



**IN THIS ISSUE:**

IN A FORTNIGHT  
 By Peter Mattis.....1

DPP'S CROSS-STRAIT POLICY CONSISTENT WITH "STATUS QUO"  
 By L.C. Russell Hsiao.....3

THE LAST YEAR OF HU'S LEADERSHIP: HU'S TO BLAMCE?  
 By Cheng Li and Eve Cary.....7

CHINA ASSESSES PRESIDENT OBAMA'S NOVEMBER 2011 ASIA-PACIFIC TRIP  
 By Michael S. Chase.....10

PARSING CHINA'S POLICY TOWARD IRAN  
 By Richard Weitz.....13



DPP Chairwoman Tsai Ing-wen  
 Perhaps Not So Controversial on  
 Cross-Strait Issues

*China Brief is a bi-weekly journal of information and analysis covering Greater China in Eurasia.*

*China Brief is a publication of The Jamestown Foundation, a private non-profit organization based in Washington D.C. and is edited by Peter Mattis.*

*The opinions expressed in China Brief are solely those of the authors, and do not necessarily reflect the views of The Jamestown Foundation.*



For comments or questions about *China Brief*, please contact us at [mattis@jamestown.org](mailto:mattis@jamestown.org)

1111 16th St. NW, Suite #320  
 Washington, DC 20036  
 Tel: (202) 483-8888  
 Fax: (202) 483-8337

Copyright © 2011

**In a Fortnight**

By Peter Mattis

WUKAN UPRISING HIGHLIGHTS DILEMMAS OF PRESERVING STABILITY

Since September, the residents of the Guangdong village Wukan have clashed with authorities over local government land seizures. Last week, however, Xue Jinbo, a village representative trying to negotiate with local officials, died in police custody with reportedly visible signs of torture, such as blood on his lips and broken fingers. The death led the Wukan villagers to throw out the last remaining officials, marking a state of rebellion. Villagers however deny they are rebelling, stating they only want their land returned to them and recognition of the legitimacy of their self-selected village committee (Reuters, December 20; *Ming Pao*, December 19). The continuing standoff and decisions on how to resolve the situation facing authorities highlight some of the major concerns and contradictions in how Beijing preserves stability.

The immediate causes of the Wukan incident appear to be related to official corruption in the form of government land grabs for developers. Local budget shortfalls have encouraged local officials—who are rated on their contributions to GDP growth—to under-compensate peasants for appropriated land, which is then used by developers for major projects that can be taxed at higher rates. In this case, the local government pocketed \$110 million while reimbursing each villager \$87 for a total of only a few hundred thousand dollars (Caixin, November 22). As Chinese real estate prices have fallen because of Beijing’s efforts to cool the

economy, local governments have earned less on each land sale and development project, creating local budget shortfalls. Where central authority is weak, the incentive is to push local state-owned developers to continue, if not accelerate, their purchases of land appropriated by the government with ever-lower compensation for the peasants (Caixin, December 19; *The Telegraph*, December 15; “Local Debt Problems Highlight Weak Links in China’s Economic Model,” *China Brief*, July 15). Given these pressures, it is almost a wonder no other such long-lasting demonstrations have appeared.

The government has responded by sealing off the village with People’s Armed Police and shutting off electricity, food and water supplies, which local officials are denying. One official stated “villagers can come and go freely.” Another spokesman claimed this state of affairs was “non-existent” and said he felt quite helpless in the face of so many unhelpful rumors (*Wen Wei Po*, December 20; *Ming Pao*, December 19, December 13; *The Telegraph*, December 12). As if the reported siege was insufficient, Chinese netizens now are circulating rumors the People’s Liberation Army (PLA) units may be moving in around the village (*Ming Pao*, December 19).

As expected, state-run Chinese media has provided little in the way of coverage in the last few months, suggesting the difficulty state propagandists have in spinning the growing number of social protests. China’s second largest wire service reported the “reasonable demands of the villagers” would be met and the corrupt officials would face an investigation from the Discipline Inspection Committee (China News Service, December 14). In a separate article, the wire service claimed Xue’s family members concurred with medical examiners that “sudden cardiac failure,” not police brutality, accounted for his death (China News Service, December 14). These articles have formed the basis for most domestic Chinese news articles. The main message is clear: the central government in Beijing serves the people’s interest and will crack down on the malfeasance of local officials when their corruption goes too far.

Looking forward, the Wukan situation raises several key issues and questions that will challenge the Chinese leadership and reverberate well beyond the limits of the village. First, if local police under provincial government control cannot restore order, then Beijing faces a

dilemma about choosing to use the People’s Liberation Army (PLA) to pick up where the police failed. Local police can act with impunity without endangering the leadership’s strategy of keeping protestors focused on local grievances, while simultaneously appealing for the national government to provide succor (Li Cheng, “Think National, Blame Local: Central-Provincial Dynamics in the Hu Era,” *China Leadership Monitor*, January 30, 2006). Indeed, Wukan villagers continue to believe Beijing will support them in dealing with local corruption (Reuters, December 19; *Ming Pao*, December 16). Letting the PLA violently repress demonstrations however could not be disguised as a local decision and would make the central government directly responsible, ruining Beijing’s long-standing strategy as word of the military crackdown eventually spread.

Second, using the PLA to suppress Wukan village, and potentially others like it, also probably will affect the military’s cherished personnel reform efforts. Smart, motivated people are less likely to join a military seen as an enemy of the people. The PLA’s efforts to build a force capable of fighting and winning under modern, high-tech conditions rely heavily on the success of its efforts to fill the ranks with more educated commissioned and noncommissioned officers. To this end, the PLA—both at an individual service level and at a PLA-wide level—steadily has introduced reforms to its education and training system (“Chinese Air Force Officer Recruitment, Education and Training,” *China Brief*, November 30; “Noncommissioned Officers and the Creation of a Volunteer Force,” *China Brief*, September 30). Even though the PLA remains the “Party’s army,” actions that would impact the PLA’s ability to attract and retain higher-caliber personnel could force a choice for Chinese generals between the Party’s immediate interests in stability and the military’s long-term interests in reform. While this choice becomes more pressing if crises begin to cascade and force a wider crackdown, isolated demonstrations also have the potential to create this dilemma if allowed to persist too long.

Finally, the Wukan story shows the difficulty of keeping quiet major stories that receive coverage in external, especially Hong Kong, media outlets. Posts on Sina Weibo—China’s largest Twitter-like microblogging platform—continue to circumvent the censors, at least for a time, so long as Wukan and Xue Jinbo are not

mentioned explicitly. Weibo users however have posted screenshots and photos of Hong Kong-based papers, such as the *Apple Daily* and *Ming Pao* that have covered the Wukan protests (China Media Project, December 19). While the new requirement to register using true names could frighten some users out of posting such controversial information, an equally possible outcome is that Beijing would have to make mass arrests to control information and to inspire greater self-censorship. Such a result however could fuel anger at Beijing, because of the well-publicized and contradictory central government goals to promote a “healthy Internet environment” and various forms of open government (“Plenum Document Highlights Broad Role for Social Management,” *China Brief*, October 28).

*Peter Mattis is Editor of China Brief at The Jamestown Foundation.*

\*\*\*

## DPP’s Cross-Strait Policy Consistent with the “Status Quo”

By L.C. Russell Hsiao

With Taiwan’s 2012 presidential and legislative elections less than one month away and public opinion polls showing the two presidential hopefuls, President Ma Ying-jeou and Chairwoman Tsai Ing-yen, in a dead heat, Washington and Beijing have been preparing for the possibility of the Democratic Progressive Party (DPP) returning to power. The possibility of a DPP victory in the presidential election and/or attaining a legislatively-significant number of seats in the parliament have raised questions about the extent to which the election results may affect current government’s cross-

-Strait policy. An analysis of the DPP’s cross-Strait policies is therefore necessary for better understanding the potential implications of the 2012 elections. While there has been an outpouring of media attention on the DPP following Tsai’s visit to Washington in September, much of the public discussion has been guided by subjective perceptions and little analysis concerning the Party’s stated policies and the context of prevailing views in Taiwanese society toward cross-Strait relations.

