third World to acquire the resources and foreign markets it desired. Mao believed that these attempts at neo-colonialism and economic enslavement "have taken the place of fascist Germany, Italy and Japan and are frantically preparing a new world war and menacing the whole world."<sup>18</sup> Responding to the 1956 Suez Crisis, he wrote:

"The great contradiction is with the U.S., not Nasser. The U.S. is trying to maneuver Britain out of the Middle East, for it harbors sinister designs of taking over the Middle East...The internal contradictions of imperialism in scrambling for colonies

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<sup>18</sup> Mao Zedong, *Selected Works*, 4:284-285.

are great. We can make use of their contradictions to accomplish our ends. This is strategy.”<sup>19</sup>

Under Mao’s “contradictions” framework, American imperialism from 1958 through the mid-60s had assumed the mantle of “principal contradiction.” The battle against American imperialism had become the single most important struggle in the worldwide communist movement. Only by halting American aggression against the Third World, beginning in the Gulf, could communism advance to the next level.<sup>20</sup>

The “strategy” that Mao spoke of entailed identifying and countering the methods by which American imperialism took advantage of economically undeveloped nations. In a 1965 speech to the Afro-Asian Economic Seminar in Algiers, Member of the Standing Committee of the National People’s Congress Nan Han-chen enumerated a litany of grievances against American imperialism. He concluded that in pursuing its own interests, the United States perpetuated forms of political and economic coercion and control largely responsible for the poverty and backwardness endemic to “Afro-Asian countries.”<sup>21</sup> In summary, these included:

1. *Military, economic, and political privileges*: Americans enjoyed the establishment of military bases and stationing of troops, land concessions and extraterritoriality.
2. *Control over the branches of production and economic lifelines*: The United States controlled the majority of major indigenous natural resources and raw materials, including minerals and, notably, oil.

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<sup>19</sup> Mao Zedong, “Summing Up of Provincial and Municipal Party Secretaries Conference” (Article written during the Conference of the Secretaries of Provincial and Municipal Party Committees, Tsingtao, July 1957).

<sup>20</sup> Peter Van Ness, *Revolution and Chinese Foreign Policy*, (Berkeley: University of California Press, 1970), 28.

<sup>21</sup> This designation included the Middle East within its borders.

3. *Control over the international market:* the United States monopolized and regularly manipulated world prices, arbitrarily lowering the prices of primary products and raising the prices of goods sold to Afro-Asian countries.

4. *Economic aid:* The economic aid provided by the United States was an instrument for extending control and exploitation over the internal affairs of recipient countries.<sup>22</sup>

Although Nan Han-chen refers specifically here to American influence in the Third World, his comments extend for the most part to the actions of the Soviet Union as well. In explicitly enumerating these theaters of superpower dominance, Nan Han-chen also laid out a battle plan by which China would seek to roll back the influence of superpowers in the Gulf. Since so many of these mechanisms of control were economic in nature, Nan stressed that the only way for Afro-Asian nations to emancipate themselves from superpower influence was to achieve economic independence.<sup>23</sup> Spurring along this economic independence was to be China's self-proclaimed role during the Cold War period, despite its fairly limited economic power at the time. As the case of Iraq shows, Chinese policies in the Middle East during the Cold War Period were concentrated on frustrating to the greatest extent possible these so-called superpower military and economic privileges, and providing alternative markets and sources of economic aid. Thus, during the Cold War Period, economic goals were merely a means to the broader goal of regional stability by preventing an increase in the superpowers' influence.

During the 1960s, two factors contributed to a temporary reorientation of Chinese policy: Beijing's souring relationship with Moscow, and the advent of China's Cultural Revolution, which inspired the party leadership to export its revolutionary ideology abroad including to the

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<sup>22</sup> Nan Han-Chen, "For the Economic Emancipation of Afro-Asian Peoples," *Peking Review* 10:5 (March 5, 1965).

<sup>23</sup> Not all African and Asian countries suspected American policies of such sinister intent; in fact most welcomed political and economic assistance from the West. This, however, did not diminish China's attempts to persuade them to the contrary.

Gulf. China believed it faced the twin enemies of American imperialism and Soviet revisionism, the threat each posed enhanced by their allegedly nefarious collusion in international affairs.

The Sino-Soviet split was rooted in Mao Zedong's and Nikita Khrushchev's divergent interpretations of Marxism and Khrushchev's apparent moderation in his stance toward the West after 1957.<sup>24</sup> While Khrushchev's regime promoted a theory of peaceful coexistence with capitalist countries, Mao rejected out of hand even a modicum of detente. Although initially pleased by the prospect of another red ally in Beijing, Moscow grew alarmed during the 1950s at what it viewed as Beijing's increasingly irresponsible and belligerent actions, such as the Chinese military's shelling of offshore islands controlled by the government on Taiwan in 1958. For its part, the Chinese government began to accuse the Soviets of "Marxist revisionism." Not only were Moscow's desperate attempts to ensure peaceful coexistence and avoid nuclear war imperiling the progress of the communist movement, Beijing argued that the Soviets were actively scheming with the United States to dominate the world.<sup>25</sup> Public acknowledgement of Sino-Soviet animosity had been kept to a minimum at first, but it exploded in 1960 when China criticized the Communist Party of the Soviet Union at a meeting of the World Federation of Trade Unions in Beijing. In response, the Soviet Union withdrew all its scientists and technicians, jeopardizing China's industrialization and already faltering economy in the midst of the disaster caused by Mao's Great Leap Forward experiment.<sup>26</sup> By the mid-60s, the CCP openly condemned the Soviet "modern revisionist clique." Its fears of Soviet hegemony seemed vindicated when the Soviet Union invaded Czechoslovakia under the Brezhnev

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<sup>24</sup> On the Sino-Soviet split, see Lorenz M. Luthi, *The Sino-Soviet Split: Cold War in the Communist World*, (Princeton: Princeton University Press, 2008).

<sup>25</sup> Van Ness, *Revolution and Chinese Foreign Policy*, 34.

<sup>26</sup> Lillian Harris, *China Considers the Middle East* (London: I.B. Tauris & Co Ltd, 1993), 105.

Doctrine in 1968. After this, the Soviet Union was put on equal footing with the Americans as a threat to global stability. China would brook neither country's further encroachment in the Gulf, and Beijing reoriented its policy accordingly.

On a domestic level, China's Cultural Revolution exploded in 1966 as an attempt to reinstate a revolutionary consciousness in the masses. In the foreign policy realm, China's Cultural Revolution manifested itself as an active attempt to export revolutionary ideology abroad, particularly to the Third World, as part of a strategy to ensure global stability by neutralizing superpower influence. The Chinese viewed the Third World as particularly susceptible to superpower influence because it relied heavily on superpower economic aid. But at the same time, the Third World was also seen as a place of vulnerability – a “strategic rear” where imperialism could be combated with great effectiveness.<sup>27</sup> While America's malignant influence in the Gulf was long established, China now had the added task of countering Soviet hegemony as well. After all, the Middle East had become one of the principal targets of Soviet foreign policy, as Arab nations had become increasingly dependent on Soviet political, military, and economic support.<sup>28</sup>

Beginning in the late 1960s, China and the United States embarked on a path toward rapprochement. President Richard Nixon's willingness to engage with the PRC culminated with his visit to China in 1972 and the 1972 Shanghai Communique. China believed that the United States would be a useful ally in balancing against the Soviet Union, which had now definitively replaced the United States as the primary threat to international stability. By the end of the 1970s, the United States formally established diplomatic relations with the People's Republic of China.

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<sup>27</sup> Van Ness, *Revolution and Chinese Foreign Policy*, 35.

<sup>28</sup> Shichor, *The Middle East in China's Foreign Policy*, 107.

## THE SINO-IRAQI RELATIONSHIP

### **A New Beginning (1958-1960)**

Three main themes factored into Sino-Iraqi relationship during the early period of 1958-1960: nationalism, China's own communist ideology, and anti-imperialism. While China took an inconsistent stance on the first two, it was unwavering in its pursuit of the third.

Prior to the Bandung Conference, China classified the Kingdom of Iraq as part of a capitalist camp controlled by Western imperialism, and hence, not a potential ally in the anti-imperialist front.<sup>29</sup> King Faisal III was friendly to the West and had engaged Iraq in a security alliance with the United States and Great Britain called the Baghdad Pact. Founded in 1953, the Baghdad Pact's goal was to contain the USSR by creating a line of strong states along the Soviets' southwestern frontier. But on July 14, 1958, the nationalist Iraqi army general Abd al-Karim Qasim seized power in a military coup, overthrowing the Faisal monarchy and establishing the Republic of Iraq with himself as the first Prime Minister. The import of Qasim's revolution was not lost on the Chinese, for they interpreted his rise to power as an unprecedented opportunity for China to establish itself in the Arab world. China extended recognition a mere two days after the revolution. Within ten days it had established diplomatic relations, sent its first shipment of Chinese goods, and dispatched two New China News Agency (NCNA, now Xinhua) correspondents to Baghdad.<sup>30</sup>

The timing and nature of the revolution could not have been more fortuitous. There were several reasons why Qasim quickly became the darling of China's leaders. The Chinese

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<sup>29</sup> Mohamed Bin Huwaidin, *China's Relations with Arabia and the Gulf*, (London: RoutledgeCurzon, 2002), 137.

<sup>30</sup> Behbehani, *China's Foreign Policy in the Arab World, 1955-75*, 191.

hoped that Qasim would prove to be a powerful counterpoint to Gamal Abdel Nasser, the Egyptian leader who consolidated Syria and Egypt into the United Arab Republic (UAR) during 1958. China made its political debut in the Gulf just at the peak of the Arab nationalist movement, which treated communism's atheism and economic radicalism with deep suspicion. Much to Beijing's alarm, Nasser relentlessly persecuted communists in his the UAR, imprisoning or exiling communists until there were hardly any left. In contrast, Qasim's tolerance of the Iraqi Communist Party seemed encouraging. He not only courted their support, but allowed them significant influence in the Iraqi state apparatus during the early years of his regime.<sup>31</sup> But China's support for Qasim was only partially based on his tolerance for communism. Much more important was his firm stand against American imperialism.<sup>32</sup> Beyond its reservations about Nasser's anti-communist leanings, Beijing was growing apprehensive that Nasser was beginning to show an inclination to cooperate with the West.<sup>33</sup> Chinese leaders hoped that the momentum of the Iraqi revolution might convince Nasser to rejoin them on the anti-imperialist front. If not, Qasim could serve as a new revolutionary leader to challenge Nasser for authority in the Arab world.<sup>34</sup>

Careful to frame the newly minted Sino-Iraqi friendship within the context of the shared crusade against imperialism, Chinese Foreign Minister Chen Yi informed Iraqi Republic Foreign Minister Abdal-Jabbar Aljamal two days after the 1958 revolution: "I am deeply convinced that friendship and co-operation between China and Iraq and their peoples will develop continuously on the basis of the Bandung principles. The Chinese people will

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<sup>31</sup> *Ibid.*, 5.

<sup>32</sup> Van Ness, *Revolution and Chinese Foreign Policy*, 88.

<sup>33</sup> Shichor, *The Middle East in China's Foreign Policy 1949-1977*, 87.

<sup>34</sup> Bin Huwaidin, *China's Relations with Arabia and the Gulf*, 118.



exert their utmost efforts to support your just struggle against imperialism.”<sup>35</sup> For its part, the new Iraqi government seemed grateful for China’s support. On July 30, Mohammed Mahdi Kubbah, Member of the Iraqi Sovereignty Council gushed:

“The Arab people in general and we, the Iraqis, in particular, do not know how to thank People’s China for their noble and friendly attitudes toward all liberation movements in the Arab world. This noble attitude is certainly very impressive and important in stopping the aggressors, because People’s China occupies a very important position among the nations of the world. Its manpower and material resources are a factor which make the aggressors think twice before acting.”<sup>36</sup>

Important here is Iraq’s tacit approval of and collaboration in the struggle against imperialism. Indeed, Qasim seemed to vindicate China’s hopes when he withdrew Iraq from the Baghdad Pact soon thereafter, leaving the Americans, as Beijing noted with amusement, a “Baghdad Pact with no Baghdad.”

Chinese leaders believed that Iraq’s sudden transformation into an “anti-imperialist forefront” greatly accelerated the process of total destruction of colonial forces in the Middle East and in the world.<sup>37</sup> The year 1959 saw the PRC’s attempt to expand its influence in what it considered its pillar in the Arab world by establishing closer political, cultural, and economic ties.<sup>38</sup> On April 4, both nations signed the first Sino-Iraqi cultural agreement in Baghdad. This provided for a wide range of cultural exchange visits by government officials, professors, students, journalists, language teachers, sports teams, youth organizations, and art troupes. The Chinese were explicit that this new Sino-Iraqi relationship be rooted “in the

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<sup>35</sup> “We Stand by our Arab Brothers,” *Peking Review* 1:21 (July 22, 1958), 4-6.

<sup>36</sup> “Iraq Thanks China.” July 7, 1958. *NCNA* (Peking). Translated by the Foreign Broadcast Information Service (FBIS), FBIS-FRB-58-148.

<sup>37</sup> “China Greets the Great Victory of the Iraqi People,” *Peking Review* 1:21 (July 22, 1958).

<sup>38</sup> Wu Bingbing, “Strategy and Politics in the Gulf As Seen From China,” *China and the Persian Gulf: Implications for the United States*, ed. Bryce Wakefield and Susan Levenstein (Washington, D.C.: Woodrow Wilson Center for International Scholars, 2011), 11.

spirit of the Bandung Conference and the Five Principles of Peaceful Coexistence.”<sup>39</sup> To highlight their shared revolutionary heritage, the Chinese arranged for the first Chinese-language movie screening in Baghdad: *Tung Tsun-ju*, the story of a young hero during the Chinese War of Liberation.<sup>40</sup>

Beijing was equally eager to engage Baghdad in trade deals. It is important to note, however, that at this time the Chinese viewed commerce not as an end in itself so much as a means of active resistance against Western imperialists. Countries like the United States were believed to intentionally manipulate markets and depress prices in order to keep Third World economies dependent on the West. Thus, the ultimate goal was to “see the other Asian-African countries, as well as ourselves, prosperous, rich, and strong so as to...strengthen the forces against colonialism and for world peace.”<sup>41</sup> To that end, the first Sino-Iraqi trade and payment agreement was signed on January 3, 1959. Under the terms of the agreement, China would ship Iraq raw and industrial materials such as steel, aluminum, machines parts, electrical materials, and industrial plant equipment, as well as textiles and luxury goods like dyestuffs, paints, porcelain, silk, paper, and woolen. In exchange, Iraq exported hides and skins, cotton, oil seeds, and tens of thousands of pounds of Zahdi dates.<sup>42</sup> By December of that year, eight Iraqi delegations had visited China while three Chinese missions had journeyed to Iraq.<sup>43</sup>

But 1959 also presented challenges to the Sino-Iraqi relationship that would reverberate for another fifteen years. Although Beijing alleged that it “firmly supports every nationalist movement,”<sup>44</sup> rebellions in the Mosul and Kirkuk regions of Iraq directly pitted

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<sup>39</sup> “Sino-Iraqi Cultural Agreement,” *Peking Review* 2:15 (April 14, 1959).

<sup>40</sup> *Peking Review* 1:37 (November 1958).

<sup>41</sup> “China’s Foreign Trade in 1958,” *Peking Review* 1:32 (October 7, 1958).

<sup>42</sup> “Trade Agreement with Iraq,” *Peking Review* 2:2 (January 13, 1959).

<sup>43</sup> Calabrese, *China’s Changing Relations with the Middle East*, 25.

<sup>44</sup> “The Bandung Spirit Thrives,” *Peking Review* 1:9 (April 28, 1958).

China's commitments to nationalism and communism in the Arab world against each other. By February 1959, tensions came to a head between Qasim and his communist following on one side, and Iraqis who supported Nasser and Arab nationalism on the other. The nationalists sought Iraq's incorporation into Nasser's UAR and were led by Abd al-Wahab al-Shawaf, the garrison commander of the northern city of Mosul. Aware of the looming specter of insurrection, Qasim shrewdly provoked an outbreak of violence that he could use to paint the nationalists as a dangerous threat. Qasim allowed the Iraqi communist Partisans of Peace to hold a mass rally in Mosul, reinforced by the communist-led Popular Resistance militia. When the Peace Partisans began scuffling with Nasser supporters and burned down a pro-Nasser restaurant, Al-Shawaf responded by having his officers round up Peace Partisans and ordering the head of the parading communists shot, thus beginning the Mosul Revolt against Qasim's government.<sup>45</sup>

The short-lived revolt ended with al-Shawaf's death. Chinese responses to the event illustrate China's understanding of its place in the world at the time. Where Beijing once had commended revolutionary action in Iraq, it now rushed to praise Qasim for the suppression of the Shawaf rebellion while eagerly denouncing Nasser's alleged intervention and support for al-Shawaf and the Arab nationalists. What's more, Chinese leaders attempted to frame the United States as somehow responsible for this mostly regional, if not domestic, squabble. Although it is a matter of fact that the communist rally in Mosul was ordered by Qasim himself, Beijing reported in the *Peking Review* that:

Particular attention should be paid to the fact that Iraq's traitors started their armed rebellion at Mosul just when the U.S. had signed bilateral military agreements with Turkey, Iran, and Pakistan, and the Iraqi people had held a mass rally at Mosul against these agreements.<sup>46</sup>

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<sup>45</sup> "The Revolt That Failed." *Time* 73, no. 12 (March 23, 1959): 24.

