

5 China's Foreign Policy and the International Order

It is indisputable that growing dependence on foreign oil has had a defining impact on China's foreign policy. Through a multitude of policies supporting its efforts of diversification, China's pursuit of energy interests across the globe has inevitably left a footprint not only on world politics, but also on global economic and social development. While China was playing by Western economic rules during the first decades of opening up, its growing energy dependence and the accompanying energy supply foreign policy have raised a number of uncertainties about whether China is going to continue to follow the existing rules and norm of the international order as they clash with its energy security interests. This chapter will analyse evaluate the impact the above outlined Chinese energy supply security policy has had on the present international order and its stability.

Looking back into history, the last time the Western international order was challenged was during the cold war. The dominance of the Western order in world politics was then restricted by the Soviet Union, together with its network of allied countries and organizations. Joining the Soviet bloc offered an opportunity for countries to avoid following the democratic and open norms and rules of the pro-Western alliance. After the collapse of the Soviet Union, although some communist regimes remained, there were no other countries powerful enough to be able to offer a truly viable alternative to the Western order. In addition, as the Soviet Union fell, the greatest military and economic capabilities as well as financial resources were at the hands of the Western countries or those supportive of them. The Western values and ideas seemed so dominant and widespread that the era produced books such as "The End of History and the Last Man."¹⁵⁶

When looking at the Chinese energy security foreign policy outline in the previous Chapter, controversy with regard to both economic and political/strategic subjects is already palpable from the strategic, traditional approach taken to enhancing energy security. The approach contributes to competitive behaviour, reduces market efficiency as well as devalues international norms and practice. China's choice of a

¹⁵⁶ Fukuyama, Francis. 1992. *The End of History and the Last Man*. Free Press.

strategic approach to energy supply security foreign policy thus seems to point to the neorealist perspective as being of most utility, since it appropriately captures the ways in which Chinese energy foreign policy undermines the values and norms of the current international order while also increasing the possibilities for future great power competition. While China is not necessarily looking for contradictions and quandaries vis-à-vis the West, the country finds itself in a dilemma in cases where China has to balance its vital national interests against the norms and values of the Western international order.

China's energy diplomacy and promotion of NOC investment which support its diversification policy have, however, together come to create a number of situations where China's enhancement of energy security has clashed with Western institutions. The chapter will analyse a number of such issues, starting with China's impact on Bretton Woods institutions carrying Western norms of economic liberty, good governance as well as political and economic transparency. The second part of the chapter will analyse how China's energy interests impact on its behaviour within the UN.

Going back to the definition of international order given above, it was identified that values and norms as well as the international institutions based upon them constitute a central part of any international order. While realist schools argue that international institutions reflect existing power configurations and reinforce them, neoliberal theorists hold that international institutions strengthen international cooperation and increase interdependence. According to neoliberals then, in the current interdependent world, enmeshed in international institutions, a rising power would adopt the values and norms they represent and thus integrate into the existing international order because it would be more beneficial to its interests than competition and challenges.

The thesis at hand uses China's energy supply security related foreign policy as outlined above for analysing situations where questions of vital national importance that also affect international developments are on the table. Analysing situations where China's energy security interests meet international norms or the interests of other great powers, gives an opportunity to evaluate to what extent China is overstepping the values and norms of the existing international order and how it prevents it from assuming the position of a responsible stakeholder.

A responsible stakeholder in the international system would act to protect and strengthen key elements of the international order not merely try to benefit from it. Within the present international order, this would mean the protection and support of free trade and liberal markets, democratic norms, human rights and liberties, as well as fighting against the proliferation of weapons of mass destruction (WMDs). The chapter at hand will show how China's energy foreign policy reveals China's nonconformity with these core principles of the present international order.

One of the key policy measures for enhancing China's energy supply security, diversification, has led to China's increasing involvement in many regions and countries. China's equity involvement in developing and often un-democratic regimes is a result of overwhelming Western presence in important oil rich countries. Chinese NOCs have established a clear presence in a number of places where Western oil majors would not want to do business, or were not able to. Western companies have stayed away from a number of developing states because of domestic instability, and/or lack of confidence in the regime, both of which cause too great a risk for Western companies who are answerable to their shareholders. In addition, Western governments have labelled a number of countries as rogue states because of human rights or other violations against international norms. These brandings are accompanied by U.S. backed sanctions that exclude the involvement of Western oil majors. Chinese NOCs, supported financially and through diplomatic means by the government, have had less qualms about doing business destinations which seem too risky or immoral to Western countries and firms, as access to oil is often considered more important than low profitability or high risk of oil projects.¹⁵⁷ Chinese involvement in these regimes presents major problematic issues to the international order and these will now be analysed below.