### Domestic Political Environment

Any analysis of the DPP’s or the Chinese National Government’s (KMT) cross-Strait policy cannot be separated from the domestic political context. Politics takes place in a competitive market of ideas, making voter demand as important what the DPP and KMT policies supply.

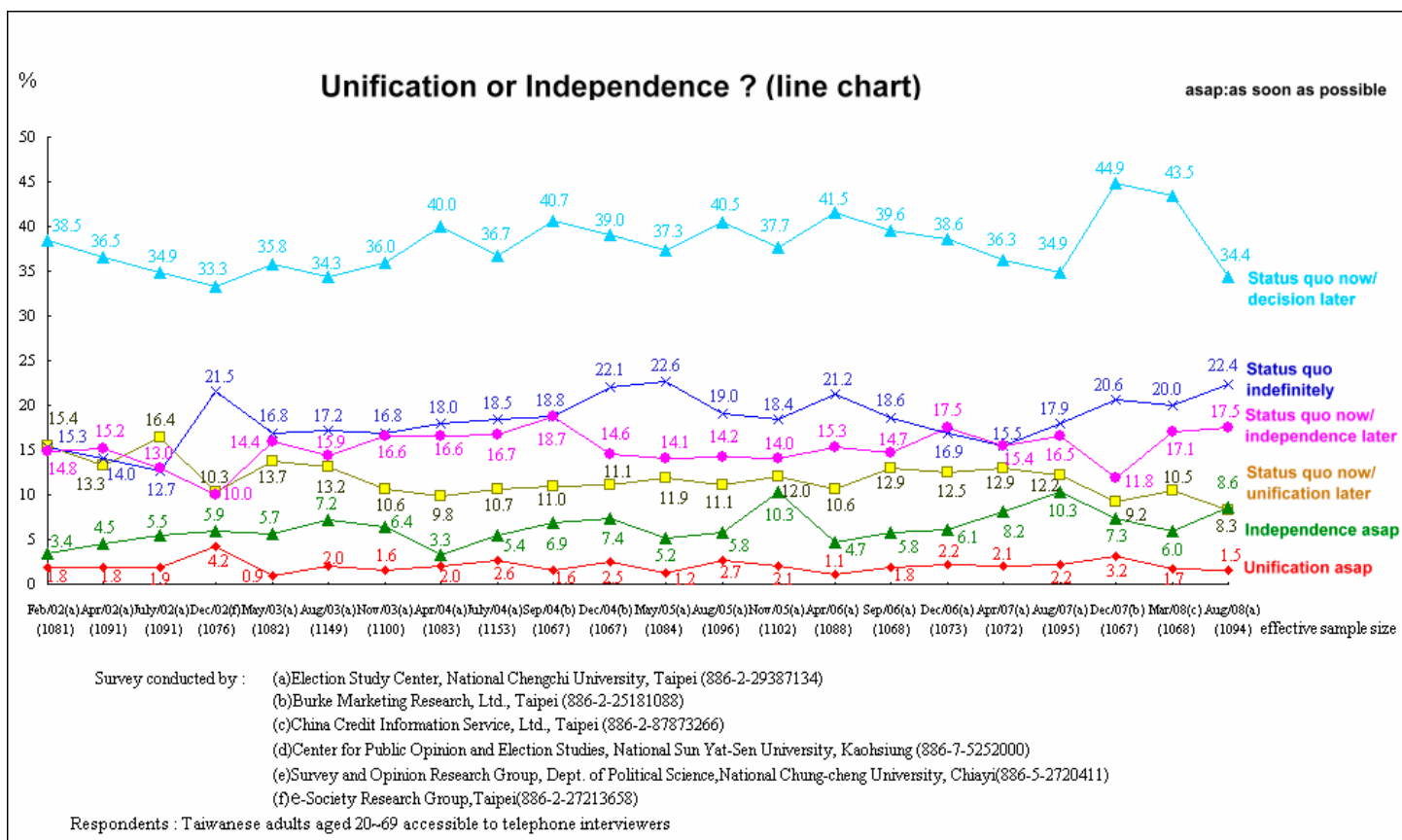
In 2008, the Executive Yuan’s Mainland Affairs Council (MAC) conducted a survey in which 82.6 percent respondents indicated that they preferred the “status quo,” while a combined 10.1 percent responded that they want unification or independence as soon as possible [1].

According to a recent September 2011 public opinion poll conducted by MAC that asked respondents their positions on cross-Strait relations: 87.2 percent stated they support maintaining the “status quo”, while only a combined 7 percent of respondents indicated they want unification or independence as soon as possible.

These polls are significant, because they show, despite the rapid expansion of cross-Strait ties under the KMT government—which include seven rounds of cross-Strait talks, 16 agreements and one “consensus” on mainland Chinese investment in Taiwan—the people still overwhelmingly prefer the “status quo” to any alternatives.

Unification as soon as possible	Maintaining the status quo and unification later	Maintaining the status quo and deciding on independence or unification later	Maintaining the status quo indefinitely	Maintaining the status quo and independence later	Independence as soon as possible	Don't know / No opinion
1.4%	10.6%	33.6%	25.9%	17.1%	5.6%	5.8%
1.4%	87.2%				5.6%	5.8%

Source: Mainland Affairs Council



Furthermore, this trend suggests fears over increasing economic integration between Taiwan and China would lead to political integration have not materialized in the past four years. Whether it will in the long term remains to be seen. The short and medium term trends, however, indicate there is at best a weak correlation between increasing economic ties and a change in the people's preference for independence or unification.

This signal is not lost on either political party. It appears increasingly clear that maintaining the “status quo” represents a societal consensus, and unilateral changes by either party toward unification or independence would not be widely supported by Taiwanese voters.

Absent a major stir of the pot—for example, a Chinese provocation (i.e. missile test in the Taiwan Strait) or a renouncement of the use of force (i.e. missile withdrawal), and/or the perception of changing U.S. policy (i.e. revoking the Taiwan Relations Act)—it seems unlikely that public attitudes on this particular issue will change significantly.

In other words, unless Beijing decides to intimidate Taiwanese voters by launching missile tests over the

Taiwan Strait like what happened in the 1995-1996 crises; or, on other hand, demonstrate meaningful steps to reducing its military posture across the Strait; or if Washington revokes the Taiwan Relations Act, the “status quo”—as Taiwanese people see it, in general—is likely to remain as is for the foreseeable future.

What is the DPP's Definition of the “Status Quo” for Cross-Strait Relations?

At the core of the problem in cross-Strait relations is the perception of different interpretations of the “status quo” among the major political parties in Taiwan.

The ruling-KMT's stance on the “status quo” in cross-Strait relations has been made abundantly clear in the past four years. President Ma has repeatedly stated that the KMT government's policy on the ‘status quo’ in cross-Strait relations is based on the principle of “no unification, no independence, and no use of force” under the framework of the Republic of China (ROC) Constitution [2]. KMT President Ma also stated that, “When we mention Taiwan, it means the ROC” (Phoenix [Taiwan], December 4; *Taipei Times*, October 22).

Furthermore, according to MAC Minister Lai Shin-yuan, the Ma administration's top policymaker on China, "the ROC and the People's Republic of China have no jurisdiction over each other. The ROC is a sovereign and independent state; Taiwan is a sovereign and independent state" (*Taipei Times*, October 22)

Nevertheless, President Ma and his administration continue to be questioned for its perceived "pro-unification" stance.