<sup>46</sup> "Iraqi People's Victory," *Peking Review* 2:11 (March 17, 1959).

While it is true that the U.S. expressed its support for the pro-Nasser nationalists, there is no evidence to support China's suggestion that the America-led forces of imperialism were the direct catalysts of the Shawaf insurrection.

The fallout of the March Mosul Revolt and another communist-inspired riot in Kirkuk in July did not bode well for Sino-Iraqi relations. The Iraqi Communist Party (ICP) had by this time split into two factions: one pro-Soviet faction that supported internal and external government policies; and one pro-China faction that, in an ironic twist of fate, was blamed for the communist revolts in Mosul and Kirkuk. Although this claim was never substantiated, Qasim nonetheless seized the opportunity to quash all communists and preclude their increasing influence in Iraq. Accusing the communists of plotting to overthrow his regime, Qasim initiated a purging campaign by banning the ICP, closing down its offices and dismissing its members from government posts in the military and information and broadcasting departments. Qasim also accused China of supplying arms to the Iraqi communists and banned Maoist literature.<sup>47</sup> Despite these setbacks, China remained nominally supportive of Iraq and Qasim, if only because of his commitment to anti-imperialism and the belief that China's help was required to liberate the region from the sinister influence of the West.<sup>48</sup> Thus, while China equivocated with respect to its support for nationalism and communism in Iraq at this time, its resolve in combating imperialism was unshakable.

### **Challenges to the Sino-Iraqi Relationship (1960-1975)**

Compared to 1958-1960, the next fifteen years of the Sino-Iraqi relationship were comparatively uneventful, encompassing some good moments but mostly trending downward.

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<sup>47</sup> Hafizullah Emadi, "China and Iraq: Patterns of Interaction, 1960-1992," *Economic and Political Weekly*, 29, no. 53 (1994): 3315.

<sup>48</sup> *Ibid.*

One explanation accounting for the cooling off of Sino-Iraqi relations during this period was Iraq's domestic turbulence. Iraq during the 1960s was beset by Ba'athist Party military coups in 1963 and 1968, as well as by insurrections by Kurdish ethnic nationalists in the north. Unsure of Iraq's future direction, China was reluctant to "take sides" in a rapidly changing political milieu. Accordingly, Calabrese asserts that China's lukewarm political ties to Iraq from 1960 to 1965 might have demonstrated an exercise in caution and restraint.<sup>49</sup> More importantly, however, this lull in Sino-Iraqi activity reflected Iraq's increasing preference for and reliance on the Soviet Union, which was quickly becoming China's chief rival for attention in the Middle East. China's burgeoning antagonism toward the Soviet Union during the 1960s generated a new regional strategy: the support of revolutionary movements (particularly in Palestine and Oman), and more relevant to this study, the attempt to combat the forms of control enumerated by Nan Han-chen during his 1965 speech. China sought to roll back superpower monopolies over the resources and oil industry, open up alternative markets for goods and services, and serve as substitute source of economic aid. Consequently, the Beijing-Baghdad economic relationship forged bitterly ahead, even in the face of an increasingly strained political relationship.

The Sino-Iraqi relationship during this period was delicate. In February 1960, the Chinese government donated transportation and communications equipment to the Iraqi civil defense department, including six ambulances, six Chinese-made fire trucks, two trucks, and twenty radio sets.<sup>50</sup> Baghdad dismissed these gifts by publicly contrasting them with much more generous American aid projects.<sup>51</sup> This political embarrassment notwithstanding, Beijing was still eager to demonstrate its commercial support of the Middle Eastern country. In May 1960, a trade and payments agreement was signed providing that China would supply Iraq with cotton

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<sup>49</sup> Calabrese, *China's Changing Relations with the Middle East*, 26.

<sup>50</sup> "Gift to Iraq," *NCNA* (Peking), February 19, 1960, Trans. FBIS, FBIS-FRB-60-035.

<sup>51</sup> Harris, *China Considers the Middle East*, 109.

cloths, silks, rolled steel, and machinery. In return China would import Iraqi dates, hides, petroleum products, and notably, crude oil.<sup>52</sup>

It was at about this time that oil assumed a role as a commodity of crucial political – but not yet economic – consequence. That is to say, China’s oil imports during this time were negligible: oil’s utility primarily derived from its role as yet another example of Western imperialism. From 1961 to 1962, the Chinese government lent its full-throated support to the Iraqi government’s efforts to wrest control of its oil exports from Western corporations. The Chinese claimed that five U.S. oil companies controlled over 69% of the concessions areas in the major Middle East oil-producing countries. Thus the struggle to recapture control over oil rights was paramount to reclaiming national sovereignty.<sup>53</sup> When the Iraqi government promulgated a law nationalizing the British, United States, and French capital-controlled Iraq Petroleum Company, Beijing hailed these “just actions aimed at liquidating the vestiges of colonialism and upholding national sovereignty.”<sup>54</sup>

Political turbulence in 1963 and its consequent effects on the Iraqi Communist Party added additional strain to the bilateral relationship. Ba’athists seized power in a military coup and executed Qasim in February 1963. They condemned Qasim’s communist support despite the uptick of persecution during the end of his regime and railed against the ICP’s use of terrorism and violence to paralyze the state.<sup>55</sup> Ba’athist leaders then commenced persecution and extirpation of Iraqi communists on a mass-scale, eliciting a toothless Chinese government outcry

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<sup>52</sup> “Sino-Iraqi Agreement,” *Peking Review* 3:22 (May 31, 1960).

<sup>53</sup> “Struggle for Middle East Oil,” *Peking Review* 4:46 (November 17, 1961).

<sup>54</sup> “Iraq Fights Foreign Monopolies,” *Peking Review* 5:8 (1962).

<sup>55</sup> “USSR Meets Defeat in Cuba and Iraq,” *Baghdad Domestic Service* (Baghdad), February 26, 1963, Trans. FBIS, FBIS-FRB-63-039.

and demand that the suppression end.<sup>56</sup> The new Ba'athist regime was overthrown just nine months later by Abd al-Salam Arif on November 18, 1963. In contrast to the Ba'athists, Arif was more palatable to the Chinese leadership. A strong proponent of the non-alignment movement, Arif maintained a neutral stance vis-à-vis both the superpowers. He found support from the CCP for his policy of nationalizing key industrial and manufacturing enterprises and expanding relations with other non-aligned countries.<sup>57</sup> The Chinese government seized this opportunity to transform Iraq into a theater of Sino-Soviet rivalry, hoping to promote its relationship with the nascent Arif regime and to foreclose the possibility of any additional Soviet influence in the country. China denounced the pro-Soviet faction of the ICP as enemies of the Arif regime and blamed their adherence to Khrushchev's revisionist line as the catalyst for the deaths during the Mosul and Kirkuk incidents in 1959.<sup>58</sup> In response, the Soviets charged that "the Chinese representatives in Iraq wanted to take advantage of the fact that the Iraqi communist party had become leaderless to create their own schismatic group there."<sup>59</sup> China's disenchantment with the Qasim and Ba'athist regimes is evidence that the harsh treatment of Iraqi communists was a bone of contention in Sino-Iraqi relations during the early 60s. But that was not China's primary concern. In fact, the CCP's subordination of the communist question to the goodwill of Sino-Iraqi relations indicates that China had prioritized combating the Soviet Union above all else. China's actions suggest that it viewed the issue of communist persecution in the same way that it viewed the significance of the question of oil in the 1960s.

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<sup>56</sup> "Iraqi Anticomunist Excesses Condemned," *NCNA* (Peking), February 26, 1963, Trans. FBIS, FBIS-FRB-063-038.

<sup>57</sup> Emadi, "China and Iraq: Patterns of Interaction, 1960-1992," 3316.

<sup>58</sup> "The Proletarian Revolution and Khrushchev's Revisionism," *Peking Review* 17:14 (April 3, 1964).

<sup>59</sup> Cited in Emadi, "China and Iraq: Patterns of Interaction, 1960-1992," *Economic and Political Weekly*, 29, no. 53 (1994): 3316.

Sino-Iraqi relations deteriorated around the time of the 1967 Arab-Israeli war, when China became convinced that it could no longer work with the Iraqi government. Abd al-Salam Arif had died in 1966 and was replaced by his brother Abd al-Rahman Arif, who attempted to strengthen ties with the West. In the eyes of the Chinese, the so-called Six Day War was tantamount to an egregious display of American imperialism. It saw the Soviet attempt to make peace in the UN as reflecting their collusion with the U.S. in a joint scheme to achieve worldwide domination. In opposition to the United States and its backing of Israel, the Chinese denounced Israel's status as a "made up" state and reaffirmed their unconditional support for the Arab world. After the fighting commenced on June 5, the Chinese government immediately condemned the war as "another towering crime against the Arab people committed by U.S. imperialism and its tool Israel as well as a grave provocation against the people of Asia, Africa, and the rest of the world."<sup>60</sup>

But as fearful as the CCP was of American aggression, it was equally abhorrent of the actions of its Kremlin rivals. Although the Soviets were committed to their Arab allies, they were still loath to see unnecessary violence in the Gulf if it could be prevented. On May 27, the Soviet prime minister indicated to the American president that if the United States intervened in an Arab-Israeli war, so too would the Soviet Union; but if the United States stayed out of the war, the Soviets would refrain as well.<sup>61</sup> As part of a Cultural Revolution-inspired revolutionary foreign policy, Beijing had embraced a policy of supporting Arab allies and more forceful resistance against the United States. Beijing was incensed by Moscow's "two-faced behavior," particularly when the Soviet Union introduced Security Council draft resolutions from June 7 to

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<sup>60</sup> "Firm Support for the Arab People's Fight Against U.S.-Israeli Aggression," *Peking Review* 10:24 (June 9, 1965).

<sup>61</sup> Yaacov Ro'i, "Soviet Policy toward the Six Day War," *The Soviet Union and the June 1967 Six Day War*, ed. Yaacov Ro'i and Boris Morozov (Washington, D.C.: Woodrow Wilson Center Press, 2008), 12.



June 9 calling for the belligerent nations to ceasefire. For Beijing, this was unimpeachable evidence of the Soviet revisionist line, as the Soviets clearly disagreed with the Chinese that this war and the state of Israel were mere vehicles of U.S. aggression. In short, the Chinese leadership were convinced that:

Through its treachery and capitulation, the Soviet revisionist clique not only aims at working in league with U.S. imperialism to put out the anti-U.S. conflagration in the Arab lands, but also intends to strike a deal with Washington at the expense of the Arab people—all in pursuit of the counter-revolutionary line of Soviet-U.S. collaboration for world domination.<sup>62</sup>

In addition, the Chinese were upset that the war seemed to merely draw the Soviet Union and Arab countries – including China’s formerly number one ally, Iraq – closer together. During and in the aftermath of the Six Day War, the Soviets attempted to curry favor with Arab countries by providing military support. Although Iraqi forces did not fight in the war, its troops were stationed in Jordan and Syria on a long-term basis, and anti-Zionist sentiment propelled Iraq’s increased arms purchases.<sup>63</sup> The first Soviet shipment to Iraq included ten MiG-21s and two trainer planes; within ten days of the conflict, the Soviet Union had provided 325 fighter planes, 300 tanks, and artillery and equipment to Egypt, Syria, and Iraq.<sup>64</sup> Following the 1967 war, China became convinced that it would be problematic to work with the Iraqi government, which to the CCP’s consternation had since grown even more dependent on the Soviet Union for political and technical support.<sup>65</sup> And even though the 1967 war had provided Beijing with the opportunity both to castigate the Soviet Union’s alleged betrayal of Arabs and warn of America’s nefarious schemes, Beijing seemed to have the odds stacked against it.<sup>66</sup> China’s focus in the

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<sup>62</sup> “New Aggression Against the Arab Countries,” *Peking Review* 10:25 (June 16, 1967).

<sup>63</sup> Rachel Schmidt, “Global Arms Exports to Iraq, 1960-1990,” *RAND* (1991): 6.

<sup>64</sup> *Ibid.*, 30.

<sup>65</sup> Bin Huwaidin, *China's Relations with Arabia and the Gulf*, 120.

<sup>66</sup> Calabrese, *China's Changing Relations with the Middle East*, 44.

next few years would be on providing material, political, and technical support to other revolutionary movements in the region.<sup>67</sup>

During the 1970s, China saw the Soviet Union replacing the United States as the greatest threat to regional and world stability. Realizing the danger that a Soviet-controlled Iraq could pose to the region, China's objective in Iraq from 1970-1975 was to prevent total Iraqi dependence on the Soviet Union. Although their political relationship was worse than ever, China began to welcome some of Iraq's more radical foreign policy positions regarding the Arab-Israeli conflict and Iraq's support of extreme Palestinian organizations.<sup>68</sup> More importantly, Beijing sought to win Baghdad's favor through enticing economic deals. In 1971, China and Iraq signed an agreement on economic and technical cooperation. The agreement called for Iraq to import sulfur while exporting chemical fertilizer to China; included also was a provision that China would grant Iraq a \$36 million interest-free loan, repayable over ten years, with the start of repayment deferred until 1984.<sup>69</sup>

China's renewed approach, however, did little to turn Iraq against its Soviet partner, as a fifteen-year Soviet-Iraqi Friendship Treaty signed in April 1972 led once again to the cooling in China's relationship with Iraq. In sum, China's relationship with Iraq in the period 1960-1975 was fraught with complications arising from a mixture of Iraqi domestic turbulence and Iraq's preference for relations with both superpowers rather than China. Clearly, China's foreign policy

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<sup>67</sup> Chinese military and financial aid to national liberation struggles in the broader MENA region included: \$10 million in credits and small arms to the Algerian National Liberation Front in 1960; support for Yemeni indigenous independence efforts against the British in 1967; financial, food, military, and possibly personnel assistance to the Dhofar Liberation Front in Oman (later PFLOAG) in 1971; and such extensive involvement in the Palestinian conflict that PLO Chairman Yasser Arafat described China as "the biggest influence in supporting our revolution and strengthening its perseverance." See Harris, *China Considers the Middle East*.

<sup>68</sup> Bin Huwaidin, *China's Relations with Arabia and the Gulf*, 140.

<sup>69</sup> Wolfgang Bartke, *The Economic Aid of the PR China to Developing and Socialist Countries*, (Munich: K.G. Saur, 1989), 73.

objectives here were hobbled by China's limited material capabilities, and it was unable to induce Iraq to share its ideological view of the world. That is not to say that this period had no effect on the development of China's regional policy. This was the era when Beijing began to see that its definition of stability – that is, hedging against superpower influence – rested heavily on economics, oil, and trade. Beijing would increasingly exploit those factors as policy tools.

### **Renewed Relationship (1975-1979)**

In this last stage of the Cold War Period, China continued its policy of expanding economic ties with Iraq for the purposes of improving the political atmosphere between the two countries. The ultimate goal was still displacing the Soviet Union's patronage. Two factors accounted for the resurgence of Sino-Iraqi relations beginning in 1975: friction between the Soviet Union and Iraq, and Iraq's peace accord with Iran. Once again, these catalysts reflect the complex web of international relations of the Cold War world, wherein exogenous circumstances often affected China's bilateral relationships in the region. During this time, Moscow was attempting to isolate Egypt's Anwar Sadat, who had steadily grown closer to the United States. Iraq's rapprochement with Egypt, in addition to its growing rivalry with the Ba'athist regime in Syria, caused Moscow to temporarily limit arms deliveries to Baghdad.<sup>70</sup>

China struck while the iron was hot, aiming to enhance Sino-Iraqi ties during a period of strained Soviet-Iraqi relations. In July 1975, Iraq's Vice-President Mohyiddin Marouf visited Beijing. Deng Xiaoping graciously welcomed Vice-President Marouf and in a state banquet speech, praised the Iraqi people's persistence in combating imperialism and colonialism, enjoined all Gulf countries to resolve their differences to prevent foreign intervention, and spoke

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<sup>70</sup> Schmidt, "Global Arms Exports to Iraq, 1960-1990," 7.

of a new era in Sino-Iraqi friendship.<sup>71</sup> The visit marked a new stage in bilateral relations indeed. The early 70s had already established a strong economic orientation for Sino-Iraqi cooperation. This period continued the trend by deepening the relationship, particularly in the construction and trade industries.

Starting in 1975, China negotiated and began working on large-scale construction projects to enhance Sino-Iraqi comity. The largest of these was the construction of the 667-meter Mosul Bridge I, which linked the Baghdad-Mosul highway to an international road connecting Mosul to Turkey. In addition, the Chinese agreed to build a sports hall in Baghdad during 1976 as part of a new economic and technical agreement and completed a washing and spinning mill in Kifri during July 1978. In August of that year, China also signed a protocol on the construction of the Sherquat highway bridge on the Tigris in northern Iraq.<sup>72</sup> These projects were the first steps in a long-term trend of offering Chinese expertise and labor on projects that would benefit Iraq's economy.

Bilateral trade also flourished. By 1975, trade relations had reached a new point, with total volume of trade 8.5 times larger than that of 1973, and almost \$60 million higher than that of 1974.<sup>73</sup> In 1977, both countries signed a trade agreement, whereby Iraq would supply the PRC with 100,000 tons of sulfur and chemical fertilizer.<sup>74</sup> China also purchased over 100,000 tons of Iraqi dates, thereby becoming Iraq's largest importer of the product.<sup>75</sup> The sheer volume of China's trade in dates suggests that the importation of this commodity went beyond mere satisfaction of demand. It was at least partially a calculation on the part of the CCP to enhance

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<sup>71</sup> "Vice-Premier Teng Hsiao-ping's Speech," *Peking Review* 7:28 (July 11, 1975).