5.1 China and the Bretton Woods Institutions

The two major institutions responsible for the distribution of Western aid to the developing world are the IMF and the World Bank, collectively known as the Bretton Woods institutions. They were created after the World War II with the aim of aiding with reconstruction of economies destroyed by war in Europe and Asia as well as for

¹⁵⁷ Downs (2006): 36 Downs *Energy Security Series: China*, 36.

regulating the post-war financial system. During the past decades the two institutions have been concentrating more on aiding the developing countries, offering financial assistance and loans. Their aid and debt relief however comes with a number of conditions on democratic governance as well as economic provisions based on the so called 'Washington consensus' that stresses economic liberalization and fiscal discipline.¹⁵⁸

Developing countries in need of aid or credit have felt pressured into adopting liberal, pro-democratic practices by Western donors and credit institutions by these preconditions. As one Congolese politician describes the situation, "if we say to the Europeans that we want a highway, they say, 'hold an election first, sort out your finances, and crack down on corruption'--and in the end the highway never gets built."¹⁵⁹ This approach, which as developing countries see it, entails meddling in the domestic economic and political affairs of developing countries has caused resentment in developing countries and has also reignited anti-imperialist and anti-hegemonic sentiment.

More recently, China's economic success has given the country sufficient finances to start its own investment campaign in developing nations based on its own norms and values. Therefore China has joined the Bretton Woods institutions in offering aid, debt relief, credit, and investments, a policy which is a part of China's energy diplomacy. This campaign has therefore been especially vigorous in places where China needs to support its quest to gain access to resources for supporting its economic rise. The growing presence of Chinese energy interests in developing countries has however been causing complications for Western efforts to promote democratic governance and human rights in developing countries through their aid and loan policies. The reason for this is that in contrast to financial aid from IMF and the World Bank, Chinese credit, debt relief, and investment has come with no (pre)conditions attached for domestic political or economic reforms. China has in so doing come to offer a number of developing countries an alternative to Western aid and loans.

¹⁵⁸ „Washington Consensus.“ *Global Trade Negotiations, Centre for International Development, Harvard University*, April 2003. <http://www.cid.harvard.edu/cidtrade/issues/washington.html>.

¹⁵⁹ "Mutual Convenience." *The Economist*, Special Report, Vol. 386(8571), 2008: 12-14.

Chinese approach to aid and investment is based on its long-term support for non-intervention and stress on respect for sovereignty in international relations. China then does not approve of using human rights violations by repressive regimes as a pretext for intervention. In 1995, China's then Foreign Minister Qian Qichen explained the Chinese viewpoint as follows: "Western countries should not use the pretext of human rights to interfere in the internal affairs of developing countries. If Western countries really care about human rights ... they should not interfere [but] should offer more support to developing countries."¹⁶⁰ China's recent African policy paper reflects this idea and contends that China seeks partnership with Africa which, among other things, "respects African countries' independent choice of the road of development."¹⁶¹ Furthermore, explaining China's approach to aid and development, Liu Guijin, China's special envoy for African affairs, has explained that China does not "attach political conditions [to aid]. We have to realise the political and economic environments are not ideal. But we don't have to wait for everything to be satisfactory or human rights to be perfect."¹⁶²

Thus China believes in a development model, which prioritizes economic development before domestic political and social reform. This policy choice on the Chinese side naturally appeals to African countries that have become independent only recently and are wary of Western practices reminiscent of imperialist times. Chinese generous and unconditional aid and investment has thus gathered a lot of support allowing China easier access to a number of important oil and investment deals while giving African regimes access to unconditional credit.

Angola is one example of how Chinese energy diplomacy undermining Western efforts in developing countries. It is a very poor country, with a life expectancy under 40 for men and women and having the highest infant mortality rate in the world, ranking only 160th out of 177 on the UN Human Development index. The country suffered three decades of civil war, supported on one side by its Cold War patron, the Soviet Union, and the other by the US and South Africa. The war only came to an end as recently as 2002, with the death of the rebel leader Jonas Savimbi. The war left a

¹⁶⁰ Taylor, Ian. 2006. *China and Africa: Engagement and Compromise*. New York: Routledge: 89

¹⁶¹ "China's Africa Policy." *Ministry of Foreign Affairs of the People's Republic of China*, January 2006. <http://www.fmprc.gov.cn/eng/zxxx/t230615.htm> .