On the other hand, it is no secret that the DPP's attitude toward the "status quo" has been clouded by internal discord over different interpretations by various factions. Nevertheless, the DPP's "Resolution on Taiwan's Future of 1999," which is accorded equivalent status as the Party charter, serves as the baseline of debates. According to the 1999 Resolution: "Taiwan is a sovereign and independent state and that its national title is the ROC." In other words, "Taiwan is the ROC" (*Taipei Times*, October 22).

Chairwoman Tsai's assertion at the centennial celebration of the founding of the Republic of China (Taiwan) on October 10 that the definition of the "status quo" is "Taiwan is the ROC [Republic of China], the ROC is Taiwan and Taiwan is a sovereign and independent country" underscores a significant step in the DPP's policy of defining the "status quo" and an important policy marker for any future DPP administration (Central News Agency [Taiwan], October 10).

According to Professor Tung Cheng-yuan:

"Three recent opinion polls show that Taiwanese have reached a high degree of consensus on this view of the nation's status. According to a DPP poll, 72 percent of respondents agreed with the view that "Taiwan is the ROC, and the ROC is Taiwan," while only 18 percent disagreed. According to a NOWnews poll, 68.9 percent agreed and 19.2 percent disagreed with the same statement. Finally, according to a *China Times* poll, 50 percent of respondents agreed, while 18 percent disagreed. In other words, a majority of Taiwanese identify with this definition of the nation's status" (*Taipei Times*, October 22).

Highly-charged campaign rhetoric and Beijing's paranoia over the possibility of DPP's return to power have led outside observers to believe that the positions of the DPP and KMT are completely at odds. While a partisan media environment in Taiwan add fuel to such perceptions, most miss the point that the "status quo"—at least in Taiwan—does not center on the issue of unification versus independence: it is about balancing stability and security (i.e. economic and military). In that sense, there appears to be an emerging consensus among the DPP's and KMT's positions on Taiwan's sovereign status.

#### DPP's 10-Year Policy Guideline

In August, DPP unveiled the "Party's 10-Year Policy Guideline," which called for the establishment of an interactive framework for peace and stability across the Taiwan Strait (*Taipei Times*, August 23). According to these guidelines, if elected, the DPP would engage China in discussions on a "long-lasting" interactive framework [3]. The policy guideline emphasized a multilayered and multifaceted exchange across the Taiwan Strait undergirded by the "Taiwan Consensus."

In what has been widely billed as the DPP's policy response to the KMT's "1992 Consensus," Chairwoman Tsai put forward in August the concept of a "Taiwan Consensus," which, according to conversations with sources close to the DPP, signals the party's bold departure from the confrontational policies that had characterized the latter half of the previous administration. Furthermore, it seems to be an effort on the part of the chairwoman in taking personal leadership in proposing an inclusive approach to engage Beijing in negotiations over the future of cross-Strait relations—leaving all options on the table.

The KMT and the Chinese Communist Party (CCP) claim the "1992 Consensus" (*jiu'er gongshi*) should serve as the basis of cross-Strait negotiations. The "1992 Consensus" refers to a tacit agreement between the KMT and the CCP, according to which there is "One China," but each side may have their own interpretations of what is that "China" (*China Times*, December 5; *Asia Times*, November 29).

Yet, CCP Chairman Hu Jintao's now famous "six-point speech" delivered on the eve of 2009 at the 30th anniversary of the "Message to Compatriots in Taiwan,"

which according to many Chinese analysts represented the new official policy guidelines of the Beijing government, did not mention the “1992 Consensus” (Xinhua, December 31, 2008). Perhaps more significantly, in Hu’s speech there was only reference to “One China” but no “different interpretation” (*gebiao*) (“Hu Jintao’s ‘Six-Points’ Proposition to Taiwan,” *China Brief*, January 12, 2009).

In the “Vision for Taiwan: National Security Strategy,” a formidable policy platform published by the Taiwan Brain Trust—a private think tank established by DPP heavy-weight Koo Kwang-ming (related to the aforementioned Koo)—there may be several parameters to the “Taiwan Consensus” that sheds light to this policy. In this 172 page book, former government officials and scholars outlined what they defined as a “special cross-strait relationship definition” between Taipei and Beijing that does not challenge each other’s sovereignty (p. 137). Furthermore, “[s]o long as there is no direct political or military threat from China, Taiwan will have no need to deliberately display its sovereignty and independence” (p. 138) and that, “[s]o long as the Taiwan people agree, any option for the future can be considered” (p. 145). If both the KMT and DPP can accept that Taiwan is the ROC, and the ROC is Taiwan, then the ROC is Taipei’s interpretation of ‘one China’, and Taiwan is a part of the ROC under its current constitutional framework (i.e., article 4). Consequently, there can be “One China, with different interpretations.” Indeed, the DPP has not accepted the “1992 Consensus” on the basis that it believes Beijing insists there is only “One China” but no different interpretations.

According to sources close to the DPP, the consensus-based approach is more about process than policy outcomes. Given the lack of popular support for either unification or independence, it is very unlikely the DPP could push initiatives that would jeopardize the “status quo” for either Washington or Beijing. In that sense, the likely outcomes of the “Taiwan Consensus” is not much different than the KMT’s in terms of “No Unification, No Independence, No Use of Force.”

## Conclusion

With polls showing the Taiwan’s two presidential hopefuls, President Ma Ying-jeou and Chairwoman Tsai Ing-yen, in

lock-step, the result of the elections is still anyone’s guess.

Despite the heat of the contest, there appears to be a degree of convergence in the cross-strait policies of the two parties. The outpouring of media attention on Taiwan’s elections has distorted public perception, since much of the public discussions have been guided by subjective interpretations that fuel misperceptions regarding the degree of polarization in Taiwanese politics.

Whether President Ma wins a second term or Taiwanese voters decide to give the DPP a second chance, the driving force is becoming less and less about independence or unification. DPP’s cross-strait policy is a clear reflection of that trend. In either case, Taiwan is not on an inevitable path of reunification under the People’s Republic of China (PRC), nor is it headed in an inseparable path toward independence. In view of the tight presidential race, coupled with the fact that an overwhelming majority of Taiwanese voters prefer the “status quo,” the Taiwanese voters will not accept—nor could any political parties commit to—making any dramatic shift to the “status quo.”

Since 2008, there appears to have been a fundamental shift in the Taiwanese electorates’ that all political parties vying for power would have to accept. Democratization in Taiwan and its elections in particular—which some observers have come to see as a flash point of instability—appear to have become a stabilizing force for cross-strait relations. The sooner Washington and Beijing start listening to Taiwanese voters and stop treating each presidential election in Taiwan as a zero-sum game, the faster Taiwan’s democratic consolidation could turn out to be the silver lining for Washington and Beijing for ensuring a peaceful and stable cross-strait environment.

*L.C. Russell Hsiao is a Senior Research Fellow at the Project 2049 Institute and previously served as Editor of China Brief at The Jamestown Foundation.*

## Notes:

1. Statistics and chart drawn from Republic of China Mainland Affairs Council, “Public Opinion on Cross-strait Relations in the Republic of China,” August 1, 2008, <http://www.mac.gov.tw/ct.asp?xItem=67664&ctNode=6568&mp=3>.

2. Republic of China Ministry of Foreign Affairs, “Position Paper on Inking a Cross-Strait Peace Agreement,” November 9, 2011, available online at <http://www.taiwanembassy.org/CL/fp.asp?xItem=233057&ctNode=4099&mp=357>.
3. Democratic Progressive Party, “DPP Resolution on Taiwan’s Future,” May 8, 1999, available online at <http://www.taiwandc.org/nws-9920.htm>.