<sup>72</sup> Bartke, *The Economic Aid of the PR China to Developing and Socialist Countries*, 74.

<sup>73</sup> Bin Huwaidin, *China's Relations with Arabia and the Gulf*, 141.

<sup>74</sup> "PRC to be supplied with sulfur," *Baghdad INA* (Baghdad), July 11, 1977, Trans. FBIS, FBIS-MEA-77-133.

<sup>75</sup> Emadi, "China and Iraq: Patterns of Interaction, 1960-1992," 3317.

bilateral relations by playing to strengths in the Iraqi agricultural market. It is important to note that during this time, foreign imports were still meant to play an auxiliary, rather than primary, role in China's development. Thus, Sino-Iraqi economic cooperation reflected China's foreign policy goals rather than economic self-interest.<sup>76</sup>

## CONCLUSION

China's preoccupation with the threat posed by superpowers was all-consuming during the Cold War Period. Indeed, virtually all the CCP's decisions regarding the Middle East can be viewed through this lens. In sum, the employment of economics as a tool for political and strategic goals is what delineates the Cold War Period from the next two eras of Chinese foreign policy. Also worth noting is that despite China's often-vocal support for or opposition to developments in the Gulf, China's capabilities were still limited during the Cold War Period. China possessed neither the political or economic wherewithal to effect much real change in the region. The prioritization of economic interests began during the Transition Period that roughly coincided with Deng Xiaoping's rise to power in 1978. Gradually, the PRC would begin to exert influence concomitant with its own growing power and wealth over the next decade.

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<sup>76</sup> Calabrese, *China's Changing Relations with the Middle East*, 90.

### III. THE TRANSITION PERIOD (1980-1988)

#### OVERVIEW: CHINA'S FOREIGN POLICY TRENDS

The Transition Period marked not only China's growing influence in the Gulf region, but a fundamental recalculation of its interests and how to secure them. On the one hand, China could not totally discard its fear of the Soviet Union and superpower hegemony. But on the other, this concern was overshadowed by the unprecedented volume of trade, labor and contracting deals, and most importantly, arms sales that Beijing was conducting with Middle East states. Although Beijing continued to publicly assert its opposition to superpower influence and contended that any disruption to regional peace would open the door to superpower intervention, Beijing's actions spoke louder than its words. The case of the Iran-Iraq War will show that by the mid-80s China had more or less abandoned the balance-of-power logic it employed against the superpowers during the Cold War Period. Instead it prioritized the benefits of trade and commercial relations with both Iraq and Iran. Essentially, Chinese Gulf policy during the 1980s saw a transition from economic tools as a lubricant for political relationships to economics becoming a major consideration in its own right. In foreign as in domestic policy, China's definition of "stability" during the 1980s experienced profound transition.

Two main factors account for this evolution over the decade: the perception that the Soviet Union was weakening and the China's increasing preoccupation with domestic economic modernization.<sup>77</sup> The protracted war in Afghanistan from 1979-1989 is often referred to as "the Soviet Union's Vietnam." The war mired the Soviet Union in a messy decade-long conflict and in the process sapped the USSR of resources and morale. The Soviet Union's repeated military

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<sup>77</sup> John Calabrese, Interview by Scott Lee, Philadelphia, PA, January 31, 2013.

setbacks against the mujahedeen, its high casualty count, its loss of valuable military equipment, and generally disintegrating control over the Afghan political regime caused China to label Afghanistan, with quite a bit of tongue-in-cheek, the “quagmire that consumes human and material resources.”<sup>78</sup> The United States’ similar experience in Vietnam convinced the Chinese leadership that neither superpower posed the same level of threat to international security or Chinese interests as they did in the preceding era. In addition, Chinese analysts believed that a rise in multipolarity, advances in military technology, and a strategic balance between the superpowers made the prospect of global war less likely. Although the potential threat of superpower hegemonism still existed, China had shed its obsession with the military security concerns of a hedging strategy and was moving the world towards a “new international economic order.”<sup>79</sup>

Deng Xiaoping’s administration shifted the PRC’s focus toward an agenda of pragmatism and an emphasis on material incentives with the ultimate goal of modernizing China. Beginning in 1978, China pursued a policy of enlivening the domestic economy and opening up to the outside. Economic modernization was designed to raise China’s standard of living, reverse the damage of the Cultural Revolution, and equip China for an enhanced position on the global stage. Not surprisingly, the combination of these factors – the perceived decline of the Soviet Union and China’s focus on economic modernization – prompted a new approach to global politics.

The enunciation of China’s “Independent Foreign Policy” in 1982 sought to strengthen China’s unity with the Third World and to progressively improve relations with both the Soviet

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<sup>78</sup> “Commentary on Soviet Failure in Afghanistan,” *Xinhua*, January 10, 1985, Trans. FBIS, FBIS-CHI-85-007.

<sup>79</sup> Harris, *China Considers the Middle East*, 176.

Union and the United States. The CCP's new attitude toward both countries was neatly captured by Premier Zhao Ziyang's statement to the National People's Congress:

We take a principled stand in handling our relations with the United States and the Soviet Union. We will not refrain from improving relations with them because we opposed their hegemonism, nor will we give up our anti-hegemonist stand because we want to improve relations with them, nor will we try to improve our relations with one of them at the expense of the other.<sup>80</sup>

Central to this new foreign policy was a renewed emphasis on the Five Principles of Peaceful Coexistence outlined at Bandung in 1955. The Five Principles' focus on sovereignty and territorial integrity, mutual nonaggression, noninterference in other countries' internal affairs, equality and mutual benefit, and peaceful coexistence meshed well with Beijing's newfound attitude of neutrality on the global stage. In favoring neither superpower, the Chinese hoped to produce the peaceful international environment needed for trade relations that would in turn generate domestic modernization and growth.<sup>81</sup> But it is crucial to understand that China was not interested in peace as a general matter; after all, China actually benefited from the war between Iraq and Iran. Rather, the "world peace" that China sought was couched specifically in terms of the threat posed by the Soviet Union and the United States. It simply meant both superpowers' relative non-interference with Chinese conduct in the Gulf.

Despite Beijing's renewed commitment to the health of its bilateral relationships with the U.S. and USSR, it was careful to reserve the right to oppose hegemonism if necessity forced its hand. Indeed, speeches by Chinese leadership on the Independent Foreign Policy always paid lip service to this perennial objective. In April of 1982, Zhao Ziyang summarized China's foreign

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<sup>80</sup> Zheng Weizhi, "Independence Is the Basic Canon," *Beijing Review* 28:1 (January 7, 1985).

<sup>81</sup> Ronald Kieth, "The Origins and Strategic Implications of China's 'Independent Foreign Policy,'" *International Journal* 41, no. 1 (1985): 96.



policy goals in the same breath as “opposing hegemonism and maintaining world peace.”<sup>82</sup> Foreign Minister Huang Hua’s October address to the UN General Assembly stressed China’s willingness to “unite with countries of the Third World and join hands with all other countries and forces working for peace to combat hegemonism and maintain world peace.”<sup>83</sup> But the parameters of what constituted hegemony and how China would respond to it experienced a subtle shift. During the 1960s and 70s, the expansion of either superpower’s political and economic ties with Middle East states was *ipso facto* “hegemony.” Now, however, China’s emphasis on economic growth meant that the CCP was practically willing to turn a blind eye to the actions of the Soviets and the Americans – so long as neither jeopardized China’s modernization efforts. Thus, China’s objection to superpower hegemony during the Transition Period was mostly a rhetorical tool.

#### THE IRAN-IRAQ WAR (1980-1988)

##### **Background**

To the West, the Iran-Iraq War remains the oft-forgotten Gulf War. The conflict failed to draw much attention from Western powers until 1987, when fighting threatened to cut off the flow of oil through the Straits of Hormuz. Only then did the international community take serious steps in the United Nations to end the conflict. But for China, the Iran-Iraq War was a critical juncture in the development of its Gulf policy. Although China publicly expressed its fears that the war might permit the resurgence of superpower interference in the Gulf, it in fact profited from the internecine conflict.

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<sup>82</sup> “Zhao on Foreign Policy,” *Xinhua*, April 20, 1982, Trans. FBIS, FBIS-CHI-82-076.

<sup>83</sup> “Huang Hua Addresses UN General Assembly,” *Xinhua*, October 5, 1982, Trans. FBIS, FBIS-CHI-82-193.

The Iran-Iraq War commenced on September 22, 1980 when Saddam Hussein's Iraqi forces invaded Iran in an attempt to seize the Khuzestan Province. Iran under the rule of Ayatollah Khomeini had made it a priority to export its revolutionary Shia ideology abroad. Khomeini singled out Iraq in particular as a target, as he believed he could appeal to Iraq's oppressed Shia majority to overthrow Saddam's Sunni regime.<sup>84</sup> The new Iranian regime no longer felt bound by the 1975 Algiers Accord<sup>85</sup>, and openly called on Iraq's Shia citizens to launch a jihad against Saddam's regime. Saddam took this threat seriously, sensitive as he was to the longstanding unrest amongst Iraq's Shia population. Additionally, the Khuzestan Province appealed to Saddam for multiple reasons. First, the region was a lucrative source of oilfields. Second, nationalism came into play, as the area contained a sizable population of Arab inhabitants. Third, Khuzestan seemed easy to capture, given its position on the Iraqi side of the Zagros Mountains. Saddam believed that in seizing the province, he would spark a new revolution in Iran that would empower a new regime friendlier to Iraq's interests. In this way, Saddam would be able to seize Iran's oil and eliminate an existential threat in one blow.<sup>86</sup> The campaign did not go as planned and both countries remained mired in a war of attrition for close to a decade.

The war presented the CCP with a dilemma since both nations were considered friendly to China. Public statements on the war issued from Beijing, however, were somewhat misleading, as they suggested a tone of concern that obscured Beijing's true intentions. Throughout the war, China maintained three official objectives as enumerated by Zhao Ziyang the day after the outbreak of fighting: 1) the conflict would be resolved peacefully through

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<sup>84</sup> Kenneth Pollack, *The Persian Puzzle: The Conflict Between Iran and America*, (New York: Random House Trade Paperbacks, 2005), 183.

<sup>85</sup> The same peace accord that renewed Sino-Iraqi relations in 1975.

<sup>86</sup> *Ibid.*, 184.

negotiations; 2) the conflict would remain free of superpower intervention; and 3) the situation would not deteriorate. Zhao hoped that these objectives would not only serve the interests of the people of Iran and Iraq, but that they would be “conducive to peace and stability in the Gulf area.”<sup>87</sup> But in practice, China seemed little concerned with any of these objectives. Despite being the only country on the UN Security Council enjoying warm relations with both Iraq and Iran, China was not invested in negotiating for peace. Beijing sponsored no initiatives to resolve the war; nor did it seek leadership in multilateral organizations with influence in the Gulf such as the Non-aligned Movement and the Group of 77.<sup>88</sup> Still, over the course of 1980, Beijing reiterated its firm commitment to the three enumerated principles. During a visit to Yemen, Vice-Premier Ji Pengfei delivered a press statement reaffirming that “China maintains friendly relations with both Iraq and Iran. We sincerely hope that the armed conflicts will be settled through peaceful consultations. Superpower attempts to meddle and interfere should be guarded against.”<sup>89</sup> Still, Beijing’s ostensible fear of the escalating war should be taken with a grain of salt. In fact, it is the case that China’s interests were extremely well served by and during the Iran-Iraq War.

Given China’s all-consuming focus on economic modernization, one might at first be inclined to assume that the instability attending regional warfare would harm China’s bilateral economic relationship with Iraq. This was patently not the case. Throughout the war, China greatly expanded the labor and contracting industries it had built in Iraq during the late 70s. By 1987, just one year before the war’s conclusion, Iraq had become China’s number one market for labor export, valued at \$657.67 million. Iraq had also become Beijing’s number one market for

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<sup>87</sup> “Premier Zhao on Iran-Iraq Disputes,” *Beijing Review* 23:39 (September 29, 1980).

<sup>88</sup> Harris, *China Considers the Middle East*, 187.

<sup>89</sup> “In Brief: Ji Pengfei’s Middle East Visit,” *NCNA*, October 8, 1980, Translated by *BBC Summary of World Broadcasts*.

contracted projects and was valued at \$670.04 million.<sup>90</sup> From 1979 to 1986, close to 20,000 Chinese laborers were assigned to 143 projects in Iraq.<sup>91</sup> Although China's construction projects during the late 70s were limited to the provision of cheap and efficient labor, after 1981, the size and volume of China's construction projects swelled prodigiously. For example, in addition to constructing electric power plants, docks, petroleum refineries, and large residential projects, the PRC Construction Corporation completed the Kifil Shinafiya irrigation project in 1987 – then China's largest irrigation project in the Gulf – alone valued at an unprecedented \$174 million.<sup>92</sup> Altogether, China garnered \$1.328 billion purely from its labor and contracting deals in Iraq during the 1980s.<sup>93</sup> In addition, China and Iraq continued to sign deals on trade and joint economic and technical cooperation. These included a 1980 agreement for China's importation of Iraqi nitrogenous fertilizers worth \$46 million, and an agreement in 1985 providing for Chinese importation of Iraqi phosphate, sulfur, and palm dates and Iraqi importation of Chinese textiles, industrial, metal, and mineral products.<sup>94</sup> Clearly, China profited greatly during the entire eight years that Iraq was at war, despite the CCP's steadfast insistence that economic modernization might be imperiled by war in the Gulf. It would appear that despite its public protestations, China's economic modernization was in fact materially unaffected, if not abetted, during the war. Although Chinese construction and labor projects flourished during this time, the revenue gained from these conventional forms of commerce paled in comparison to the sum China earned through arms deals with Iran and Iraq during the period.

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<sup>90</sup> Yitzhak Shichor, "Decisionmaking in Triplicate: China and the Three Iraqi Wars," *Chinese Decisionmaking Under Stress*, ed. by A. Scobell and L. Wortzel, (Carlisle: Strategic Studies Institute, US Army War College, 2005): 178.

<sup>91</sup> Calabrese, *China's Changing Relations with the Middle East*, 144.

<sup>92</sup> "PRC Construction Corporation Active in Iraq," *Beijing Domestic Service*, February 29, 1984, Trans. FBIS, FBIS-CHI-84-041.

<sup>93</sup> Shichor, "Decisionmaking in Triplicate," 193.

<sup>94</sup> "Session of Joint Committee with China," *NCNA*, January 7, 1986, Translated by *BBC Summary of World Broadcasts*.

## Motivations and Origin of the Arms Trade

At the Plenary Meeting of the 35<sup>th</sup> Session of the UN General Assembly in September 1980, Huang Hua announced China's deep concern over the recent military conflict and its hope that "the two parties will cease hostilities speedily and settle their disputes through peaceful negotiations so as not to be exploited by those harbouring ulterior motives."<sup>95</sup> Huang's warning against exploitation refers implicitly to the world superpowers, which might have seized this opportunity to intervene militarily under the pretense of restoring order. Still, it is difficult to parse through the dense web of possible Chinese motives during this time: was China really fearful of further superpower encroachment into the Gulf, or was the CCP's insistence on nonintervention mere kabuki obscuring China's more important economic interests? After all, despite its objections to the war, China became a top arms dealer to both belligerents throughout the 80s. During the Cold War Period, China distributed weapons and military technology free of charge to revolutionary movements in the Gulf; but during the Transition Period, China gladly sold arms to those willing to pay. Most China analysts agree that both strategic and economic motivations factored into China's decision to commence arms sales to the Gulf during the 80s. The question, then, is whether the CCP assigned equal weight to both concerns, or whether it valued one over the other. Two main theories explain China's actions during this period.

### *Strategic Explanation*

Ample evidence suggests that China's arms sales in the Middle East may have begun as a means to combat Soviet influence in the region. Although it is true that China was reassured by the outcome of the Soviet war in Afghanistan because it distracted the Soviet Union and sapped its resources, this was only evident in the latter half of the decade. When Soviet boots first stepped into Afghanistan, the Chinese reacted with indignation and alarm, roundly criticizing the

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<sup>95</sup> "Comments on Iraq-Iran Conflict," *Xinhua*, September 24, 1980, Trans. FBIS, FBIS-CHI-80-188.

invasion as hegemonistic, a gross interference in regional affairs, and a wanton violation of international norms.<sup>96</sup> The invasion sparked a new sense of urgency for containing Soviet influence. In response to this perceived threat, the PRC attempted to engage more closely with Middle Eastern regimes.<sup>97</sup>

Diplomatically, it normalized relations with all major regional governments with the exception of Saudi Arabia and Israel. China buttressed these diplomatic overtures by strengthening military ties. Just as China sought to present itself as an alternative market to the United States for goods and services during the Cold War Period, it returned to this reasoning by presenting itself as an alternative market for Soviet weapons. PRC-manufactured arms for export were practically clones of Soviet-designed weaponry – they were often just like Soviet technology, operated similarly, and frequently even contained interchangeable parts.<sup>98</sup> The production of these weapons and weapons parts made China an easy alternative for former Soviet clients. On the whole, however, this argument is less compelling, as China's conduct indicates that it was less worried by the prospect of a resurgent Soviet Union and more concerned with general economic growth. The strategic explanation might account for China's actions during the early part of the Iran-Iraq War; but by 1984, this rationale was subsumed by the more important goal of earning revenue.