¹⁶² Morris, Harvey. 2008. "" *Financial Times*, July 2. <http://www.ft.com/cms/s/0/28a69bd4-479a-11dd-93ca-000077b07658.html>

million dead and 12 million fled from their homes. On the other hand, Angola is also a very rich country as its territory holds immense deposits of oil and other minerals, such as gold and diamonds. At present, oil trade and related business contributes about 85% of the country's GDP¹⁶³ and thanks to oil-thirsty giants such as China, the country has increased the yearly revenues of the government to \$10 billion.¹⁶⁴

After the end of the civil war, the IMF returned to the country and offered conditional loans in order to assist with the economic and social reconstruction and management, as well as to diminish graft. Yet Angolan rulers continued to restrict any meaningful political and economic reform and kept its financing secret, causing suspicions of corruption and embezzlement. As a result, major creditors such as the UK and the US pulled out their funds and IMF largely left Angola with an ultimatum to change its ways.

However, another option materialized in the form of China. Consequently, Angola dropped negotiations with the IMF. In 2004 China's Export-Import Bank (Eximbank) offered Angola a \$2 billion on very generous terms. Angolan Embassy in London described the deal as one that "cannot be matched on the current international financial market, which imposes conditions on developing countries that are nearly always unbearable and sometimes even politically unacceptable" and appreciated the Chinese loan which comes without any of the "humiliating" Western conditions attached.¹⁶⁵ It soon became clear that the deal was done in exchange for a greater future role for China in Angola's oil industry. China's Sinopec thus subsequently gained a 50% ownership in a deep-water bloc operated by BP, and gained a contract for Chinese companies to use the loan for two giant infrastructure projects.¹⁶⁶ Angola has by now become a centre of Chinese energy investment, and China is very interested in expanding its business in Angola further, which is well illustrated by Chinese \$2.2 billion bid to develop two deep-water blocs, a sum setting records around the world.¹⁶⁷ Wen Jiabao visited Angola over the summer 2006, when Angola

¹⁶³ "Angola." *CIA World Factbook*. <https://www.cia.gov/library/publications/the-world-factbook/geos/AO.html>.

¹⁶⁴ Traub, "China's African Adventure."

¹⁶⁵ Taylor, *China and Africa: Engagement and Compromise*, 90.

¹⁶⁶ *Ibid.*

¹⁶⁷ Hare, Paul. 2007. "China in Angola: An Emerging Energy Partnership." *China Brief*, Vol. 6(22). [http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews\[tt_news\]=3997&tx_ttnews\[backPid\]=196&no_cache=1](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_news]=3997&tx_ttnews[backPid]=196&no_cache=1).

had just become China's number one oil supplier, and promised to invest another \$2 billion to Angola, on top of \$1 billion announced a few months earlier and the original \$2 billion from 2004.¹⁶⁸

Angola has been inundated with oil money and is thus experiencing unbelievable economic growth figures (20.8% in 2007).¹⁶⁹ Nevertheless, since the money remains at the hands of the elite and the country's government institutions are virtually nonexistent, the country continues to struggle with the many social ills already mentioned above. Angola is ruled by an oppressive, dictatorial regime that has little interest in sharing wealth. Thus, although cities are improved and infrastructure expanded, people's lives have only been very marginally improved – running water is scarce, education and welfare is in lack of skilled workers, life expectancy remains low and child mortality high.

This is a common consequence of China's unconditional aid, seen not only in Angola, but in a number of other developing countries such as the Democratic Republic of Congo, Sudan, Nigeria, Central Asian regimes as well as Cambodia and Myanmar in Southeast Asia, where regimes desperate to invigorate their struggling economies while maintaining a strong grip on political power, find China's modernization model preferable to difficult free-market and democratic reforms advocated by Western institutions.¹⁷⁰

This economic partnership based on China's energy needs and a policy on non-intervention does not only lead to the persistence of appalling social conditions but also growing levels of debt as well as corruption. The World Bank, the IMF, and the European Investment Bank warned in late 2006 that China is emerging as a major creditor and as a result of unconditional loans made by the Chinese banks, Africa's poorest countries have been incurring excessive amounts of new debt.¹⁷¹ In 2006 as a result of Chinese practices the US Department of the Treasury labelled the country a

¹⁶⁸ Traub, "China's African Adventure."

¹⁶⁹ Ibid.

¹⁷⁰ "An (iron) fistful of help." *The Economist*, June 4, 2009; "No Panacea for Africa." *Financial Times*, February 6: 12

¹⁷¹ Phillips, Michael. 2006. "G-7 to Warn China over Costly Loans to Poor Countries." *The Wall Street Journal*, September 15: A2; Parker, George and Alan Beattie. 2006. "EIB Accuses Chinese Banks of Undercutting African Loans." *Financial Times*, November 29. http://www.ft.com/cms/s/0/added3c2-7f4e-11db-b193-0000779e2340.html?nclink_check=1.