\*\*\*

## The Last Year of Hu’s Leadership: Hu’s to Blame?

By Cheng Li and Eve Cary

As the Hu Jintao era enters its final year, Chinese elites have started to review his administration, revealing many observers share a profound sense of disappointment. Hu Jintao has been criticized for his “inaction” (*wuwei*)—a frequently-used term in both Chinese blogs and daily conversations in the country. Some prominent Chinese public intellectuals have called openly the two five-year terms of the Hu leadership “the lost decade.” Recent Chinese nostalgia for retired leaders—particularly evident in Jiang Zemin’s extensively-publicized appearance last October and the public’s rush to buy Zhu Rongji’s recently-published work—further illustrate Hu’s unpopularity.

Increasingly negative sentiment about Hu Jintao and his tenure cannot be attributed to the fact that, as the outgoing General Secretary of the Chinese Communist Party (CCP), Hu has become a “lame-duck.” Though similar on the surface to a U.S. president who is in the final year of the second term, the “lame-duck” notion bears almost no relevance to Chinese politics. In China, outgoing senior leaders will retain tremendous power until the very end, able to make choosing their successors and/or blocking some candidates the final act of their official tenure.

Foreign observers may be puzzled by Chinese criticism of the country’s “lost decade,” given China’s emergence over the last ten years as a global economic giant with astonishing financial, shipping and trading power.

Beijing’s successful hosting of the Olympics, Shanghai’s reemergence as a cosmopolitan center as evident by the recently-held World Expo, the dynamic development of infrastructure in both coastal and inland regions and the launch of the country’s first manned space program all occurred under Hu’s watch.

How do we interpret the huge gap between the international perception of China’s economic rise and the growing negative views among Chinese elites about the Hu leadership? Should Hu be blamed for the problems perceived by Chinese opinion leaders? Could Hu’s widely-perceived “inaction” be attributed to the nature of collective leadership and factional infighting, including the policy deadlock possibly caused by Hu’s rivals in the Politburo Standing Committee?

Answers to these emerging questions, though tentative and subject to debate, can help observers assess Hu’s administration—its initial promises and ultimate pitfalls, its pronounced mandate and actual legacy. More importantly, this discussion may reveal profound political changes in the country—not only in elite politics but also in the broad relationship between state and society. In a sense, an analysis of Hu’s successes and failures offers insights about the daunting challenges and new dynamics confronting Hu’s successors.

### Hu’s Perceived Mandate and Initial Optimism

Hu Jintao’s ascension to power was colored by optimism, with Chinese citizens and overseas China watchers alike expecting great things from this ambitious, if mysterious, populist leader. Soon after he became General Secretary of the Party at the 16th Party Congress in 2002, Hu’s vision for the country emerged through a new three-part mandate that differed greatly from his predecessor Jiang Zemin:

- While Jiang was known for his aggressive stance towards Taiwan, Hu has used a soft approach, promoting stronger economic and cultural ties, high-level mutual visits and direct flights in order to reduce cross-Strait tensions.
- On the foreign policy front, Hu pronounced “all directional diplomacy” (*quanfangwei waijiao*) with great emphasis on the so-called “good

neighborhood policy.” This was seen as a strategic departure from Jiang’s “major powers diplomacy” (*daguo waijiao*). Hu’s focus has been to improve China’s relationships with neighboring countries, particularly in Southeast Asia.

- In contrast to Jiang’s focus on GDP growth and coastal development strategy with an emphasis on Shanghai, Hu adopted the concept of “harmonious society,” emphasizing socio-economic equality and reallocating resources to China’s inland region.

Hu’s early days of leadership seemed to fulfill initial optimism. Hu’s first speech as General Secretary was on the importance of the rule of law and he concentrated the first Politburo “study session” on “the inviolability of the Constitution” (*Financial Times*, June 11, 2003; Xinhua, December 4, 2002). Under Hu’s initiative, Chinese authorities, for the first time in Chinese history, released statistics of social unrest in the country and endorsed the notion that it is within the people’s rights to know the truth (*zhiqingquan*).

Hu and Wen’s administration began on a positive note with their decisive action during the SARS crisis in the spring of 2003, including firing the Minister of Health and the Mayor of Beijing for their poor handling of the crisis. Because of the new leadership’s effective measures, Hu and Wen gained reputations as populist leaders. One may doubt the effectiveness of the implementation of the Hu—Wen administration’s policies during the past nine years, but the policies themselves—eliminating the agricultural tax on farmers, supporting more lenient policies toward migrant workers, economically prioritizing inland cities to allow them to “catch-up,” establishing basic health care, reinforcing minimum wages in urban areas and promoting affordable housing projects—have all been consistent with their populist agenda.

#### Hu’s Pitfalls: Anything but Harmonious

As has happened to many top leaders in other parts of the world, initial enthusiasm from the public can quickly turn into deep frustration. Hu Jintao is certainly no exception. Of the aforementioned three-part mandate, Hu has perhaps made significant progress on just one: Taiwan-China relations. Cross-Strait relations have

become visibly more stable, due partly to the election of Ma Ying-jeou in 2008 and partly to Hu’s pragmatic management of the issue.

Besides cross-Strait relations, China confronts an increasingly complicated and challenging international environment, despite—or perhaps because of—China’s growing power and influence on the world stage. At present, there are a number of flash points along China’s borders and seas. China’s support for North Korea may lead to a major military confrontation with South Korea and its main ally, the United States. Simmering tensions with Japan could very well be intensified by ultra-nationalistic sentiments in both countries. Disagreements over territorial rights in the South China Sea could exacerbate tensions with a number of countries, including the Philippines and Vietnam. Lingering issues between China and India (especially regarding territorial disputes and water resources) are too severe to be resolved. Not surprisingly, some Chinese critics argue that Hu’s stated “good neighborhood policy” has failed (*Lianhe Zaobao*, November 3).

Hu’s gravest pitfall lies in the failure of his mandate for a harmonious society. His rhetoric on the harmonious society resonates poorly—and ironically—as the country’s spending on internal public security has skyrocketed in recent years, overtaking spending on national defense in 2010 and totaling \$84 billion (*Financial Times*, March 6, 2011). This number, which includes internal police forces and protest management, reflects many growing social issues, including increasing income disparity. China’s Gini Coefficient, the standard measurement of income gap, has worsened since 2002 to 0.47 in 2010, far exceeding the 0.4 figure that scholars say indicates a potential for social destabilization. Official corruption also has reached an unprecedented scale during the past few years. This is particularly noticeable in the domain of state-monopolized industries such as railways, petroleum, utilities, banking and telecommunications. China’s official media recently reported that a bureau-level official in China’s Ministry of Railways held Swiss and American bank accounts with assets of US\$2.8 billion (*The Telegraph*, August 1).



## Disillusionment of Public Intellectuals and the Middle Class

If the severity of official corruption under Hu's watch leads the so-called "new left" intellectuals to be critical of Hu's "inaction" on this important issue, liberal intellectuals have been even more disappointed by Hu's empty promises of political reforms and the increasingly tight media and the Internet controls. China's political reforms, including intra-Party elections, have made almost no progress at all since the Fourth Plenum of the 17th Central Committee in the fall of 2009. Many important institutional measures in intra-Party elections, in fact, were adopted either at the 13th Party Congress in 1987 or the 15th Party Congress in 1997. Hu Jintao also presumably ordered—or has allowed—the harsh treatment of Liu Xiaobo and other political dissidents, harassment of human rights lawyers and more restrictions on NGOs.

Disillusionment about Hu's leadership is arguably most widespread among the vast number of the middle class. The middle class has some strong reasons to be upset with the Hu administration, including the aforementioned corruption, media and Internet censorship, the increasing monopoly of SOEs and the shrinking of the private sector—what the Chinese call "the state advances and private companies retreat" (*guojin mintui*). Members of the middle class often complain that they—rather than the rich class—shoulder most of the burden for Hu's harmonious society policy intended to help vulnerable socio-economic groups such as farmers, migrant workers and the urban poor. The high unemployment rate among college graduates, who often come from middle class families—over one million each year fail to find work—also has angered the middle class. The admission rate for civil service exams has become remarkably low, reaching just 1.9 percent this year, in sharp contrast to ten years ago when government employees were leaving to "jump into the sea of the private business sector" (*xiaohai*) (Xinhua, November 27).