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<sup>96</sup> "PRC Issues Statement Against Soviet Intervention in Afghanistan," *Xinhua*, December 30, 1979, Trans. FBIS, FBIS-CHI-79-252.

<sup>97</sup> For a more detailed explanation of China's strategic reasoning for arms sales, see Dennis van Vranken Hickey, "New Directions in China's Arms for Export Policy: An Analysis of China's Military Ties with Iran," *Asian Affairs* 17, no. 1 (1990): 15-29.

<sup>98</sup> *Ibid.*, 21.

### *Economic Explanation*

First and foremost, China's overriding motivation during the Iran-Iraq war was breaking into the global arms bazaar and selling weapons.<sup>99</sup> With the outbreak of the war, China had found two willing customers. If its arms sales to both sides prolonged the length of the conflict, China had essentially acquired a ready-made market that would boost the PRC's economic prosperity. The PRC was particularly well positioned to take advantage of Iraq and Iran's needs, as Western weapons were too expensive and often accompanied by political conditions and unwelcome moralizing. Both clients were well served by China's specialty: large quantities of inexpensive basic ammunitions.<sup>100</sup>

Another perspective on the increased arms sales emphasizes China's financial goals and burdens at the time. Deng Xiaoping's "Four Modernizations" campaign catalyzed China's arms trade with Iraq and Iran. Enunciated at the Third Plenum of the 11th Central Committee in December 1978, Deng's Four Modernizations were intended to make China a great economic power by the middle of the 21<sup>st</sup> century.<sup>101</sup> Of the four, Deng's Third Modernization focused specifically on national security and the People's Liberation Army. Given the downgraded threat posed by the United States and Soviet Union, Deng placed defense modernization low on the list of priorities, such that the portion of Chinese gross national income devoted to defense was

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<sup>99</sup> John Calabrese, Interview by Scott Lee, Philadelphia, PA, January 31, 2013.

<sup>100</sup> Richard Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1976-1983" (Washington, DC: Congressional Research Service, 1984), 2.

<sup>101</sup> This explanation for why China began to export weapons so rapidly and successfully relies on an organizational process model of government behavior. Thus far, we have presumed that China's decision-making proceeds according to a rational policy model: that governments act as monolithic entities with specific goals derived from cost-benefit and value-maximization analysis. For this point, we turn to the assumption that government action can also proceed from individual government organs acting in self-interest. See Graham T. Allison, "Conceptual Models and the Cuban Missile Crisis," *The American Political Science Review*, 63, no. 3 (1969): 689-718.

scheduled to fall from 17.5% to 7.4% by 1989.<sup>102</sup> These radical reductions to the power, size, responsibility, and funding of the defense industry threatened to make the PLA a financial liability. In order to remain economically viable, the defense establishment, which included the PLA and military production factories, needed to commercialize their products and find a way to earn revenue.<sup>103</sup> Enterprises primarily devoted to the production of weapons and items of defense saw two ways to raise funds: converting excess capacity to the production of civilian goods, and selling to the international market whatever defense items were in excess of the quota provided to the PLA.<sup>104</sup> Any revenue gained was shared between the central government and the parent production ministry of the factory for housing, worker benefits, salary increases, capital investment, and research and development.<sup>105</sup>

The independent prerogatives of the PLA in this effort should not be discounted: given its reduced priority under the Deng administration, the PLA's leadership had deep reservations about its role in China's new society. The additional revenue it earned from arms sales promised both a substantially larger degree of autonomy as well as validation of its achievements.<sup>106</sup> Although such arms sales were initially rooted in exigency, PLA leaders soon realized that the trade was a profitable way to further military modernization. Greater overall revenue and lower per-unit costs could be realized if arms factories produced new weapons for export in addition to merely selling excess products. Support for these efforts might also have reflected the fact that the Ministry of Finance received part of the funds (which were added to the nation's hard-

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<sup>102</sup> Karl Eikenberry, "Explaining and Influencing Chinese Arms Transfers," *Institute for National Strategic Studies McNair Paper* 36 (1995): 7.

<sup>103</sup> John Lewis, Hua Di, and Xue Litai, "Beijing's Defense Establishment: Solving the Arms-Export Enigma," *International Security*, 15, no. 4 (1991): 102.

<sup>104</sup> Eden Y. Woon, "Chinese Arms Sales and U.S.-China Military Relations," *Asian Survey*, 29, no. 6 (1989), 608.

<sup>105</sup> *Ibid.*

<sup>106</sup> Lewis et al., "Beijing's Defense Establishment: Solving the Arms-Export Enigma," 102.



currency reserves), and some key individuals earned what were basically sales commissions on their deals.<sup>107</sup>

## **Arms Sales to Iraq and Iran**

### *Overview: China and Arms Sales to the Third World*

From 1950-1980, the United States and Soviet Union dominated the arms market in the Middle East. From 1976-1980, just before Chinese arms transfers commenced, the entire value of arms transfers to the Middle East reached \$38.6 billion, or 35% of the world's total. Of these arms transfers, the United States and its allies alone constituted \$22.7 billion, or almost 60% of total transfer agreements to the Middle East.<sup>108</sup> The Soviet Union comprised most of the rest, leaving the Chinese share too negligible for mention or even measurement. But by the end of the decade, China ranked fifth in the world in the value of arms transfer agreements to the Third World (Fig. 1), and fourth in actual arms transfer deliveries to the Third World (Fig. 2).<sup>109, 110</sup>

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<sup>107</sup> *Ibid.*, 103.

<sup>108</sup> Yitzhak Shichor, "Mountains Out of Molehills: Arms Transfers in Sino-Middle Eastern Relations," *Middle East Review of International Affairs* 4, no. 3 (2000): 69.

<sup>109</sup> Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1976-1983," 46.

<sup>110</sup> Arms transfer *agreements* are contracts for the sale of major weapons systems, while arms transfer *deliveries* reflect actual transfers of specific items of military equipment. In some cases, discrepancies between both measures arise when contracts are negotiated, but the actual delivery of the products does not occur. Thus, arms transfer agreements data may be said to better represent a country's political or strategic intentions, whereas arms transfer deliveries are "hard" data in the sense that they reflect relative trends in the actual delivery of materiel. In the case of the PRC, the arms transfer agreements and deliveries data are not significantly different, indicating that the CCP is, so to speak, putting its money where its mouth is.

**Fig. 1 – Arms Transfer Agreements with the Third World, 1981-1988  
Leading Suppliers Compared (in millions of 1990 US dollars)**

	<b>1981-1984</b>		<b>1985-1988</b>		<b>1981-1988</b>		<b>% of change</b>
	<b>Agreements</b>		<b>Agreements</b>		<b>Agreements</b>		<b>from 1981-84</b>
	<b>Values</b>	<b>Rank</b>	<b>Values</b>	<b>Rank</b>	<b>Values</b>	<b>Rank</b>	<b>to 1985-88</b>
<b>U.S.S.R.</b>	<b>62,940</b>	<b>(1)</b>	<b>60,280</b>	<b>(1)</b>	<b>123,220</b>	<b>(1)</b>	<b>-4.23%</b>
<b>U.S.</b>	<b>31,702</b>	<b>(2)</b>	<b>23,633</b>	<b>(2)</b>	<b>55,335</b>	<b>(2)</b>	<b>-25.45%</b>
<b>France</b>	<b>16,200</b>	<b>(3)</b>	<b>9,190</b>	<b>(5)</b>	<b>25,390</b>	<b>(3)</b>	<b>-43.27%</b>
<b>United Kingdom</b>	<b>4,020</b>	<b>(5)</b>	<b>11,590</b>	<b>(3)</b>	<b>15,610</b>	<b>(4)</b>	<b>188.31%</b>
<b>China</b>	<b>5,830</b>	<b>(4)</b>	<b>9,650</b>	<b>(4)</b>	<b>15,480</b>	<b>(5)</b>	<b>65.52%</b>

Source: Richard Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1976-1983," (Washington, DC: Congressional Research Service, 1984).

**Fig. 2 – Arms Transfer Deliveries with the Third World, 1981-1988  
Leading Suppliers Compared (in millions of 1990 US dollars)**

	<b>1981-1984</b>		<b>1985-1988</b>		<b>1981-1988</b>		<b>% of change</b>
	<b>Deliveries</b>		<b>Deliveries</b>		<b>Deliveries</b>		<b>from 1981-84</b>
	<b>Values</b>	<b>Rank</b>	<b>Values</b>	<b>Rank</b>	<b>Values</b>	<b>Rank</b>	<b>to 1985-88</b>
<b>U.S.S.R.</b>	<b>62,970</b>	<b>(1)</b>	<b>66,290</b>	<b>(1)</b>	<b>129,260</b>	<b>(1)</b>	<b>5.27%</b>
<b>U.S.</b>	<b>29,103</b>	<b>(2)</b>	<b>23,698</b>	<b>(2)</b>	<b>52,801</b>	<b>(2)</b>	<b>-18.57%</b>
<b>France</b>	<b>15,560</b>	<b>(3)</b>	<b>11,510</b>	<b>(3)</b>	<b>27,070</b>	<b>(3)</b>	<b>-26.03%</b>
<b>China</b>	<b>5,260</b>	<b>(6)</b>	<b>7,270</b>	<b>(4)</b>	<b>12,530</b>	<b>(4)</b>	<b>38.21%</b>

Source: Richard Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1976-1983," (Washington, DC: Congressional Research Service, 1984).

During the early Cold War Period, most of China's support for Third World regimes was rhetorical in nature. Even at the height of the Cultural Revolution's Revolutionary Foreign Policy, the military and economic assistance the PRC rendered was paltry in comparison to what China could offer by the 1980s through its arms deals. Even so, looking at the sheer volume of the arms transfer market that China commanded in comparison to the Soviet Union might lead one to believe that the PRC's influence was negligible – after all, the Soviet Union delivered more than ten times the amount of weapons to the Third World from 1981-1988.

Given China's still-weak economic foundation, it could not hope to surpass the Soviet Union in sheer volume of arms transfers. But the Iran-Iraq War did help China to make appreciable headway in closing this gap through trade with Iraq and Iran, which comprised 61.3% of all China's arms transfer agreements with the Third World from 1981-1988.<sup>111</sup> Both belligerents were in desperate need of arms suppliers and willing to patronize major suppliers like the Soviet Union and minor ones like the PRC. China saw this as a golden opportunity to increase its political and economic relevance. Arms sales during the Iran-Iraq War made up over one-fifth of all arms transfer agreements by suppliers to the Third World during 1981-1988.<sup>112</sup> China's arms sales during the Iran-Iraq War increased its regional role relative to the Soviet Union. From 1981-1988, the PRC's share of the value of all arms transfer agreements with Iran and Iraq collectively was 15%. The Soviet Union's share of arms transfer agreements was 32%, slightly over twice as much.<sup>113</sup> This is further corroborated by the data concerning China's arms transfer deliveries to Iraq and Iran. Combined, China's share of all arms deliveries to Iraq and Iran was just under half of what the Soviet Union delivered to Iraq (see Fig. 3).

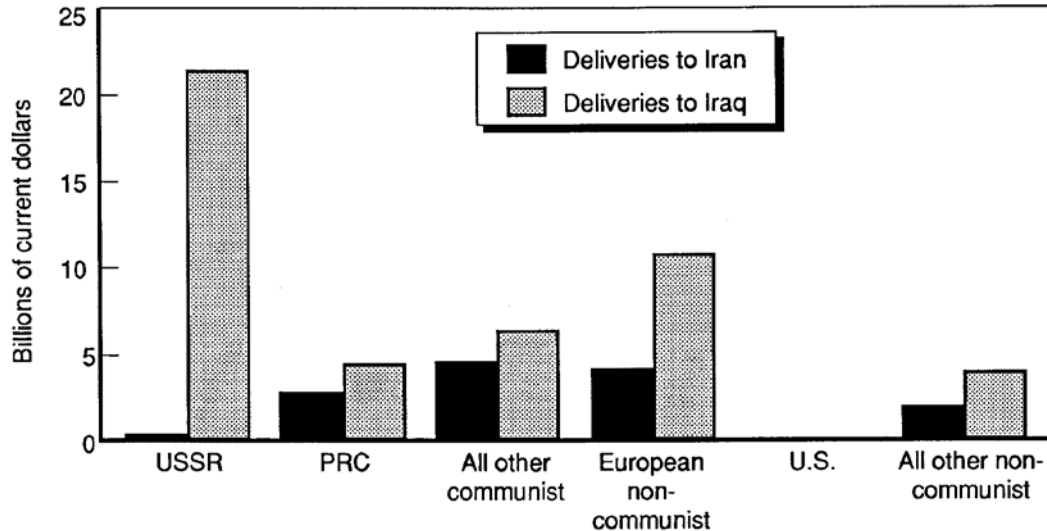
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<sup>111</sup> Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1976-1983" 11.

<sup>112</sup> *Ibid.*, 2.

<sup>113</sup> *Ibid.*, 11.

**Fig. 3 – Value of Arms Deliveries to Iran and Iraq, 1981-1988**



Source: Rachel Schmidt, "Global Arms Exports to Iraq, 1960-1990," *RAND* (1991).

These comparisons with the Soviet Union notwithstanding, it is important to question to what degree China's motivations here were rooted in strategic rather than economic considerations. It is tempting to interpret this apparent arms race with the Soviet Union in the Middle East as a sublimated form of competition. However, it is more likely the case that these sales demonstrated China's attempts to seize a spot in the global arms bazaar that had been vacated or neglected by the Soviets.

#### *Tilting Toward Iraq (1980-1983)*

During the early part of the Iran-Iraq War, China provided more military support to Iraq than it did to Iran. This "tilt," as it were, was not undertaken out of a conscious preference for the regime of Saddam Hussein. Instead, it was a natural result of the opportunities presented to the Chinese. From the end of the 1967 Six Day War until 1978, virtual all of Iraq's armament was procured from the Soviet Union. Owing to an increasingly strained relationship with the Soviets during the mid-1970s, Iraq sought to diversify the countries from which it bought its weapons in

the hope that this would reduce the amount of leverage that any one country could exert over its internal policies. In addition, like the Chinese, the Iraqis reacted very strongly to the Soviet invasion of Afghanistan in 1979. Although Saddam's regime had been the happy recipient of Soviet aid for many years, physical incursion by Soviet troops into the Gulf worried Saddam, who feared this invasion might set a further precedent permitting additional invasions into his or other nations. Soviet-Iraqi relations collapsed shortly thereafter: in January 1980, Iraq voted in favor of a UN resolution condemning the Soviet invasion and demanding an immediate removal of Soviet forces.<sup>114</sup> In response, the Soviet Union embargoed any arms transfers to Iraq beginning in 1980 until 1982. Since Baghdad was in need of a new supplier to upkeep its costly war with Iran, it turned to Beijing for assistance.

Chinese leaders initially denied having sold munitions directly to either Iran or Iraq. Strictly speaking, this was true. When the Iran-Iraq War first broke out, Chinese leaders called for a peaceful end to the fighting, restraint by both sides, and non-involvement by outside powers. In keeping with the moral high ground they had claimed (and to avoid angering other Arab governments hostile to Iran), top CCP officials decided that Chinese entities should not sell munitions directly to either country.<sup>115</sup> Instead, China sold weapons through several intermediary countries. Jordan served as the major hub for arms transfers to Iraq. Unclassified International Monetary Fund (IMF) trade statistics on Chinese exports, for example, reveal that although China exported next to nothing to Jordan in 1981, the value of exports to Jordan soared to \$1.32 billion in 1982, \$1.53 billion in 1983, and \$1.26 billion in 1984. Similarly, Syria and North Korea were the major intermediaries for Chinese munitions sales to Iran.<sup>116</sup> In this way, the

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<sup>114</sup> Schmidt, "Global Arms Exports to Iraq, 1960-1990," 8.

<sup>115</sup> John Garver, *China and Iran: Ancient Partners in a Post-Imperial World*, (Seattle: University of Washington Press, 2006), 167.

<sup>116</sup> Shichor, "Decisionmaking in Triplicate," 196.

Chinese government could easily deny contradicting its own edict about neutrality toward both parties. Throughout the war, Foreign Minister Wu Xueqian continued to deny as “groundless” U.S. allegations that China was selling arms to both Iraq and Iran.<sup>117</sup> The government also denied knowledge of the accidental transfers of weapons to the belligerent countries. When Ministry of Foreign Affairs (MFA) spokesman Ma Yuzhen was pressed on the transfer of weapons to Iran and Iraq, he replied: “the international arms market is very complicated. Therefore, we have no way of finding out how other countries procure their weapons from this market.”<sup>118</sup>

According to the U.S. government, in total China signed arms agreements with Iraq worth approximately \$3.6 billion during the period 1980-1983.<sup>119</sup> Given the covert nature of these dealings, it is only possible to surmise the total volume of arms transfers; however, the Stockholm International Peace Research Institute (SIPRI) estimates that Chinese sales to Iraq during this period included approximately 2500 tanks, 130 fighter aircraft, 650 armored personnel carriers, and 100 towed multiple rocket launchers. Many of these shipments were delivered through Egypt or Jordan, or otherwise assembled and produced in Iraq itself (see Appendix 2).<sup>120</sup>

#### *Uptick in Sales to Iran (1984-1987)*

Although China’s arms agreements with Iran totaled only \$505 million from 1980-1983, from 1984 until the end of the war, China’s arms agreements with Iran totaled \$2.5 billion.<sup>121</sup> Concurrently, the latter half of the war saw a relative decline in the volume of arms transfers from China to Iraq. It is unclear what exactly accounted for this pivot toward Iran in China’s

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<sup>117</sup> “Wu on Relations with Gulf,” *Xinhua*, December 24, 1987, Trans. FBIS, FBIS-CHI-85-247.

<sup>118</sup> “Spokesman on Arms Sales,” *Hong Kong AFP*, August 5, 1987, Trans. FBIS, FBIS-CHI-87-150.

<sup>119</sup> Woon, “Chinese Arms Sales and U.S.-China Military Relations,” 602.

<sup>120</sup> Information from the Stockholm International Peace Research Institute (SIPRI).

<sup>121</sup> Woon, “Chinese Arms Sales and U.S.-China Military Relations,” 604.

arms sales. One possible theory is that China was responding to a shift in Moscow's policies toward Iran and Iraq. Moscow intended to forge closer relations with Teheran during the early part of the war; it is reasonable to think that this was one impetus for Moscow's severing of relations with Baghdad in 1980. But after attempts at improving the Soviet-Iranian relationship proved fruitless, Moscow resumed its arms sales to Baghdad and ended sales to Iran.<sup>122</sup> China may have seized this opportunity to shore up relations with the new Iranian regime, especially to compensate for its close relations with the Shah up until 1979. In any case, anti-Soviet hedging considerations probably played no more than a marginal role in this shift toward Iran; instead, it was motivated by a glaring vacancy in the Iranian arms market. This economic explanation is lent credence by the Reagan administration's Operation Staunch, the 1983 arms embargo against the Islamic Republic by the United States and its allies as part of the West's "tilt toward Iraq." Now that Iran was no longer able to obtain weapons from the United States or its allies, China filled a much-needed void.

In April 1983, a high-level Iranian delegation allegedly made a secret visit to Beijing, where they purportedly conducted a \$1.3 billion arms transfer deal with the Chinese; North Korea served as the intermediary.<sup>123</sup> Two additional agreements were signed in 1985. The first was worth \$1 billion and was signed in Tehran by Zhang Jingfu and Iranian chief of staff Ismail Suhrabi. It stipulated that China would deliver an arsenal of Chinese-made Soviet clones, including aircraft, tanks, artillery, rocket launchers, and surface-to-air missiles to Iran in exchange for payment in hard currency and oil shipments over a period of two years.<sup>124</sup> The second deal was signed in June 1985 and reportedly worth \$1.16 billion, with a Hong Kong-

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<sup>122</sup> Eric Hyer, "China's Arms Merchants: Profits in Command," *The China Quarterly*, no. 132 (1992): 110.

<sup>123</sup> For a more detailed explanation of the Chinese-Iranian arms sales enumerated in this paragraph, see Garver, *China and Iran: Ancient Partners in a Post-Imperial World*, 81-82.

<sup>124</sup> By 2010, Iran had become China's second largest exporter of crude oil, behind Saudi Arabia.

based firm headed by a British national serving as an intermediary for the sale. Another arms sales contract reportedly worth \$3.1 billion was concluded in 1986. Significantly, this deal provided Iran with HY-2 *Silkworm* anti-ship cruise missiles that allowed it to strike effectively at oil tankers in the Strait of Hormuz. Iran's possession of these Chinese-made missiles ultimately brought America into the fray, as will be explained below. The last known agreement was concluded in 1987 and included Chinese construction of several factories to produce rockets, artillery, helicopters, and ammunition. In short, arms sales constituted the most important element of the Sino-Iranian partnership during the 1980s and went a long way toward the normalization of relations following the 1979 Iranian revolution.<sup>125</sup>

From 1981-1988 China conducted approximately \$3.9 billion in arms transfer agreements with Iran, and \$5.52 billion with Iraq.<sup>126</sup> With respect to both countries, China made significant headway in establishing itself as a politically and economically relevant partner during the 1980s. Although China still lagged far behind the Soviet Union and other countries in the total share of arms agreements with Iraq, it still commanded 12% of arms agreements by 1988 (Fig. 4). This is impressive, given that Iraq was one of the Soviet Union's largest client states, and given that the PRC conducted little to no arms deals with Iraq before the 1980s. China's arms trade strategy was particularly effective in Iran, where it took advantage of Moscow's stale relations with Tehran to own 23% of the value of arms agreements during the decade (Fig. 4), becoming Iran's dominant supplier of weapons during the Iran-Iraq War.<sup>127</sup>

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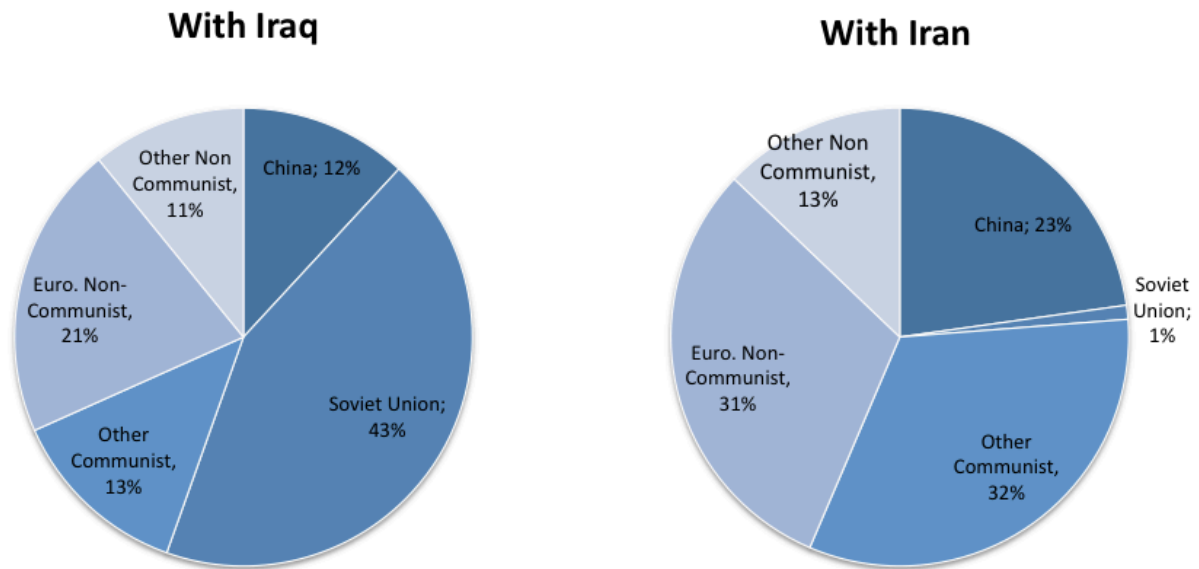
<sup>125</sup> *Ibid.*

<sup>126</sup> Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1976-1983," 47-48.

<sup>127</sup> Schmidt, "Global Arms Exports to Iraq, 1960-1990," 12.



**Fig. 4 – Share of Arms Transfer Agreements, 1981-1988**



Source: Richard Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1976-1983" (Washington, DC: Congressional Research Service, 1984).

*Analysis: United States Involvement and Conclusion of War (1987-1988)*

Although Beijing conducted these arms deals with relative impunity during the first six years of the conflict, the last two years saw Beijing's heightened concern as the threat of US and Soviet involvement increased. Initially, Washington's general antipathy toward both countries ensured that it did nothing to stand in the way of the fighting. Washington observed with barely-concealed glee as both states checked each other, producing a sort of fragile balance of power in the Gulf. And while war between the two Gulf countries in and of itself did not really concern Washington, the war's potential to negatively impact the free flow of oil did.

By 1987, the United States possessed fairly conclusive proof that the Chinese had been supplying Iran and Iraq with weapons despite their claims to the contrary. In the eyes of the

West, the PRC's sale of HY-2 *Silkworm* cruise missiles to Iran represented an enormous threat to stability in the Gulf. The *Silkworm* missiles' 60-mile range now meant that Iran had the capability to target oil tankers in the Strait of Hormuz, a 34-mile long passage through which much of Gulf oil passes en route to other countries. Any threat to the free flow of oil from the Gulf would have had disastrous consequences on the global economy.<sup>128</sup> United States officials and media outlets excoriated the Chinese government for ratcheting up tensions and possibly jeopardizing international oil security, but the Chinese response equivocated between outright denial and reluctant admission that sales had occurred through third parties. In mid-1987, the Chinese informed the U.N. Security Council that it was finally ready to support a U.S.-backed resolution calling for immediate ceasefire in the Iran-Iraq War. Nevertheless, U.S. fears about the danger posed by the *Silkworms* were confirmed in October 1987, when Iranian-launched *Silkworms* struck American-flagged tankers in the Gulf. In late October, the United States announced that it had frozen any further sales of technology to the PRC. The ban was lifted shortly thereafter when Foreign Minister Wu Xueqian pledged that the Chinese would no longer provide Iran with additional *Silkworms*.<sup>129</sup>

China's conduct during the last two years of the war reveals something important about its calculation of regional interests. Although China's primary goal during the war was selling arms to spur its own economic growth, its position as a relatively weak power meant that it ultimately had to yield to the prerogatives of the United States. When the U.S. perceived China's *Silkworm* sales as a threat to its own oil interests, it publicly censured Chinese actions. China responded with good faith efforts to forestall additional fighting by signing onto multilateral ceasefire resolutions at the U.N. And when America threatened to cut off economic assistance,

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<sup>128</sup> "China Sends New Weapons to Iraqis," *The Washington Post*, June 27, 1987.

<sup>129</sup> Hickey, "New Directions in China's Arms for Export Policy," 19.

China promptly agreed to cease selling the missiles. Although China became more economically independent as it continued along the path of modernization, this trend of balancing its economic interests against a broader interest of appeasing the United States and international community would come to define its conduct in the Post-Cold War Period (1990-2003).

## CONCLUSION

In sum, Chinese foreign policy toward the Middle East during the Iran-Iraq War yielded many benefits for China. First, the Chinese earned billions in hard currency through arms deals that were used to fuel continued economic growth. Second, its military support for both regimes – even if China was playing both ends against the middle – fostered goodwill with both governments. Third, the war offered a valuable opportunity to test Chinese military technology under real battlefield conditions.<sup>130</sup> Coming off the heels of a dismal performance in Vietnam, China was able to analyze the performance of its weapons in direct contrast to U.S.-made Iranian weapons, and Iraq’s Soviet-made weapons.<sup>131</sup> Fourth, the war went a long way toward augmenting China’s prestige and relevance to Middle Eastern regimes.

More generally, the Transition Period was a formative juncture for determining the future of China’s Middle East policy. Although the Independent Foreign Policy adopted by Beijing at the beginning of the decade laid out a theoretical framework for Chinese bilateral relations during the Transition Period, in reality, the PRC’s economic and bilateral relationships progressed in fits and starts as the CCP struggled to crystallize China’s true interests. Initially, it appeared unlikely that China would compromise its Cold War definition of stability – preventing the further encroachment of superpower influence in the Gulf – by prolonging a war that

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<sup>130</sup> For a detailed study of the military warfare techniques China learned from the Iran-Iraq War and the two American wars in Iraq, see Andrew Scobell, David Lai, and Roy Kamphausen, "Chinese Lessons from Other Peoples' Wars," *Strategic Studies Institute* (2011).

<sup>131</sup> Shichor, "Decisionmaking in Triplicate," 198.

weakened the region as a whole. By the mid-80s, however, Beijing had all but abandoned this hedging strategy in favor of economic growth. Thus, the Transition Period marked a shift in China's understanding of stability away from the Cold War preoccupation with hedging against the superpowers and toward securing the regional conditions necessary for domestic modernization. The Iran-Iraq War served as a vehicle for that change. At best, then, China's Middle East policy during the 80s, and certainly its policies toward Iraq and Iran, can be described as experimental.<sup>132</sup>

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<sup>132</sup> Yitzhak Shichor, Interview by Scott Lee, Email Correspondence, February 19, 2013.

## IV. THE POST-COLD WAR PERIOD (1989-PRESENT)

### OVERVIEW: CHINA'S FOREIGN POLICY TRENDS

China's Middle East foreign policy in the Post-Cold War Period first and foremost reflected an intensification of China's drive for economic modernization. I refer to this era as the Post-Cold War Period not because Chinese Gulf policy somehow shifted in direct response to the fall of the Soviet Union. On the contrary, by the end of the Transition Period the PRC's fears about the threat posed by either superpower ceased to really be a relevant consideration at all. Instead, China's new foreign policy during this era arose out of a set of circumstances unique to the Post-Cold War era: the United States' role as the sole superpower, the increased salience of the United Nations, and China's hunger for oil to feed its economic modernization policies. This period is also defined by China's need to balance its economic interests against its interest in cooperating with the United States and the international community. This equilibrium is the "stability" that China has sought after the events of Tiananmen in 1989. The following case studies of the two Iraq Wars illustrate how political circumstances molded Chinese Middle East policy from 1989-2003.

#### **The Impact of Tiananmen: Western and the Middle Eastern Responses Compared**

On June 4, 1989, the Chinese government brutally shut down a mostly student-led protest in Tiananmen Square. The massive crackdown left somewhere from 900 to 3,000 people dead and seriously tarnished the CCP's international reputation."<sup>133</sup> In response, many Western countries, with the United States in the lead, immediately sought to punish the regime by

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<sup>133</sup> Kenneth Lieberthal, *Governing China: From Revolution Through Reform*, (New York: W.W. Norton & Company, Inc., 2004): 145.

imposing severe economic and trade sanctions, embargoing the transfer of arms and military technology, and suspending important economic transactions such as loans, and private and governmental investments. Diplomatic relations between the PRC and many Western governments were also placed on hold.<sup>134</sup> Having quickly forfeited much of the goodwill it had built since the beginning of its opening to the outside world after Mao's death, the PRC found itself dangerously isolated, perhaps more so than at any point in the post-Mao era. Thus, during the first years of the Post-Cold War Period, China's main foreign policy concern was extricating itself from the public relations morass it had created for itself. Its conduct during the First Iraq War, discussed below, should be viewed through the lens of China's attempts to undo the setbacks in economic and diplomatic relations following Tiananmen.<sup>135</sup>

But first, it should be stressed that this approach only applied to China's relations with the West. After Tiananmen, Chinese-Middle East relations actually improved. Whereas Western countries responded to the incident with scorching indictments of the Chinese government, conservative Gulf regimes expressed understanding, even insisting that Western governments had no right to interfere with China's internal affairs. This difference in opinion can be explained in a couple ways. First, while the West's hostility was rooted in the abuse of human rights, the authoritarian regimes of Gulf countries have historically placed less emphasis on these values. Second, Middle Eastern governments appreciated China's unwavering support – or at least, consistent neutrality on regional issues – in contrast to their perennially rocky relations with the West.<sup>136</sup> This sentiment was echoed by the CCP. Conservative Chinese leaders saw the West's

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<sup>134</sup> Yitzhak Shichor, "China and the Middle East Since Tiananmen," *Annals of the American Academy of Political and Social Science*, 519 (1992): 87.

<sup>135</sup> Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security*, (Stanford: Stanford University Press, 2005), 48.

<sup>136</sup> Shichor, "China and the Middle East Since Tiananmen," 90.

suddenly volatile criticisms of the Chinese government to be indicative of the West's caprice and untrustworthiness.

The fallout of Tiananmen provided incentives for a reaffirmation of China's relationship with the Middle East. Not only did the Middle East serve as a bedrock of support, but it was also home to some of China's crucial interests. The Middle East was one of the largest markets for Chinese goods and labor services, arms, and boasted the largest supply of known oil reserves in the world (Iraq containing the second largest supplies in the region as a whole). Although China had hitherto prided itself on energy self-sufficiency, its meteoric economic development under Deng Xiaoping ensured that this could only be sustained for so long. Old habits die hard as well: China's historical alignment with the Third World against the West probably contributed much to the CCP's attempt to consolidate relations with Middle Eastern countries. That is not to say that the PRC preferred the support of Middle Eastern regimes to that of the West; merely that, as the proverbial beggar, China could not afford to be choosy.

To ensure that its bilateral relations with Gulf regimes would continue to flourish, the CCP launched a public relations counteroffensive. The Chinese government immediately dispatched emissaries, including Foreign Minister Qian Qichen, NPC vice-chairman Wan Li, and even President Yang Shangkun, to meet with Middle Eastern leaders and stress China's intention to remain an important economic partner in the region.<sup>137</sup> Given the diplomatic bombshell of Tiananmen, China did all it could to revive its reputation abroad. The diplomatic overtures made toward the Middle East express the economic importance and special cultural affinity the CCP ascribed to Gulf countries and explain, in part, China's hesitance to support intervention during the First Iraq War.

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<sup>137</sup> *Ibid.*, 88.

## THE FIRST IRAQ WAR (1990-1991)

### **Background: A Win-Win Opportunity**

The First Iraq War was a win-win situation for China: its participation in multilateral discussions furnished the opportunity for China to position itself as a key player in the international community, while simultaneously establishing China's sympathy for vulnerable Gulf monarchies. In other words, China was able to shore up its relations with the United States and international community, while leaving its relations in the Middle East relatively unaffected (except with respect to Iraq).