When considering these criticisms, it may be too early to make any definite verdicts on Hu's accomplishments or lack thereof. Additionally, many of the issues that emerged or were not resolved during Hu's administration may have structural or cyclical origins that were beyond Hu's control. One also may argue reasonably the above

criticisms reflect only the views of certain groups such as opinion leaders, scholars and the middle class. President Hu may remain popular among the vast number of peasants and migrant workers. In the age of information, with penetrating social media, opinion leaders in particular and the middle class in general often control the political discourse.

The famous Chinese story about the "77 yuan rent" is particularly revealing. Last January, to ostensibly showcase the government's housing assistance programs, Hu visited a woman and her daughter in a subsidized Beijing apartment with a reported monthly rent of 77 yuan (\$12)—a tenth of the usual cost. Following the visit, the Internet exploded with accusations of fraud and corruption on the parts of the renter and the local government. This incident damaged Hu's populist image in the Chinese public, leading talk show hosts and other opinion leaders to mock him for being out of touch with ordinary citizens' lives (Duowei News, January 6).

## Collective Leadership and the Blame Game

It has often been said that success has many fathers, but failure is an orphan. In China, like elsewhere, political expediency encourages finding a scapegoat for policy problems and political pitfalls. No top leader is willing to accept all the blame for government deficiencies and socio-economic problems in their administration.

The ruling Chinese Communist Party is no longer led principally by a strongman, but instead consists of two informal and almost equally powerful competing political coalitions. Hu is no more than the "first among equals" in the nine-person Politburo Standing Committee. The two major coalitions in Chinese politics are the "populist coalition", led by President Hu and Premier Wen, and the "elitist coalition", led by Chairman of the National People's Congress Wu Bangguo and Chairman of the Chinese People's Political Consultative Conference Jia Qinglin. The two leading power contenders in the next generation of leaders, Vice President Xi Jinping and Executive Vice Premier Li Keqiang, each represent one of these two coalitions.

The elitist group generally represents the interests of entrepreneurs and the coastal region while the populist coalition often represents the interests of the laboring

classes and the inland region. The elitist coalition consists of princelings and the Shanghai gang while the populist coalition consists of former Chinese Communist Youth league officials, Hu's power base.

To a certain extent, Hu can reasonably blame leaders in the elitist coalition for blocking his macroeconomic control policy to contain the property bubble. After several years of backroom dealings, Hu finally was able to fire former Shanghai Party Secretary Chen Liangyu, partly for Chen's outspoken opposition to such a policy. Hu's affordable subsidized housing program was impeded largely by corporate real estate interest groups, which have strong ties with elitist leaders. Currently, Hu Jintao may be even more irritated by Chongqing Party Secretary Bo Xilai, an elitist heavyweight with a princeling background, who lately has adopted Hu's populist policy agenda to undermine Hu's authority. Bo has been pursuing aggressively a self-promotion campaign that aims to set up Chongqing as a political model for the nation ("Bo Xilai's Campaign for the Standing Committee and the Future of Chinese Politicking," *China Brief*, November 11).

Growing political transparency, open ideological disputes and policy debates can be seen as healthy developments in China's governance. There may come a time however when internal ideological disagreements and blame games in the top leadership may become too divisive to reconcile, making the decision-making process lengthier and more complicated and perhaps even resulting in deadlock.

In China, as in the United States, top leaders' honeymoon period has become short. As early as 2005, distinguished Chinese Academy of Social Sciences philosopher Xu Youyu and Chengdu University law professor Wang Yi were expressing their disappointment with Hu. Xu claimed "the policies of Hu Jintao are much worse than that of Jiang." Wang echoed his comments, noting Hu "is ideologically more conservative than Jiang Zemin" (*Asia Times*, March 10, 2005). If this trend is correct, when Xi Jinping takes office as General Secretary in the fall of 2012, he will have little time to settle in. Xi will have to differentiate himself from his predecessor by presenting a new and clear vision and taking concrete steps toward correcting persistent problems.

In the end, this analysis is not about who to blame and is not about Hu's legacy, but is rather about the political process that is devolving into increasingly bitter factional infighting that has the potential to lead to political gridlock in China. From a broader perspective, it reveals the rapid change in Chinese society, the growing power of the middle class and social media, the role of public opinion and, most importantly, the urgency for reform of the Chinese political system to better accommodate these new changes. The blame for policy problems does not rest entirely on Hu's shoulders, but rather is shared among the many players that make up China's political elite. That being said, Hu is the top leader of a rising China with its own promises and pitfalls, and, as former U.S. President Harry Truman said, "the buck stops here."

*Cheng Li is Director of Research and Senior Fellow at the Brookings Institution's John L. Thornton China Center.*

*Eve Cary is a researcher at the Brookings Institution's John L. Thornton China Center.*

\*\*\*

## China Assesses President Obama's November 2011 Asia-Pacific Trip

By Michael S. Chase

President Barack Obama and Secretary of State Hillary Clinton's Asia-Pacific trip in November was widely seen as a reaffirmation of America's commitment to the Asia-Pacific and a clear signal of Washington's intent to increase its attention to Asia as the wars in Iraq and Afghanistan wind down. In all, the trip underscored Washington's determination to address regional fears that the United States would retreat as China rises. President Obama and Secretary Clinton made it clear that the U.S. would strengthen its commitment to Asia—militarily, diplomatically and economically—and make the region a defense priority despite looming budget cuts ("America's Pacific Century," *Foreign Policy*, November 2011). Yet even as the trip underscored America's willingness and ability to counter a more assertive China when necessary, President Obama also reiterated in the Australian Parliament

House that the United States welcomes “the rise of a peaceful and prosperous China” and promised to seek “more opportunities for cooperation.” Notwithstanding those assurances, Beijing appeared to be watching warily throughout the week. For some observers in China, their country appeared to be the clear “target” of the vigorous U.S. diplomacy that characterized the trip (*Global Times*, November 18). As one Western observer concluded, “With the Obama administration’s high-profile pivot toward Asia...China is feeling at once isolated, criticized, encircled and increasingly like a target of U.S. moves” (*Washington Post*, November 16). Beijing’s official public response was relatively muted on the whole, though noticeably prickly at times. As for the reasons, China’s reaction appeared to reflect not only some uncertainty about the motives underlying the most recent U.S. initiatives, but also deeper concern about the broader implications of the unfolding U.S. strategic “pivot” to Asia.

#### China’s Cautious but Somewhat Prickly Response

China’s reaction to the trip seemed somewhat muted on the whole, though there was quite a bit of variation, ranging from cautious statements by Foreign Ministry spokesmen to more strident language in the *Global Times*, a popular, tabloid-style newspaper known for its hawkish and sometimes bellicose editorials. Reactions by Chinese scholars and government analysts also varied. Some highlighted concerns about U.S. intentions toward China, others appeared somewhat puzzled by some U.S. actions and at least a few seemingly urged a more introspective look at China’s foreign policy behavior.

The Foreign Ministry’s reaction was relatively restrained. For example, in response to a question about closer U.S.-Australian military cooperation, a spokesman said “We have noted the relevant report. Peace, development and cooperation are the trend of the times as well as the mainstream foreign policies of countries in this region. Against the backdrop of a sluggish global economy and international consensus and focus on promoting development, it is worth debating whether strengthening and expanding military alliance is appropriate and consistent with the common aspiration of regional countries and the whole international community” (Ministry of Foreign Affairs, November 17). The Defense Ministry spokesman’s response was similar, though he

also criticized the move as a “reflection of Cold War thinking” (Ministry of National Defense, November 30). Nonetheless, Beijing was clearly concerned that the South China Sea dispute would come up at the East Asia Summit in Bali. Ahead of the meeting, the Foreign Ministry spokesman reiterated Beijing’s “clear and consistent” position that disputes should be handled bilaterally and that “foreign intervention will not help settle the issue but will complicate it instead and is not conducive to peace, stability and development of the region” (Ministry of Foreign Affairs, November 17).