When Saddam Hussein's military invaded Kuwait on August 2, 1990, the international outrage was palpable. Still reeling from the crushing debt of financing the Iran-Iraq War, Saddam's regime turned a covetous eye toward Kuwait. Not only did the small nation possess a lucrative oil trade of its own, but it was indirectly inflicting economic damage upon its larger neighbor. Kuwait refused to forgive Iraq's debt from the war, and its overproduction of oil flooded the market and depressed Iraq's own petroleum revenues. Once again, Saddam also relied on the reasoning that Kuwait comprised an historical part of the Iraqi homeland, styling the invasion a "revolution in Kuwait." Beijing joined the rest of the world in expressing its deep concern, and as in the case of the Iran-Iraq War, made "appeals for an immediate end to military action and for the settlement of the dispute through peaceful negotiations."<sup>138</sup> But unlike the case of China's stance during the Iran-Iraq War, there was little to suggest duplicitous motives. Given the outrage over China's actions following Tiananmen, Beijing was at pains to stress its eagerness to comply with international norms, and the international community's absolute rejection of Saddam's actions ensured that China would publicly rebuke Baghdad as well.

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<sup>138</sup> "World Reaction to Iraqi Invasion of Kuwait," *Xinhua*, August 2, 1990, Trans. FBIS, FBIS-CHI-90-151.



Premier Li Peng reaffirmed in no uncertain terms that “China always opposes the invasion of any country by another force. ‘We are against such things, whether they occur in America, Asia, or the Middle East.’” And due to the heightened scrutiny over China’s sales to Iraq and Iran during the 1980s, Li also made a point to assure the world that “China naturally will not sell weapons to Iraq.”<sup>139</sup>

### *China’s Motivations*

First and foremost, China’s cooperation on the United Nations Security Council (UNSC) regarding the First Iraq War was an attempt to rehabilitate its global image and in particular to improve its relationship with the United States. Against the backdrop of the 1987 *Silkworm* missile sales and the 1989 Tiananmen tragedy, Sino-American relations remained frosty. The sanctions regime imposed against the PRC by the United States was biting, and Chinese leaders understood that the overarching goal of economic growth could not be achieved without placating Washington and removing the sanctions. Saddam’s flagrant violation of international law, then, was a godsend. Not only did Saddam displace the Chinese government in world media as the most odious global boogeyman, he provided the Chinese government a perfect opportunity to resurrect its status in the international community. Any multilateral action taken against the Iraqi government necessitated China’s support: the West was forced to reopen its dialogue with the Chinese. Thus, U.S. lobbying for Chinese support began the very same day that Iraqi forces invaded Kuwait and stretched over the following weeks.

Hwei-ling Huo argues that China’s motivations in the First Iraq War should not be reduced to an attempt to clean up the public relations imbroglio left by the Tiananmen incident. Instead, Huo contends that China’s cooperation with the international community was evidence

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<sup>139</sup> “Li Peng 6 August Airport Press Conference,” *Xinhua*, August 6, 1990, Trans. FBIS, FBIS-CHI-90-153.

of its acceptance of the New World Order. Far from embracing the idealism that the phrase suggests, Huo asserts that China's calculations were rooted in a realistic assessment of its domestic and foreign policy choices in the post-Cold War world. By 1989, Deng's economic policies had resulted in fundamental reforms in the political and social realms as well; to switch course midstream would yield disastrous results. As both the Tiananmen episode and the cascade of recent revolutions in the Soviet Union had shown, reform of nondemocratic systems was an irreversible trend in the world. Both China's domestic population and its international friends would inevitably expect change. Chinese leaders, according to Huo, concluded that reform would have to continue, and that the best way to achieve controlled progress was through economic development and continued opening up to the outside world. In other words, China viewed the process of democratizing government and continued economic growth as inextricably linked. But for either of these long-term development plans to reach fruition, China needed to ensure an external environment amenable to its reforms.<sup>140</sup> In this way, Chinese participation in the New World Order reflected a broader, long-term consideration of its future economic and political interests.

Whether or not this particular argument is compelling, it is clear that China sought to establish its importance to the international community. As Peking University Professor Wu Bingbing notes, the Gulf crisis was a platform for China to change its relationship with other world powers.<sup>141</sup> For example, in November 1990, Foreign Minister Qian held a working meeting with Soviet Foreign Minister Eduard Shevardnadze in Xinjiang to discuss the situation on the Gulf. This was unusual, as high-level bilateral discussions of Middle Eastern issues were a

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<sup>140</sup> See Hwei-ling Huo, "Patterns of Behavior in China's Foreign Policy: The Gulf Crisis and Beyond," *Asian Survey*, 32, no. 3 (1992): 263-27.

<sup>141</sup> Wu Bingbing, Interview by Scott Lee, Beijing, China, August 1, 2012.

rarity in Sino-Soviet relations.<sup>142</sup> More generally, however, the Gulf crisis proved that it was impossible to achieve a settlement on major international problems without the participation of the PRC. Thus, a host of different reasons incentivized the Chinese to take part in the multilateral diplomacy against Saddam Hussein. And although the main goal of improving China's political relations with the outside world was at the forefront, participation also served a second goal of ending U.S. sanctions and continuing economic growth.

### **China and the United Nations**

In total, the United Nations Security Council (UNSC) passed twelve important Security Council resolutions (SCRs) against Iraq during 1990. While China voted in favor of the first eleven enforcement resolutions, it abstained on SCR 678, authorizing the use of multilateral military force to expel Iraqi troops from Kuwaiti territory. The explanation for why China objected to this resolution in particular, and why it chose to abstain rather than exercise its veto power, illustrates China's attempt to avoid alienating either its Arab or Western friends.

Initially, China was eager to participate in the collective decision-making over Iraq, emphasizing the principles of peace and compliance with international norms. Li Daoyu, the PRC Ambassador to the UN at the time, indicated that Deng Xiaoping himself set the principles and guidelines for China's UN decisions. Deng stressed that first, Iraq must comply with all the UN Security Council Resolutions, and second, that China would not endorse any proposal to use armed force to settle the Iraq-Kuwait dispute.<sup>143</sup> The first point highlighted China's commitment to respecting and upholding international law, while the second conformed to China's time-honored Five Principles of Peaceful Coexistence.

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<sup>142</sup> Shichor, "China and the Middle East Since Tiananmen," 94.

<sup>143</sup> Suzanne Xiao Yang, *China in UN Security Council Decision-Making on Iraq*, (New York: Routledge, 2013), 83.

Without exception, China's voting record on the first eleven SCRs adhered to these principles. China made a point to speak out against or revise SCR provisions that did not fit within its framework of peaceful resolution. Since China viewed Iraq's incursion into Kuwait as a violation of national and territorial sovereignty, it did not hesitate to vote in favor of SCR 660 condemning the Iraqi invasion and demanding its withdrawal on August 2, 1990. Four days later, China voted in favor of SCR 661 imposing economic sanctions on Iraq. Although China possessed significant commercial interests in Iraq, these were outweighed by the benefit of attaining the international community's goodwill. Still, Li Daoyu made sure to warn his colleagues on the UNSC against being too hasty in punishing Iraq. After voting in favor of SCR 662 declaring the annexation of Kuwait to be null and void, he again stressed the importance of a peaceful conclusion to the conflict. Overall, the Chinese leadership was sanguine about the prospects for success under the framework of the United Nations – so long as all actions were undertaken with the strictest understanding that force would not be involved. On August 22, 1990, Ambassador Li stated:

“We believe that in order to solve the serious crisis in the Gulf, at present, it is necessary to seriously and effectively implement these resolutions adopted by the Security Council...At the same time, China has always in principle opposed military involvement by big powers...Under the present circumstances, taking military action will lead to further aggravation of the situation and escalation of the armed conflict, which cannot help solve the problem. We are concerned about this.”<sup>144</sup>

But beginning with SCR 664, China started to express reservations about the increasingly forceful language of the draft resolutions being considered in the Security Council. SCR 664 demanded that Iraq permit and facilitate the departure of nationals from third-party countries within Iraq and Kuwait. The resolution drew its authority from Chapter VII of the United

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<sup>144</sup> “UN Envoy Outlines Position on Gulf Situation,” *Xinhua*, August 22, 1990, Trans. FBIS, FBIS-CHI-90-163.

Nations Charter, which authorizes military and nonmilitary action to restore international peace and security. Eventually, China voted for the resolution but felt it was inappropriate to cite Chapter VII, seeing that the treatment of foreign nationals was separate from the broader issue of invasion. China also insisted on amending SCR 665, which authorized maritime forces in the Gulf to uphold the economic sanctions “with a minimum use of force.” China objected to this language, instead proposing that the UNSC only authorize “any such measures commensurate to the specific circumstances as may be necessary,” as this did not necessarily imply military force. The draft resolution was passed with China’s amendment on August 25.<sup>145</sup>

By November, however, the major states had grown resentful of Saddam’s disregard for the UN’s collection action and tired of waiting for the sanctions to take effect. A coalition of member states including the U.S., UK, France, several Arab states, and other member states deployed forces to Saudi Arabia, laying the groundwork for a full-scale military invasion. In October 1990, the United States drafted SCR 678, offering Iraq one last chance to comply with SCR 660, which demanded Iraq’s withdrawal from Kuwait. If Saddam refused, member states were authorized “to use all necessary means to uphold and implement resolution 660 (1990) and all subsequent relevant resolutions and to restore international peace and security in the area.” Here, China felt the need to dissociate two issues: the issue of Iraq’s direct aggression against Kuwait, and the issue of external military intervention.<sup>146</sup>

China faced three potential options. First, China could identify with the Iraqi side in the conflict and exercise its veto power. This, however, would have infuriated the Western powers, and principally the United States, which had worked extremely diligently to produce this unprecedented global cooperation on an issue that nearly every nation agreed upon. In addition,

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<sup>145</sup> For a more in-depth discussion of China’s voting record on the eleven enforcement resolutions against Iraq during 1990, see Yang, *China in UN Security Council Decision-Making on Iraq*, 83-86.

<sup>146</sup> Shichor, “Decisionmaking in Triplicate,” 204.

it would have alienated a swath of Arab countries that feared Iraq's growing aggressiveness. Second, China could vote in favor of the U.S.-backed resolution; but this would directly contradict China's clearly articulated principle about the non-use of force. In addition, Beijing felt uncomfortable linking itself with the ambitions of former colonialist powers. China feared that jumping into bed with such historically strange bedfellows would sully its reputation, especially in the Middle East, as the lone Third World permanent representative on the UNSC.<sup>147</sup> So, China followed a third path and abstained on the vote. The final tally was twelve in favor, two against (Cuba and Yemen), and one abstention (China).

### **Evaluation: China and the First Iraq War**

Some scholars, such as Lillian Craig Harris, argue that the Gulf crisis was seriously detrimental to China's long-term interests. To start, China suffered immediate economic losses of \$2-3 billion. This resulted in part from losing the earnings and assets of 60 Chinese companies in Iraq and Kuwait, and a \$300 million Kuwaiti development loan, only half of which had been delivered. In addition, Iraq owed China a significant amount of debt on which payment was frozen, and the war forced the halt of several major development projects in both countries.<sup>148</sup> China was also forced to undertake the evacuation of some 10,000 workers from both countries through Jordan.<sup>149</sup>

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<sup>147</sup> *Ibid.*, 203.

<sup>148</sup> Lillian Craig Harris, "The Gulf Crisis and China's Middle East Dilemma," *The Pacific Review*, 4, no. 2 (1991): 119.

<sup>149</sup> Notably, the Chinese government offered to evacuate more than a hundred Taiwanese, Hong Kong, and Macao citizens located in Iraq and Kuwait. The PRC de facto ambassador to Hong Kong reasoned that "the Taiwanese are Chinese by blood," and since Taiwan had no diplomatic ties with either country to offer protection for its citizens, Beijing was willing to make arrangements for their safe return. See "PRC To Help Taiwanese in Kuwait, Iraq," *Hong Kong Television Broadcasts Limited*, August 20, 1990, Trans. FBIS, FBIS-CHI-90-161.

Harris also suggests that China suffered major diplomatic losses as a result of the war, particularly with respect to Middle Eastern regimes. Despite China's abstention on SCR 678, Harris notes that Arab regimes were not completely fooled by China's careful politicking. On the one hand, China was now at risk of appearing to be yet another bully exercising control over Middle Eastern countries through economic and technical aid. China's participation in the UN during the First Iraq War may have fostered its reputation as being in a de facto alliance with the West. On the other hand, China's unwillingness to support the use of force against Iraq (a country feared by many other regimes in the Gulf) drew the displeasure of other Gulf regimes such as Egypt and Kuwait. Since in their view China could not be counted upon to assist its Arab friends, China was shut out of consultations on the post-crisis Gulf security arrangements and all but excluded from involvement in forthcoming Kuwait reconstruction projects.<sup>150</sup>

It is unclear, however, that these short-term economic and diplomatic losses outweighed the long-term gains China reaped as a result of the First Iraq War. True, China suffered a significant financial setback in the immediate aftermath of the invasion to the invasion. But its willingness to participate in Western-led collective action went a long way toward rehabilitating its public image and restoring the conditions for economic progress that existed before the Tiananmen disaster. Even before voting on SCR 678, Western Europe was so pleased with China's participation on the first eleven enforcement resolutions that it lifted the economic sanctions against China. Meanwhile, by the end of December, Japan resumed loans and financial assistance that had been held up after the Tiananmen incident. And despite tough Congressional opposition, Washington ultimately approved China's Most-Favored-Nation trading status.<sup>151</sup>

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<sup>150</sup> Harris, "The Gulf Crisis and China's Middle East Dilemma," 116.

<sup>151</sup> Shichor, "Decisionmaking in Triplicate," 205.

Nor is it clear that the Gulf War took as great a toll on China's diplomatic relations as Harris asserts. To the extent that China's relationship with Iraq and other Gulf regimes were hurt as a result of the war, a couple of qualifications are in order. First, China maintained open dialogue with Middle Eastern regimes during the entirety of the crisis. The PRC did all within its power to bring about a peaceful settlement of the Gulf crisis in the lead up to SCR 678, and it was one of few countries to dispatch an emissary to the Middle East after Iraq's invasion in August. From November 6-12, Foreign Minister Qian Qichen travelled to Egypt, Saudi Arabia, Jordan, and Iraq – the purpose of Qian's visit was “to explore with leaders of those countries the possibility of a peaceful settlement of the Gulf crisis.”<sup>152</sup> In this capacity, the Chinese were able to actively engage with the region. In serving as an intermediary between Iraq and the West, the Chinese promoted dialogue and acted as a messenger.<sup>153</sup> Second, any economic backlash that China suffered was short-term in nature. As the next section will show, China's bilateral relationships with Gulf countries expanded after 1992, when China's need for oil from the region began to benefit from its policy of steadfast neutrality.

Perhaps more importantly, China was able to accomplish its principal goal of restoring its relationship with the United States. During Qian's November trip to the Middle East, for example, he had the opportunity to meet with U.S. Secretary of State James Baker in Cairo to discuss the possibility of China's support for military action.<sup>154</sup> Qian claimed that the meeting was “conducive to improving relations between China and the United States.”<sup>155</sup> And in exchange for not wielding its veto on UN Security Council Resolution (SCR) 678, Beijing

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<sup>152</sup> “Qian Qichen Leaves for Tour of Middle East,” *Xinhua*, November 6, 1990, Trans. FBIS, FBIS-CHI-90-215.

<sup>153</sup> Yang, *China in UN Security Council Decision-making on Iraq*, 89.

<sup>154</sup> Jon B. Alterman, and John W. Garver, *The Vital Triangle: China, the United States, and the Middle East*, (Washington, D.C.: Center for Strategic and International Studies, 2008), 24.

<sup>155</sup> “Qian Qichen Leaves for Tour of Middle East,” 1990.



requested and was granted a meeting between Qian and President Bush in December. This was the first time that a senior Chinese official had been invited to the White House since the ban on contact imposed shortly after the Tiananmen incident.<sup>156</sup> The First Iraq War had required important bilateral dialogue and suggested that Sino-U.S. cooperation was integral to the New World Order.

## CHINESE ENERGY SECURITY

### **China's Growing Energy Needs**

During most of the latter half of the twentieth century, China relied on domestic production to satisfy its energy needs. In fact, it had been a net exporter of oil since the Sino-Soviet split in 1960. The initial period of Sino-Soviet comity preceding the split provided many benefits to China. Among these were Soviet technological advisors and large-scale cooperation in the energy sector. Indeed, China was dependent on the Soviet Union for more than 50% of its critical refined oil products during the 1950s.<sup>157</sup> But when Sino-Soviet relations ground to a halt in 1960, the Kremlin withdrew its advisors from China's oil sector. Although the PRC continued to import products from the Soviet Union following the split, it prioritized self-sufficiency in oil as a goal to ensure energy security thereafter.

After 1978, China expanded production of low technology, labor-intensive consumer goods that had been more or less ignored under the state-planned economy. The fastest growing sectors during the 1980s and 1990s were labor-intensive light manufacturing powered by township and village enterprises. Overall the introduction of competition between state-owned enterprises (SOEs) and the nascent private sector inevitably made energy cost management a

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<sup>156</sup> Shichor, "Decisionmaking in Triplicate," 205.