China’s objections stemmed from the fact that discussion of the issue in a multilateral setting with the United States in attendance could undermine China’s preferred approach of maximizing its leverage by dealing with the other claimants bilaterally and avoiding outside intervention. Chinese officials stated the South China Sea dispute should not be on the agenda and the overseas edition of *People’s Daily* warned raising the issue there “could open up a ‘Pandora’s Box’ and intensify regional tensions” (November 18). In keeping with this theme, in his speech to the 14th China-ASEAN leaders meeting on November 18, Premier Wen Jiabao reiterated Beijing’s opposition to outside involvement in the South China Sea dispute. Wen stated the dispute over the South China Sea “ought to be resolved through friendly consultations and discussions by the sovereign countries directly involved. Outside forces should not use any excuses to interfere.” In what could be seen as a diplomatic defeat for Beijing, however, China was unable to avoid discussion of the South China Sea at the meeting. Premier Wen had to respond to the concerns raised by the leaders of many of the countries in attendance. Official Chinese media reported Wen restated China’s position and indicated the East Asian Summit was the wrong forum for discussion of the issue. U.S. officials described the discussion as constructive on the whole (*People’s Daily*, November 20; *Wall Street Journal*, November 20).

Judging by some of the other comments heard during the week, some Chinese officials seemed to feel as though they were on the defensive. For example, in response to a U.S. official’s comments urging China to play by the rules of international trade, Chinese Foreign Ministry official Pang Sen said “If the rules are made by the international community through agreement and China is part of it,

China will definitely abide by them. But if the rules are decided by one or several countries, China does not have the obligation to observe them” (*People’s Daily*, November 15). Some commentaries were pricklier still in responding to the U.S. initiatives. For example, one Xinhua piece stated “Today, when the world is still facing many difficult global challenges, the United States needs to first revisit its double standards on international rules and start observing them itself instead of lecturing China.” Another piece charged “The unilateral U.S. maneuver to expand its influence in the region is noticeably motivated by opening up new markets in the region for U.S. goods and services so as to lower its domestic high jobless rates.” The piece attributed U.S. actions at least in part to the politics of the approaching election: “Obama, whose job approval rating continues to slip, seems to be staking his reelection on high-profile diplomatic ambitions in the Asia Pacific, as he is failing to bring America’s slack economy back to the path of strong growth in his first term” (Xinhua, November 18; November 16).

### Bewildered in Beijing?

Zhu Feng, a professor at Peking University, suggested Beijing was bewildered by some of Washington’s initiatives. Other Chinese scholars also conveyed the impression that China was unprepared for and perhaps somewhat confused by the challenges it faced in trying to shape the unfolding events (*South China Morning Post*, November 22; Xinhua, November 22). Chinese officials clearly were trying to make sense of the U.S. “pivot,” in part by “tasking academic experts to review the initiatives and submit options on how to respond” (*Washington Post*, November 17). One possibility, as Renmin University professor Shi Yinhong suggests, is that Beijing is unsure whether U.S. actions reflect the dynamics of the presidential election campaign or a broader shift in U.S. policy toward China (Xinhua, November 22). For instance, Niu Xinchun of CICIR suggested at least part of the explanation was President Obama’s desire to impress voters and counter his Republican rivals ahead of the 2012 presidential election (*China Daily*, November 20).

Many Chinese observers, however, emphasized that they saw the U.S. initiatives a part of a broader trend. For example, Yuan Peng of CICIR commented that

President Obama’s participation in the East Asian Summit “highlights the complete shift of Washington’s strategic focus to the East. The strategic gravity of the US will remain in the Asia-Pacific region in the coming decade” (*Global Times*, November 18). Chinese wariness about the “U.S. return to Asia” was clearly on display, as demonstrated by numerous warnings about supposed U.S. attempts to prevent China from threatening U.S. hegemony through a strategy of “containment.” One editorial said the expanded U.S. military presence in Australia was “widely seen as a renewal of the U.S.-Australia alliance to keep China in check.” Another such editorial highlighted the fact that the South China Sea issue was discussed at the East Asian Summit against China’s wishes, opining that “Coupled with strengthened U.S.-Australia and U.S.-Philippines military alliances, this move is only a part of [Washington’s] new Asia-Pacific strategy” (*Global Times*, November 18; November 16).

Similarly, in an article commenting on a recent RAND report about the possibility of a U.S.-China war, Major General Luo Yuan highlighted a number of aspects of the U.S. strategic pivot to Asia as matters of concern to China. Specifically, Luo cited U.S. involvement in the South China Sea dispute, the U.S. relationship with India, the presence of U.S. military forces in Central Asia, U.S. military cooperation with Mongolia, efforts to strengthen the U.S. alliances with Japan and South Korea, U.S. reconnaissance off China’s coast, the development of “Air Sea Battle,” and the announcement that U.S. Marines would be dispatched to Australia, as indicative of U.S. strategic intentions toward China. “These things cannot be regarded as friendly acts,” Luo warned, and China “cannot go without defenses” (*Global Times*, November 22) [1].

### Signs of Recalibration

There have been some signs that Chinese leaders realize they miscalculated by asserting Chinese claims too aggressively. Even before President Obama’s Asia-Pacific trip, Chinese scholars have been lamenting China’s recent troubles with its neighbors. For instance, according to Zhu Feng: “One after another, frictions with neighboring countries have arisen...From the territorial disputes with Vietnam and the Philippines in the South China Sea to tensions with Burma (Myanmar) and Thailand, relationships that were sound, if not always friendly,

have now soured” (Project Syndicate, October 31). Some Chinese scholars even opined that these problems suggest a need for Beijing to reconsider aspects of its regional diplomacy. “If the Chinese government is clever, it would do well to think about the reason why the [United States] is suddenly so popular in the region,” said Shi Yinhong of Renmin University, “Is it because China has not been good enough when it comes to diplomacy with its neighboring countries?” (*New York Times*, November 15). Moreover, there is some reason to believe that China may be recalibrating its approach in response to such concerns. For example, according to Taylor Fravel’s recent analysis of China’s strategy in the South China Sea, Beijing has taken a more moderate tack in recent months to avoid further escalation [2]. In July 2011, Beijing agreed to adopt “Guidelines on the Implementation of the Declaration on the Conduct of Parties in the South China Sea,” which it characterized as a roadmap for implementation of the November 2002 “Declaration on the Conduct of Parties in the South China Sea.” The move was important from a symbolic perspective, though it should be noted that the guidelines are largely devoid of substance and China has not altered its claims.

More broadly, recent publications by Chinese scholars underscore the fact that Beijing clearly still recognizes the importance of the US-China relationship, notwithstanding its concerns about the implications of the U.S. “pivot.” In a May 2011 article, for example, Niu Xinchun highlighted the US-China relationship as the most important and the most complicated bilateral relationship in the world [3]. Furthermore, Niu argued that the U.S. “return to Asia” should be seen as aimed at balancing Chinese influence and assuring U.S. friends and allies, and greater U.S. involvement thus should be seen as competition, but not as “containment.” Similarly, Jin Canrong of Renmin University characterized the U.S. approach as “somewhere between engagement and hedging, but not containment” (*The Economist*, November 21).