<sup>157</sup> Erica Strecker Downs, *China's Quest for Energy Security*, (Santa Monica: Rand, 2000): 11.

relevant factor in the production of goods.<sup>158</sup> As the Chinese economy rapidly expanded toward the close of the century, energy demand skyrocketed, as did the energy intensity of economic output.<sup>159</sup> This phenomenon can be attributed to the growth of China's energy-intensive heavy industry sector following Deng Xiaoping's Opening Up policy. The PRC's financial system has tended to favor the heavy industrialization sector because operating costs are low, excess capacity can be exported without inducing normal exchange rate effects, and risk is low since borrowers are mostly state-owned firms. In addition, China has preferred to self-produce, rather than import, energy-intensive basic products such as steel and aluminum used to construct roads and buildings requisite for its infrastructural development.<sup>160</sup> These factors contributed to the explosive rise in energy intensity during the 1990s.<sup>161</sup>

The year 1993 marked a turning point in Chinese energy policy as China once again returned to being a net importer of crude oil. During 1996, the shortfall between Chinese oil consumption and production was approximately 400,000 barrels per day. The gap between China's domestic oil production and its consumption continued to grow and is predicted to widen over time; by 2020 it is projected to rise to 5.2 million barrels per day (Fig. 5).<sup>162</sup>

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<sup>158</sup> Joseph P. Giljum, "The Future of China's Energy Security," *The Journal of International Policy Solutions*, 11 (2009): 13.

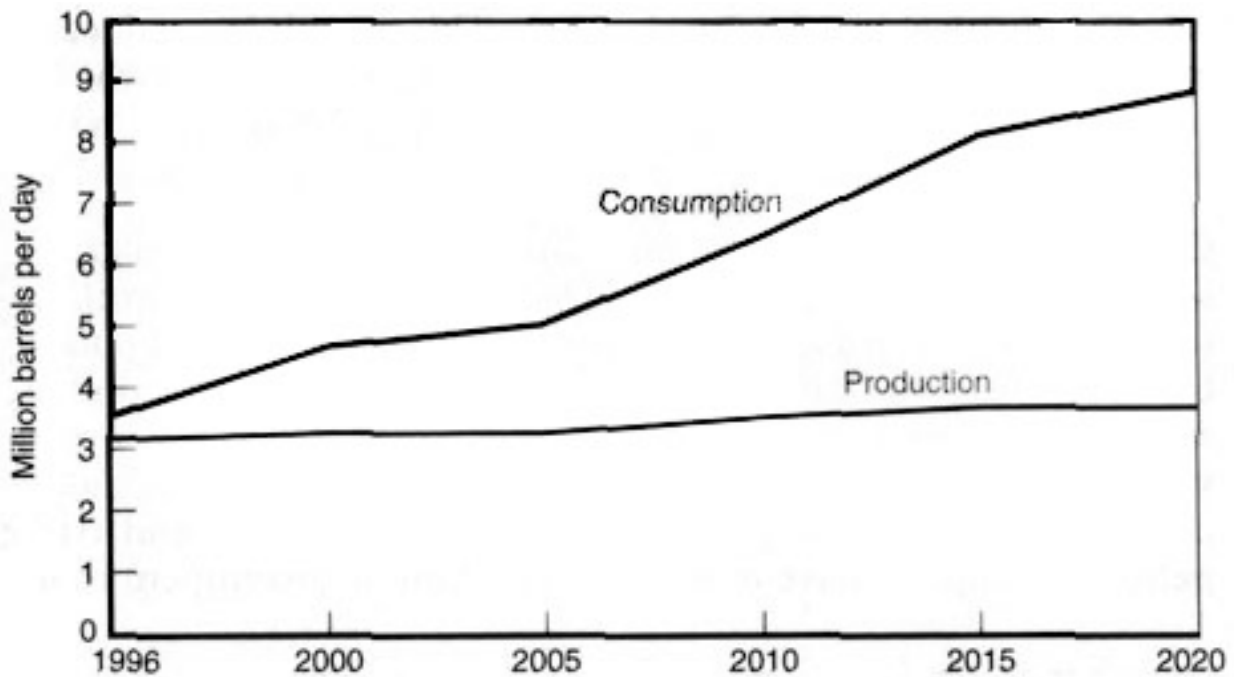
<sup>159</sup> Energy intensity is a ratio that measures the energy efficiency of a country's economy. China's high energy intensity reflects a high price of converting energy into GDP.

<sup>160</sup> *Ibid.*

<sup>161</sup> Although heavy industry has heretofore been the primary contributor to energy demand, consumption by Chinese citizens will be a significant factor in China's future energy demand. As the nation's standard of living increases, Chinese energy demand will increasingly derive from normal consumers in the form of heating, cooling, and lighting their homes, as well as transportation.

<sup>162</sup> Downs, *China's Quest for Energy Security*, 8-9.

**Fig. 5 - China's Demand for Oil Imports, 1996-2020**



Source: Erica Strecker Downs, *China's Quest for Energy Security*, (Santa Monica: Rand, 2000).

From 1992 to 1997, China's oil material and equipment exports to the Middle East grew 710 times.<sup>163</sup> As the Middle East contains the largest proven oil reserves on the planet, the region's increasing importance to Chinese strategic interests is obvious.

In addressing its growing oil needs, China has focused more on supply-side security than on moderating demand. In other words, the PRC has emphasized ensuring the free flow of oil to support its burgeoning economy, rather than voluntarily slowing down the well-performing heavy industry sector. Still, Beijing has realized the perils of tethering the country's oil supply to the international market. Sudden increases in international oil prices can often have disastrous effects on a country's domestic economy. For example, changes in oil prices – and in particular quick spikes – can cause domestic inflation, rising interest rates, slackened economic demand,

<sup>163</sup> Steve A. Yetiv, and Chunlong Lu, "China, Global Energy, and the Middle East," *Middle East Journal*, 61, no. 2 (2007): 203.

and high unemployment.<sup>164</sup> Oil shocks have the potential to dramatically set back the PRC's economic development, since as a developing nation, China is especially vulnerable to price fluctuations. Additionally, Beijing's distrust of regular energy markets derives in part from the perception that these markets are dominated by the United States. China lacks the naval capabilities to competently secure the global sea-lines of communication through which most crude oil travels. As such, it must "free ride" on American protection of oil supply lines. And even though the United States is the most important guarantor of free oil flow, it is also a potential adversary for China.<sup>165</sup> This puts China in the awkward position of depending on its strategic competitor for energy security. Beijing's unease is compounded by the fear that the United States will exploit China's need for energy as a weakness in the event of a future Sino-American conflict.<sup>166</sup>

The belief among CCP leadership that energy security can best be achieved through control of supplies rather than through participation in a secure international market has given rise to China's "equity oil strategy." This strategy essentially entails buying oil and oil infrastructure across the world with the intention of diverting those resources from the world market for domestic consumption.<sup>167</sup> Functionally, this requires owning both the oilfields themselves, as well as the transport networks that facilitate the resource's return to China.

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<sup>164</sup> For example, Saudi Arabia's oil embargo on the United States following the 1973 Arab-Israeli War and Iran's Revolution in 1979 temporarily raised international oil prices by decreasing the world supply. As a result, the United States experienced "stagflation," recession featuring both high inflation and high unemployment. For a more detailed articulation of how the international oil market affects domestic economic health, see Kenneth M. Pollack, *A Path Out of the Desert*, (New York: Random House, 2008), Chapter 1: Oil.

<sup>165</sup> Erica Strecker Downs, "The Chinese Energy Security Debate," *The China Quarterly*, no. 177 (2004): 31.

<sup>166</sup> World War II is case-in-point: cutting of Japanese oil supply was an integral part of America strategy on the Pacific Front. See Henry Lee and Dan A. Shalmon, "Searching for Oil China's Initiatives in the Middle East," *Environment: Science and Policy for Sustainable Development* 49, no. 5 (2007): 12.

<sup>167</sup> Giljum, "The Future of China's Energy Security," 15.

China's National Owned Companies (NOCs) have played a crucial role in this equity oil strategy. NOCs such as the China National Petroleum Corporation (CNPC), the Chinese National Petrochemical Corporation (Sinopec), and China National Offshore Oil Company (CNOOC) produce, import, trade, and process oil. They are also the entities that enter into exploration and production contracts in other nations on behalf of Beijing. By acquiring equity stakes in oil contracts, particularly in the Persian Gulf, the NOCs allow the Chinese government to have direct control over oil supply from the Middle East.

The purchase of equity interests in Middle Eastern oilfields yields several advantages over buying oil off the international market.<sup>168</sup> First, buying equity barrels can eliminate market price risk by enabling the investor to predict precisely how much oil it will receive and at what cost over the life of the oilfield. Second, equity oil in the long-term can provide the buyer with a much lower price than the market price. As an equity owner, the buyer is able to produce and transport oil well below the market-clearing price. Third, equity ownership eliminates the need for middlemen such as other companies. This ultimately saves money and precludes the risk of the middleman cutting off supply. Theoretically, then, China's direct access to oil under the equity strategy offers both stable oil flow and prices, even in the case of oil supply or price shocks affecting the rest of the international market.<sup>169</sup>

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<sup>168</sup> For a detailed analysis of the economics underlying equity oil and overseas investment, see Downs, "The Chinese Energy Security Debate," 35.

<sup>169</sup> Whether or not equity oil strategy actually enhances energy security is a matter of debate. For one, the huge gap between China's equity supply and import demand indicates that it will be impossible for China to rely solely on equity oil to satisfy its needs. In fact, China will have to increasingly rely on the international market in the future, making it more – not less – dependent on foreign oil. Additionally, this strategy has antagonized China's neighbors and competitors by giving the impression that China's NOCs are somehow "hogging" the oil and thereby reducing the total share available to the rest of the market. See Giljum, "The Future of China's Energy Security," 17.

## Chinese Oil Security and Iraq

After the conclusion of the Persian Gulf War in 1991, the United States maintained and enforced sanctions against Iraq. The most severe of these prohibited Iraqi oil exports. Chinese officials continuously called upon Iraq to comply fully with any UN resolutions, but they also expressed strong reservations about the efficacy of the ongoing sanctions regime. Many international commentators in 1995 declaimed the declining humanitarian condition of Iraq, attributing widespread hunger and unemployment to a U.S.-led sanctions regimen that was doing more harm to the average Iraqi citizen than to Saddam's government. China applauded President Bill Clinton's introduction of the UN Oil-for-Food Program (OFF), which permitted Iraq to sell limited amounts of oil in exchange for food, medicine, and other basic necessities (billions in revenue was corruptly siphoned away from state coffers). Although Sino-Iraqi trade was minimal following the First Iraq War, it rose dramatically by the end of the 1990s due to this program. After OFF commenced in December 1996, China actively pursued oil and construction contracts with Iraq. In 1996, China's total exports to and imports from Iraq were valued at only \$1.15 million. By 1997, China's total volume of trade with Iraq increased by \$92 million dollars, and peaked at \$517 million in 2002 (See App. 3).<sup>170</sup> Not satisfied with limited importation of these resources, Chinese Ambassador to the United Nations Qin Huasen emphatically expressed in May 1996 China's hope that the UN Security Council would go a step further and,

evaluate Iraq's efforts to implement related resolutions of the UN Security Council in an objective and fair manner, gradually eliminate sanctions in accordance with the progress of Iraq's implementation of the UN resolutions, and, first of all, remove the sanction of oil export by Iraq.<sup>171</sup>

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<sup>170</sup> The Second Iraq War, however, saw a precipitous decline in China's total exports and imports from Iraq, weighing in at a paltry \$56 million. See Yetiv and Lu, "China, Global Energy, and the Middle East," 208.

<sup>171</sup> "PRC: UN Envoy Explains Stand on Sanctions Against Iraq," *Beijing Central Television Program One Network in Mandarin*, May 7, 1996, Trans. FBIS, FBIS-CHI-96-090.

One way to view Beijing's encouragement of lifting the UN sanctions is through a humanitarian lens. As Foreign Ministry spokesman Cui Tiankai stated, China may have been legitimately concerned with "easing the suffering of the Iraqi people from sanctions."<sup>172</sup> Another way is to contextualize Beijing's actions with respect to its broader goal of achieving regional stability for China's own economic growth. China's interest in Iraq was a fairly straightforward matter, given China's budding need for oil and Iraq's title to the second largest crude oil reserves in the Middle East. China hoped that agitating for the free flow of Iraqi oil would generate another petroleum market to fuel China's economic growth.

In June 1997, a consortium of Chinese oil companies represented by CNPC and China North Industries Corporation (NORINCO), a major arms sales agent of the Chinese government, signed a 22-year production-sharing contract with Iraq.<sup>173</sup> Beijing was anxious to include Baghdad in its equity oil enterprise, even though most of the First Iraq War sanctions would remain in force until 2003. Under the agreement, China was to help develop Iraq's Al-Ahdab oil field once sanctions were lifted. Al-Ahdab is Iraq's second largest oilfield, boasting estimated recoverable reserves of 1.4 billion barrels. CNPC and NORINCO formed a new company, al-Waha, to develop the field; combined, the consortium owned 50% equity in the project.<sup>174</sup> Simultaneously, Beijing held negotiations aimed at signing concessions on at least three other oilfields. Together, China's 50% share in their combined output could supply China with approximately half its annual oil imports in that year alone.<sup>175</sup> Liberating Iraqi oil was a step toward producing the regional stability requisite for Chinese economic growth, as evidenced by

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<sup>172</sup> "PRC: Spokesman Welcomes Iraq-UN Agreement to Sell Oil," *Xinhua*, May 24, 1996, Trans. FBIS, FBIS-CHI-96-103.

<sup>173</sup> Flynt Lawrence Leverett and Jeffrey Bader, "Managing China-U.S. Energy Competition in the Middle East," *The Washington Quarterly*, 29, no. 1 (2005): 190.

<sup>174</sup> Downs, *China's Quest for Energy Security*, 22.

<sup>175</sup> Shichor, "Decisionmaking in Triplicate," 212.

MFA spokesman Cui's wish that "the problems left by the Gulf Crisis [be] resolved as quickly as possible, and that peace and stability in the Gulf area can be realized at an early date."<sup>176</sup>

Unfortunately for Beijing, progress on the 1997 Al-Ahdab oil project would be stymied by America's 2003 invasion of Iraq in the Second Iraq War. As the next section will show, China subjugated its interest in oil and by extension economic stability to its interest in placating the United States.

## THE SECOND IRAQ WAR (2003-2012)

### **Background: Caught Between Iraq and a Hard Place**

The ceasefire forged after the 1990 Gulf War was brittle at best. It was not a treaty, but a multilateral settlement artificially created by United Nations Security Council Resolutions.

Saddam Hussein's persistent truculence in the face of the UN peacekeeping sanctions passed after the 1990 Gulf War was a sobering reminder of the New World Order's ineffectiveness.

The issue of Iraqi weapons and UN weapons inspections continued to stymie progress and contributed significantly to the advent of the Second Iraq War. Saddam already had a history of employing chemical weapons of mass destruction (WMDs). His military inflicted mass casualties against its enemies through these means during the Iran-Iraq War, in one famous instance called the "Anfal," or spoils of war, campaign killing somewhere from 50,000 to 100,000 Iranians.<sup>177</sup> In April 1991, the United Nations Security Council passed SCR 687, ordering Iraq to destroy its chemical and biological weapons and reaffirming SCR 661's imposition of economic sanctions. The resolution also created the United Nations Special Commission on Iraq (UNSCOM) to monitor Iraqi disarmament. During the course of

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<sup>176</sup> *Ibid.*

<sup>177</sup> Douglas J. Feith, *War and Decision: Inside the Pentagon at the Dawn of the War on Terrorism*, (New York: Harper, 2008): 184.



investigation, UNSCOM unearthed astonishing evidence of Iraq's significant investments in chemical, biological, and nuclear weapons. Saddam caused a global crisis in August 1998 when he shut down UN and International Atomic Energy Agency (IAEA) weapons inspections. In response, the United States Congress passed the Iraq Liberation Act, calling for containment and regime change in Iraq. Tensions ratcheted up in 1999 when the Iraqi military fired anti-aircraft artillery and missiles at U.S. and British planes in the no-fly zones operated in northern and southern Iraq. Altogether, the collapse of the weapons inspections regime, Saddam's undoing of the carefully wrought economic sanctions, and his military challenge to the no-fly zones undermined American containment policy and convinced Washington that Saddam was a threat to U.S. national security.<sup>178</sup>

Meanwhile, the PRC continued to insist on the principle of the non-use of force in resolving the worsening U.S.-Iraqi dispute. Qin Huasen stated that the United States' unilateral military strikes in the no-fly zone represented "a worrying trend" about the "willful use of force, especially unilateral actions taken without the Council's authorization."<sup>179</sup> Then came the 9/11 terrorist attack against the United States in 2001, which left America vulnerable and profoundly altered Washington's conception of national security. Against the backdrop of the 9/11 attacks, Saddam's refusal to disavow possession of nuclear weapons along with mistaken intelligence pointing to Iraq's harboring of Al Qaeda operatives looked damning. The United States was poised for war. With obligations to both ensuring its economic interests and supporting the United States during this time of need, Beijing was caught between conflicting foreign policy interests.

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<sup>178</sup> *Ibid.*, 198.

<sup>179</sup> Quoted in Yang, *China in UN Security Council Decision-Making on Iraq*, 175.