Meanwhile, an editorial published shortly after the conclusion of the President’s Asia-Pacific trip cautioned that “China does not need to panic about the U.S. return to Asia,” given China’s own growing economic influence. China should instead follow Deng Xiaoping’s guidance to “observe calmly and secure our position” (*Jingjing guancha, wenzhu zhenjiao*). Furthermore, rather than being flustered and perhaps overreacting as a result, the editorial

suggested China should continue to focus on its own economic development, which in turn will further increase its already growing leverage (*Global Times*, November 21). Only a few days earlier, however, another editorial highlighted the perils of being seen as the world’s number two power, suggesting awareness that this status almost inevitably creates concerns in other countries, especially the United States (*Global Times*, November 16). Overall, Beijing’s concerns about Washington’s recent Asia-Pacific diplomacy, and its perceptions of the U.S. “pivot” as a whole, indicate friction between Beijing and Washington is to be expected as part of a complex relationship that embodies both opportunities for cooperation and intensifying competition for regional influence. *Michael S. Chase is an Associate Research Professor and Director of the Mahan Scholars Program at the U.S. Naval War College in Newport, Rhode Island. The views presented in this article are those of the author and do not necessarily represent the views of the Naval War College, Department of the Navy, or Department of Defense.*

Notes:

1. For the report cited in Luo’s commentary, see James Dobbins, David C. Gompert, David A. Shlapak, and Andrew Scobell, “Conflict with China: Prospects, Consequences, and Strategies for Deterrence,” Santa Monica, CA: RAND, 2011, [http://www.rand.org/pubs/occasional\\_papers/OP344.html](http://www.rand.org/pubs/occasional_papers/OP344.html).
2. M. Taylor Fravel, “China’s Strategy in the South China Sea,” *Contemporary Southeast Asia*, Vol. 33, No. 3 (2011), pp. 292-319.
3. Niu Xinchun, “Zhong-Mei guanxi de ba da misi” [Eight Myths of US-China Relations], *Xiandai guoji guanxi* [Contemporary International Relations], May 2011, pp. 5-12.

\*\*\*

## Parsing China’s Policy Toward Iran

By Richard Weitz

On November 8th, the International Atomic Energy Agency (IAEA) released a report that said Iran appeared to be carrying out research activities “relevant

to the development of a nuclear weapon” [1]. The report caused a temporary reemergence of the Iranian nuclear issue to the fore international politics, and once again China’s found its policy interests stuck between Iran and the West. Now that the dust has settled, China appears to have weathered this mini-crisis fairly well. Beijing neither had to break ties with Tehran, nor was it forced to apply new sanctions. Western countries have adopted some sanctions of their own, but Chinese companies invested in Iran should be able to circumvent them.

China’s response to the latest Iranian nuclear issue is best understood by considering Beijing’s four core strategies regarding Iran: (1) non-proliferation; (2) minimize sanctions to avert war or regime change; (3) influence but not annoy Washington; and (4) secure energy and economic opportunities. The hierarchy of these policies sometimes varies depending on changing circumstances. Furthermore, since some of these goals are in conflict, at least in the short run, Chinese policymakers also must choose among them.

#### Avoid Nuclear Proliferation Dominoes

Chinese officials do not want Iran to acquire a nuclear arsenal. Tehran’s acquisition of nuclear weapons could set off a proliferation wave and increase the risk of a devastating war in a region that supplies half of China’s oil. Chinese officials repeatedly have made clear their frustration at Iran’s stubborn refusal to meet UN Security Council (UNSC) demands to suspend its nuclear enrichment program, or stop activities that could contribute to Iran’s developing nuclear weapons, until Tehran makes its nuclear work more transparent to the IAEA. In 2010, after difficult negotiations, the Chinese delegation to the UNSC voted in favor of four rounds of economic sanctions, including some rather severe ones.

This message also has been passed at the highest levels. Chinese President Hu Jintao met with Iranian President Ahmadinejad shortly before the August 2007 leadership summit of the Shanghai Cooperation Organization (SCO). Hu urged “the Iranian side to size up the current situation and show certain flexibility in its efforts to properly address the remaining problems so as to ensure the issue to go forward in a correct direction”(Xinhua, August 16, 2007). The Chinese repeated this position during the November crisis over Iran’s nuclear program

driven by the IAEA report. Noting Iran’s statement that it sought to clarify any IAEA concerns, Chinese officials urged Tehran to address agency concerns about military dimensions to its program. Nonetheless, Chinese officials prefer that other countries, especially the United States, bear the economic and diplomatic costs of keeping nuclear weapons out of the hands of Iran and other potential nuclear aspirants.

The Chinese government always defends Iran’s right to pursue nuclear activities for peaceful purposes, such as civilian energy production [2]. For example Foreign Minister Yang Jiechi said, “The right of NPT signatories to peaceful use of nuclear energy must be truly respected and upheld, and this right should not be compromised under the excuse of non-proliferation” [3].

#### Minimal Sanctions to Avoid War or Regime Change

Chinese policymakers do not oppose Iran’s nonproliferation program because they believe that Iran would threaten to use nuclear weapons against China. Their main fear is that Iran’s nuclear program will increase the risk of war in the Middle East, the source of about half of China’s imported oil. Foreign Ministry spokesman Hong Lei told reporters last month that, “China opposes the use of force or the threat of the use of force in international affairs,” especially in the Gulf region since “avoiding any new upheaval in the Middle East is extremely important” (Reuters, November 4).

One possible cause of war is a preemptive attack of Iran by Israel or the United States. In another scenario Iran, emboldened by its nuclear shield, might act aggressively against its oil-rich neighbors in the Gulf. Perhaps the worst scenario would see Iran’s acquisition of nuclear weapons prompting its neighbors to acquire their own nuclear deterrent, leading to a nuclear arms race and, through spiraling fears or miscalculation, escalation to a nuclear war. These scenarios—even short of war—could disrupt oil deliveries to China and considerably raise the costs of China’s energy imports. The 2011 Libyan War gave the Chinese a foreboding of all the complications that could arise from a war in one of their minor oil suppliers.

China has invested heavily in developing strategic and economic ties with Iran. Chinese officials may want to

the Iranian regime to change its behavior regarding its suspicious nuclear activities, but they fear regime change in Tehran. The 2009 protests made China aware that it could lose its investments if the opposition ever comes to power in Tehran. New Iranian leaders would not view past Chinese backing for Iran's authoritarian clerical regime kindly. Chinese interests would suffer even if a new government eschewed a punitive policy and simply reconciled Iran with the West by agreeing to make its nuclear programs more transparent and more constrained. Some Iranian businesses would naturally gravitate toward Western partners, undermining China's monopoly position. Additionally, the end of active confrontation between Iran and the West would allow U.S. diplomacy and military power to refocus elsewhere—probably including the Asia Pacific, which has received a recent boost in U.S. diplomatic and military resources. Beijing also could lose its Iran card since Washington would no longer need China's help to constrain Iran, depriving Beijing of the implicit threat of supporting an anti-U.S. government in Tehran if the United States sold more arms to Taiwan.

Chinese policymakers want to dissuade Iranian leaders from taking provocative actions and instead show more flexibility regarding their nuclear program. Even more, Chinese policymakers oppose the use of force against Iran's leaders or coercive sanctions. Chinese analysts suspect these measures are aimed at overthrowing the Iranian regime by encouraging a popular revolution [4].

Another reason Chinese officials oppose Iran's nuclear policies is that its expansive scope and suspicious nature leads Western countries to impose economic sanctions. These sanctions often impede China's economic ties with Iran since they would penalize the kind of business deals some Chinese firms would like to make with Iran.

To avert such sanctions, Chinese diplomats try to keep the Iran issue inside the IAEA rather than having the Agency Board refer the case to the UNSC, which can impose sanctions and adopt other measures to enforce compliance with the NPT.

In November, Cheng Jingye, China's representative to the IAEA and other international organizations in Vienna, told the agency's Board of Governors that sanctions or military action would simply make the current problem

worse. Cheng stated the focus should be on achieving a peaceful solution through dialogue, especially through the P5+1 mechanism that included China, the other UN Security Council members (UNSC), Germany and Iran (Xinhua, November 18).

There is however a major countervailing consideration. If Chinese policymakers block all sanctions in the IAEA, or when the agency refers the case to the UNSC, then they have encouraged Western powers to act alone. China may need to agree to some punitive measures or other UN action to keep the UNSC the main institutional player on the Iran nuclear issue. Within the UNSC, China enjoys the unique privilege of being able to veto U.S. and other countries' policies toward Iran. If decisions are taken elsewhere, such as NATO or the EU, or unilaterally by Washington, than Beijing's influence is diminished. Chinese diplomats would accept some UN sanctions to avert more severe unilateral Western ones that inflict greater harm of Chinese business interests, which China can normally protect from UN measures.

The Chinese have attacked the United States for applying sanctions to Chinese entities dealing with Iranian entities as an illegal extraterritorial application of U.S. domestic law and an infringement of China's sovereignty (Xinhua, December 29, 2009). More recently, the Chinese government attacked the 2010 Comprehensive Iran Sanctions, Accountability, and Divestment Act and related EU sanctions that were adopted after the UNSC agreed to more limited sanctions in June. The Ministry of Foreign Affairs complained that, "Not long ago, the U.N. Security Council approved Resolution 1929 concerning Iran's nuclear issue. China believes that all nations should fully, seriously, and correctly enforce this Security Council resolution, and avoid interpreting it as one pleases in order to expand the Security Council's sanctions" (Ministry of Foreign Affairs, July 6, 2010). Chinese representatives made the same complaints about the sanctions adopted by Britain, Canada, and the United States on November 21.

Influence but Do Not Overly Annoy Washington

Chinese policymakers consider the United States the key player on the Iran issue. They see Washington as having considerable influence over the Iran policies of the EU, Japan and South Korea. They do not believe Israel

would launch a military attack against Iran without U.S. approval and support. So, Chinese policymakers direct many of their lobbying efforts concerning Iran toward Washington.

Chinese strategists recognize China's ties with the United States are much more important than those with Iran. China seeks to avoid directly confronting the United States. While Iranian officials like to boast of their close relations with China, the Chinese media and government are much more reticent when discussing their ties with Iran. In addition, Chinese leaders have avoided appearing too close to Mahmud Ahmadinejad, given the Iranian president's unpopularity. When he visited the Shanghai World Expo in June 2010, Chinese officials conspicuously declined to meet him.

Chinese representatives also make clear that they are uncomfortable with Iran's confrontational policies toward the West, which have sometimes embarrassed Beijing, as when Iranian Revolutionary Guards supplied Chinese-made weapons to the anti-American insurgents in Iraq and Afghanistan. It is doubtful that Chinese political leaders—already straining to manage North Korea—want to tie their policies to a volatile, unpredictable, prickly and hard to control regime.

China prefers to claim multilateral support for its position. Beijing also does not want to be seen by Washington and others as the main obstacle to Western policies, and as Iran's sole great power patron. Especially when negotiating UNSC resolutions, Chinese diplomats try to let Russia, which shares many of Beijing's goals regarding Iran, assume the lead in resisting Western sanctions, while pressing Iran to make concessions regarding its nuclear program. When Moscow declines to veto an anti-Iranian resolution or sanctions, the Chinese delegation will typically abstain rather than stand out as the sole veto to the proposed measures. Normally Russia and China stand together on the Iran issue in the UN and the IAEA, so the Western powers compromise to obtain a joint statement and then adopt additional unilateral measures on their own.

In the latest crisis, Chinese press quoted Russian opposition to proposed sanctions or airstrikes, as well as Russian criticism of the IAEA for releasing a provocative

report that contained little new information at a time when Iran had agreed to negotiate all issues in dispute with the agency (*China Daily*, November 11). Chinese sources confirm Russian reports that Chinese and Russian officials jointly lobbied the IAEA against issuing its draft report [4].

#### Energy and Economics

China's desire to secure Iranian oil and develop commercial ties with Tehran has become an increasingly important priority. Chinese-Iranian economic ties have soared in recent years. China regularly imports some 10 to 15 percent of its oil from Iran. China has become the leading investor and trade partner of Iran, surpassing European countries and staying ahead of Russian and Indian business enterprises. Chinese firms have helped modernize Iran's energy industry and transportation infrastructure, including investing in highways, railroads and Tehran's Metro system. China extracts other natural resources such as coal, copper, and aluminum. China refutes the notion that they are doing anything wrong in pursuing economic opportunities in Iran. Chinese officials have defended their country's trade with Iran as normal commercial relations that do not harm the interests of other countries or violate UNSC-authorized sanctions (*Associated Press*, November 11).

Despite their shared goal of preventing Iran's acquisition of nuclear weapons, Chinese diplomats have resisted American efforts to induce Beijing to pressure Tehran into making more concessions on the nuclear issue (*Financial Times*, May 11, 2006). Due to hard bargaining, China has managed to exempt their main economic interests Iran from UN economic sanctions. By visibly fighting against the sanctions, they have helped persuade Tehran that China is a reluctant to impose sanctions and that Iran's wrath should fall elsewhere.

#### Conclusion

Iran is not a vital Chinese national interest in the way it is for many Western governments. China's Iran policy reflects the push and pull of other factors, which can include energy, economic, diplomatic and nonproliferation considerations. Iran's lesser importance compared to Taiwan, Tibet and other vital interests means



that Chinese entities can adopt diverging approaches toward Iran. Chinese diplomats can seek to reassure Western governments about their support for preventing Iran from developing nuclear weapons. Meanwhile, PLA military strategists can fantasize of forming an anti-U.S. alliance with Tehran that would give China maritime bases in the Persian Gulf and Chinese firms can focus on making money.

Chinese behavior regarding Iran is bounded. Beijing clearly opposes the extreme outcomes of Iran's obtaining nuclear weapons or the use of force by Israel or the United States. Furthermore, Beijing wants to see a change in the behavior of the regime, but not regime change. Chinese officials oppose military strikes against Iran or harsh sanctions that could threaten the regime's existence. Excluding these extreme outcomes, China pursues a flexible policy toward Iran. Beijing adopts a harder line when confronted by greater U.S. or other Western pressure. Otherwise, China's default position is to exploit the strategic and commercial opportunities created by tensions between Iran and the West while discouraging a military confrontation.

*Richard Weitz, Ph.D., is a Senior Fellow and Director of the Center for Political-Military Analysis at the Hudson Institute in Washington, DC.*

#### Notes:

1. "Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions in the Islamic Republic of Iran," November 8, 2011. <<http://www.iaea.org/Publications/Documents/Board/2011/gov2011-65.pdf>>
2. John Calabrese, "China and Iran: Mismatched Partners," Jamestown Foundation Occasional Paper, August 2006.
3. "Address by H.E. Yang Jiechi Minister of Foreign Affairs of the People's Republic of China At the Conference on Disarmament," Permanent Mission of the People's Republic of China to the United Nations Office at Geneva and other International Organizations in Switzerland, August 12, 2009, available online at <http://www.china-un.ch/eng/hom/t578030.htm>.
4. Yun Sun, "Iran and International Pressure: An Assessment of Multilateral Efforts to Impede Iran's Nuclear Program," Presentation at the Brookings Institution, November 22, 2011.
5. Simone van Nieuwenhuizen, "The IAEA Iran report: China's manoeuvres" Lowy Institute, November 10, 2011; Russian Report: "RF I KNR prizyvayut MAGATE ne publikovat' sekretnye dannye po iranskoj yadernoy programme" [Russian Federation calls on IAEA not to publish its secret information regarding Iran's nuclear program] Iran News, October 25, 2011, <[http://www.iran.ru/rus/news\\_iran.php?act=news\\_by\\_id&n=1&news\\_id=76232](http://www.iran.ru/rus/news_iran.php?act=news_by_id&n=1&news_id=76232)>.

\*\*\*