## Beijing's Balancing Act

The Second Iraq War proved to be a fundamentally different creature from the Iran-Iraq and First Iraq Wars for China. Several factors militated against any Chinese endorsement of President Bush's Second Iraq War. To begin with, China's economic involvement in the Persian Gulf was never more indispensable to its modernization campaign. Arms sales, labor export, and construction had all declined and were replaced by the all-consuming importance of oil.<sup>180</sup> The prospect of an American invasion threatened China's over \$7 billion obligations in Iraq, and in particular oil contracts valued at over \$1 billion; the resulting rise in oil prices could have deep economic ramifications in the mainland.<sup>181</sup> In addition, Beijing now occupied a fresh position in the international community. The ghost of Tiananmen had faded, and China was now an emerging – and even respected – economic, military, and political power. As the First Iraq War showed, Beijing had painstakingly sought to assure the world community that it was a responsible stakeholder, just as it tried to establish its integrity in the Middle East through a reputation of non-interference.

Nevertheless, Beijing's hand was practically forced due to its ever-present Post-Cold War interest in currying favor, or at least avoiding the ire, of the United States. The circumstances that generated the Second Iraq War provided a rationale for Chinese support from a security standpoint, too, as the United States' initial premise for invasion was the threat of Iraqi WMDs. China may have found this rationale more palatable than the human rights issues raised when the United States intervened in Bosnia and Kosovo during the 90s.<sup>182</sup> More importantly, Beijing was at pains to repair the Sino-U.S. relationship in light of the strained tone it had assumed at the turn

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<sup>180</sup> Shichor, "Decisionmaking in Triplicate," 211.

<sup>181</sup> Yufeng Mao, "Beijing's Two Pronged Iraq Policy," *China Brief* 44, no. 12 (March 24, 2005).

<sup>182</sup> Michael J. Green, "The Iraq War and Asia: Assessing the Legacy," *The Washington Quarterly*, 31, no. 2 (2008): 184.

of the millennium. The collision of an American reconnaissance plane and a Chinese fighter jet caused a diplomatic crisis in 2001. Then, when President Bush enumerated “rogue states” in his early national security speeches, many analysts inferred that the administration was implicitly suggesting China was the backer of these regimes. Additionally, a classified U.S. Nuclear Posture Review leaked to the press in 2002 identified China as one of seven possible targets of nuclear attack by the United States. The Bush Administration’s aggressive new posture of preemptive warfare under the Bush Doctrine further elicited Beijing’s fears.<sup>183</sup> In this context, China could ill-afford to earn the wrath of a vulnerable and war-hungry Washington.

Yitzhak Shichor believes that Beijing may even have quietly welcomed the U.S.-led military intervention because it believed (mistakenly) that the crisis would be the quickest and least disruptive way to solve the problem of Saddam Hussein’s intransigence. China was now considerably dependent on Gulf oil and especially eager to see regional and economic stability to further its economic growth. Saddam’s temperamental control over Iraq’s oil exportations coupled with the alarm he aroused in other littoral states in the Gulf were far from ideal.<sup>184</sup> Given the United States’ stunning display of military superiority in the First Iraq War, it was reasonable to think that the Second War could restore order relatively quickly and painlessly. Although the Chinese preferred peaceful multilateral action, if the United States was determined to invade, then swift action was preferable from an economic perspective.<sup>185</sup>

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<sup>183</sup> Peter Van Ness, “China’s Response to the Bush Doctrine,” *World Policy Journal* 21, no. 4 (2005): 40.

<sup>184</sup> Saddam had a nasty habit of abusing his control over Iraq’s oil supply to advance his political and personal agenda. During the Iraq sanctions regime of the 1990s, Saddam frequently halted oil production to blackmail the UNSC or sold it at cut-rate prices. In one especially excessive instance, Saddam halted all legal Iraqi exports to protest Israel’s Operation Defensive Shield during 2002. All of these actions introduced a dangerous element of instability into the global market for oil. See Pollack, *The Persian Puzzle*, 21.

<sup>185</sup> Shichor, “Decisionmaking in Triplicate”, 216.

American military forces invaded Iraq in 2003. This time, Washington sidestepped the United Nations Security Council in order to minimize the ability other nations' ability to water down the war effort. Chinese actions in the wake of the invasion bear out the notion that its policy was a careful balancing act between salvaging its own interests and avoiding antagonizing the United States. Seeing the conflict was unavoidable, China frantically prepared for the economic consequences to come. In the month prior to the outbreak of war, China increased its oil imports, principally from Africa and Russia, by over 2/3 in comparison to the previous year.<sup>186</sup> China also created a National Energy Commission to design a national energy and oil security plan, to adjust the structures of national energy production and consumption, and to map out a plan to reduce reliance on foreign crude oil and natural gas.<sup>187</sup>

Beijing sought to avoid confrontation with Washington by taking a very measured tone in publicly addressing the American action in the Gulf. It did not add its voice to the French-Russian-German joint statement issued on February 24, 2003 balking at the American invasion. Instead, Beijing harnessed this opportunity to stress the importance of multilateral dialogue on the issue. This was in line with the Chinese government's general trend toward encouraging greater UN involvement in Iraq throughout the 90s, including both the First Iraq War and the WMD fiasco. Despite China's historical reluctance to participate in the UN, Chinese Foreign Minister Tang Jiaxuan was remarkably busy in early 2003, making four trips to the UN to lobby for a political resolution to the Iraq conflict. China even voted in favor of SCR 1546, legitimizing the presence of U.S.-led multinational peacekeeping forces in Iraq. Last, official Chinese opprobrium of U.S. actions in Iraq was moderate. Most criticism was restricted to skepticism regarding America's attempt to democratize the Middle East. While some newspapers opined

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<sup>186</sup> Mao, "Beijing's Two Pronged Iraq Policy."

<sup>187</sup> Shichor, "Decisionmaking in Triplicate," 213.

that U.S. military action was a violation of international law and the UN charter, many also characterized the U.S. role in Iraq as one of safeguarding the new Iraqi government and helping train army officers and policemen.<sup>188</sup>

### **Evaluation: China and the Second Iraq War**

As was the case with the First Iraq War, China suffered some immediate economic harm in the aftermath of the Second Iraq War. In the first four months of 2003 – the year of the American invasion – Chinese oil imports grew by 42.9%, but its payments rose by 110.6% per year, resulting in extra costs of about \$4 billion. The war also disrupted the progress of more than 100 projects with Chinese participation underway in the MENA region, while affecting tens of thousands of contract workers. Additionally, the three Iraqi oil concession projects mentioned above were put on hold.<sup>189</sup>

Still, China was able to achieve substantial long-term gains from the Second Iraq War. Beijing was prudent in restraining its criticism of the U.S.-led war effort. As a result, the PRC was not placed on the U.S. list of countries (which included Russia, France, and Germany) excluded from bidding on reconstruction projects in Iraq.<sup>190</sup> Beijing pledged \$25 million to the reconstruction effort and agreed to forgive a large part of Iraq's multi-billion dollar outstanding debt in an attempt to improve its goodwill and to earn tangible benefits from the new government. In fact, Chinese Deputy Foreign Minister Shen Guofang stated explicitly that China forgave the debt owned by Saddam's regime for the purpose of gaining access to the bidding

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<sup>188</sup> On Chinese public perception and portrayal of the Second Iraq War, see Mao, "Beijing's Two Pronged Iraq Policy."

<sup>189</sup> Guang Pan, "China's Energy Strategy and Primary Role of the Middle East in this Strategy," *Journal of Middle Eastern and Islamic Studies (in Asia)*, 2, no. 2 (2008): 70.

<sup>190</sup> Shichor, "Decisionmaking in Triplicate," 217.

processes on big oil and infrastructure projects.<sup>191</sup> These overtures were well received. In November 2008, CNPC signed a Developing Service Contract with Iraq's Ministry of Oil and resumed development on the Al-Ahdab Oilfield, the concession originally agreed upon in 1997. In 2009, CNPC joined with BP to win the operating rights to the Rumaila Oilfield. Rumaila boasts oil reserves of about 17 billion barrels, and is Iraq's largest oilfield and the sixth largest oilfield in the world. That same year also witnessed CPNC's joint venture with Total and Petronas in winning the contract for Halfaya Oilfield in southern Iraq.<sup>192</sup> By 2013, China was jointly operating three fields in the south of Iraq, in total producing 1.4 million barrels per day – more than half Iraq's output.<sup>193</sup>

The Second Iraq War also offered China less tangible benefits. The United States' miscalculation and prolonged presence in the Middle Eastern country seemingly confirmed the prudence of Beijing's non-interference doctrine. The Standing Committee of the CCP Politburo took America's abject failure in Iraq as a lesson against involving China in the internal politics of other countries. The Second Iraq War was also beneficial to China insofar as China has a strategic interest in the decline of U.S. power. The United States' distraction in Iraq limited the opportunity for it to implement an anti-China containment policy.<sup>194</sup> More broadly, the War distracted American attention and resources, drove the U.S. into further financial distress, eroded American credibility with allies, and stained America's international image. Militarily, the Iraq War gave Beijing the opportunity to witness an even more extensive display of American

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<sup>191</sup> Quoted in Mao, "Beijing's Two Pronged Iraq Policy."

<sup>192</sup> CNPC, "CNPC In Iraq," Last modified 2011. Accessed March 7, 2013.

<sup>193</sup> "China Doubles Down on Iraqi Oil," *Bloomberg Businessweek*, sec. Global Economics, January 21, 2013.

<sup>194</sup> Willy Lam, "China's Reaction to America's Iraq Imbroglio," *China Brief* 4, no. 8 (April 14, 2004).

military technology and provided it with insight into the nature of highly information-intensive modern warfare.<sup>195</sup>

## CONCLUSION

China's political and economic circumstances changed rapidly during the 90s and into the 2000s. Despite this dazzling transformation, United States has remained an omnipresent consideration in Middle East foreign policymaking. The First and Second Iraq Wars amply demonstrate Beijing's resolve to move forward with its modernization policies, but not at the cost of antagonizing Washington. Thus, China's conception of stability in the Post-Cold War Period has been centered on the pursuit of two main interests: economic growth in the form of oil and maintaining healthy relations with the United States.

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<sup>195</sup> Kurt M. Campbell, Nirav Patel, Richard Weitz, "The Ripple Effect: China's Responses to the Iraq War," Working paper, *Center for a New American Strategy*, (2008).

## V. FINAL CONCLUSION

In half a century, the foundation of Chinese Iraq policy migrated from Bandung to barrels of oil. Along the way, China's ideological and practical interests changed rapidly. The Sino-Iraqi relationship reflected these changes – from direct partnership, to outright antagonism, to calculated but friendly neutrality. But that does not mean Chinese policy in Iraq was erratic or haphazard. Far from it, the PRC's approach to the Republic of Iraq exhibits an internally consistent logic, merely adjusting in response to China's evolving domestic needs and international ambitions.

Central to this logic is the PRC's status as a relatively "weak" power. Compared to countries like the United States, the PRC has historically lacked the political and economic clout to mold conditions in the Middle East to suit its needs. In the absence of this power, China's Middle East policy has thus been aimed at ensuring regional stability in manner consistent with China's interests. The precise definition of regional stability has varied almost decade by decade, and this paper has identified a paradigm for analyzing these evolving foreign policy trends over three different periods. During each period, China's ideological, economic, and strategic considerations resulted in a specific understanding of "stability."

During the Cold War Period (1958-1979), China's primary foes were the United States and later the Soviet Union. Beijing's understanding of regional stability entailed preventing the further geographic encroachment of either superpower into the Middle East. Iraq served as a "Cold War" battleground that the Chinese attempted to wean from superpower control. Beijing initially hailed the founding of the Republic of Iraq in 1958 and commenced trade and extended economic assistance to enhance its political relationship with the country. During the 1960s,



however, the bilateral relationship soured as a series of new Iraqi regimes sought closer ties to the superpowers. The latter half of the 1970s saw a renewed energy in Sino-Iraqi relations, and China inaugurated a host of construction and labor projects that promoted goodwill between both nations. Chinese economic aid and cooperation with Iraq during this time served the purpose of enhancing the political relationship, with the ultimate goal of hedging against the superpowers.

The Transition Period (1980-1988) challenged the previous definition of stability by pitting China's interest in combating the superpowers against its interests in economic growth. China publicly discouraged both belligerents of the Iran-Iraq War from fighting, alleging that their confrontation opened the door to superpower intervention. On the other hand, China concluded approximately \$9.4 billion in arms transfer agreements with both countries from 1981-1988, playing a crucial role in prolonging the war. These actions highlight Beijing's gradual prioritization of its economic interests over its fear of superpower hegemony. This "transition" in priorities is the namesake of The Transition Period.

Finally, the Post-Cold War Period (1989-present) exhibits China's almost exclusively utilitarian definition of stability: the free flow of oil to fuel domestic economic growth. And despite China's remarkable economic progress since the 1980s, the two Iraq Wars during this last Period also demonstrate China's need to maintain good relations with the United States and the international community. China's neutrality with respect to the American invasions in Iraq during 1990 and 2003 reveals real and continuing limitations on China's ability to shape events in the region.

The future direction of Chinese Iraq policy – and China's broader Middle East policy – is uncertain. If this project's findings are any indication, then it is clear that China's interests in the Middle East are constantly in flux. Thus, China's current Post-Cold War approach is unlikely to

remain as is. On the one hand, it is possible that the world's increasingly scarce resources coupled with China's explosive economic and population growth will generate future competition with other nations, and in particular with the United States. If that is the case, then China's good relations with Middle Eastern nations, rooted in their shared Third World heritage, may give it the upper hand as a competitor for Gulf oil. But there is also reason for optimism. China's consistent emphasis on the Five Principles of Peaceful Coexistence in conducting affairs with the Middle East is a matter of record. More importantly, the two Iraq Wars, and even China's respective abstention in the UN votes on Libya in 2011 and its veto against UN resolutions to intervene in Syria, indicate a preference for communicating and working through multilateral institutions to deal with Middle East crises. By word and by deed, the Chinese have expressed their determination to participate in the international community as responsible stakeholders.

Ultimately, the People's Republic of China will continue to emphasize regional stability, although the definitional nuances of that word may change. As China continues to develop, we can expect that it will more forcefully assert the principle of nonintervention in the event of future Middle East crises. And with respect to the prospects for Sino-Iraqi relations, the future is indeed bright. Both Iraq's economic and political situation and relationship to China are likely to improve as it recovers from the legacy of American occupation and develops its oil infrastructure and human capital. What we can expect, then, will be the abundant flow of goods and services, collaboration and cooperation, from Beijing to Baghdad, and back.

## VI. APPENDICES

### Appendix 1 – Key Abbreviations

CCP	Chinese Communist Party
CIA	Central Intelligence Agency
CNOOC	China National Offshore Oil Company
CNPC	Chinese National Petroleum Corporation
ICP	Iraqi Communist Party
IMF	International Monetary Fund
IAEA	International Atomic Energy Agency
KMT	Kuomintang (Nationalist Party)
MENA	Middle East North Africa
MFA	Ministry of Foreign Affairs
NCNA	New China News Agency
NOC	National Owned Companies
NORINCO	China North Industries Corporation
NPC	National People’s Congress
OFF	UN Oil-for-Food Program
PLA	People’s Liberation Army
PRC	People’s Republic of China
SCR	Security Council Resolution
SIPRI	Stockholm International Peace Research Institute
UAR	United Arab Republic
UN	United Nations
UNSC	United Nations Security Council
US	United States
USSR	Union of Soviet Socialist Republics
WMD	Weapons of mass destruction

## Appendix 2 - Transfers of Major Conventional Weapons from China to Iraq, 1980-1988

Recipient (R)	# ordered	Weapon designation	Weapon description	Year of order	Year(s) of deliveries	# delivered/produced	Comments
China R: Iraq	(1000)	WZ-120/Type-59	Tank	(1981)	1982-1987	(1000)	No. delivered could be between 250 and 1300
	(650)	YW-531/Type-63	APC	(1981)	1982-1988	(650)	Incl some YW-701 CP version
	40	F-6/Farmer	Fighter aircraft	(1982)	1982-1983	(40)	Delivered via Egypt and Jordan
	(1500)	WZ-121/Type-69	Tank	(1982)	1983-1987	(1500)	Type-69-I and Type-69-II version
	(90)	F-7A	Fighter aircraft	1983	1983-1987	(90)	F-7B version; assembled in Egypt and transferred via Jordan; no. could be up to 100
	(100)	Type-63 107mm	Towed MRL	(1983)	1984-1988	(100)	Probably assembled or produced in Iraq

Source: SIPRI Arms Transfers Database

**Appendix 3 – China’s Exports to and Imports from Iraq (value in millions of US dollars)**

<b>Year</b>	<b>Total</b>	<b>Export</b>	<b>Import</b>
1985	135.72	133.05	2.67
1986	158.32	155.08	3.24
1987	76.67	73.45	3.22
1988	63.78	63.78	0
1989	94.74	60.91	33.80
1990	79.52	33.64	45.88
1991	0.36	0.08	0.28
1992	1.27	0.67	0.60
1993	5.52	4.87	0.65
1994	2.42	1.55	1.07
1995	0.91	0.30	0.61
1996	1.15	1.04	0.11
1997	93.20	58.98	34.22
1998	164.53	104.67	59.86
1999	264.07	147.95	116.12
2000	974.90	327.26	647.64
2001	469.99	396.97	73.02
2002	517.06	420.82	96.24
2003	56.38	56.06	0.32
2004	46.98	14.94	32.05
2005	82.40	40.80	41.60

Source: Steve A. Yetiv, and Chunlong Lu, "China, Global Energy, and the Middle East," *Middle East Journal*, 61, no. 2 (2007): 199-218.

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