“rogue creditor” who practices “opportunistic lending.”¹⁷² There are fears that Chinese lending practices may again burden poor developing countries with unsustainable amounts of debt and may undermine the effectiveness of the Heavily Indebted Poor Countries (HIPC) debt relief initiative. Impairing the situation is the reality that Western countries are now more reluctant to forgive debt to developing nations knowing that afterwards they will go out and lend excessively from the Chinese.¹⁷³ In addition, in some cases Western countries are forced to lower their conditions attached to loans.¹⁷⁴

Corruption in Africa, reported to correlate positively with the presence of oil resources in a country is another issue negatively influenced by China. According to the Transparency International Corruption Perception Index, energy rich countries such as Sudan, Equatorial Guinea, Angola, and Nigeria are clustered around the bottom of the results chart with corruption levels rising.¹⁷⁵ Thus the wealth being spread around due to increasing resource revenues, the money more often than not ends up at the hands of corrupt ruling elites. Global Witness points to long-term concerns in Angola of fiscal transparency and accountability, which has meant the there is a lack of “public scrutiny of either specific reconstruction projects, nor of the procurement process managed by the National Reconstruction Office, including projects elected under the terms of the \$2 billion credit line extended to Angola by China’ (ibid.). The big danger is that China’s rapidly developing relationship with Angola will allow the elite in Luanda to continue to be corrupt and ignore governance norms.”¹⁷⁶

Furthermore, the fact the these countries have been relatively corrupt for decades, but have increasingly enjoyed economic growth as well as received aid and investment from China during the past years shows that corruption no longer deters foreign investment and aid nor economic growth.¹⁷⁷ This means chances of economic and social improvement, and an improvement in political transparency for these countries

¹⁷² Phillips, Michael. 2006. “G-7 to Warn China over Costly Loans to Poor Countries.” *The Wall Street Journal*, September 15. <http://online.wsj.com/article/SB115826807563263495.html> .

¹⁷³ “An (iron) fistful of help.”

¹⁷⁴ Parker and Beattie, “EIB Accuses Chinese Banks of Undercutting African Loans.”

¹⁷⁵ “Growing More Corrupt.” *The Economist Intelligence Unit Briefing*, October 17, 2008: http://www.economist.com/agenda/displaystory.cfm?story_id=12448676.

¹⁷⁶ Taylor, *China and Africa: Engagement and Compromise*, 91.

¹⁷⁷ Ibid

are decreasing as a result of increasing unconditional credit. This is naturally also detrimental to the schemes of the IMF, World Bank and OECD, which have argued that low corruption and transparency is good for investments and should be strived for.

China's involvement in Angola is thus an example of a wider trend in concerning China's aid and investment in developing countries, so much so that in the West there is now talk of a "Beijing consensus" replacing the "Washington consensus."¹⁷⁸ While the latter imposes restrictions on macroeconomic policy and raises commitments to transparency, the former is based upon the belief in non-intervention in domestic affairs of states and puts great emphasis on sovereignty within one's borders. The Beijing consensus is modelled on China's own experience of development, which went through rapid economic development without meaningful political reform of its authoritarian system. Fundamentally, it rests on the Chinese conviction that "human rights, such as economic rights and rights of subsistence are the main priority of developing nations and take precedence over personal, individual right as conceptualized in the West."¹⁷⁹ The Beijing model has thus become popular among regimes that often want to restrict Western reform within their regimes.

Robert Kagan, a prominent Western analyst has suggested that China (in league with Russia) is in the process of developing a "league of dictators in Africa and Central Asia that serves as counter weight to liberal interests traditionally associated with the West and its global institutions."¹⁸⁰ Whether one goes as far as agreeing with Professor Kagan or simply takes China's presence as an opportunity for developing countries and a natural development in terms of great power foreign policy, it is quite clear from the case of Angola and more broadly China's general methods of energy diplomacy, that Western governments, institutions and NGOs are faced with a problem of a rising China undermining their position and their values and norms in developing countries. China is therefore not a *status quo* power vis-à-vis the current international order and has rather successfully presented the its institutions and their principles with a significant challenge with its own ideas of economic development and political change.

¹⁷⁸ Ramo, Joshua Cooper. 2004. *The Beijing Consensus*. London: Foreign Policy Centre.

¹⁷⁹ Taylor, Ian. 2007. *Unpacking China's Resource Diplomacy in Africa*. Working Paper no. 9, Center on China's Transnational Relations, Hong Kong University of Science and Technology. 5

¹⁸⁰ Alden, Chris. 2008. „China and Africa: A New Development Partnership.“ *Strategic Analysis*, Vol. 32(2): 297-304, 300.

5.2 China and the United Nations

The obstacles placed by China's energy security foreign policy on the functioning of the institutions of the Western international order are not restricted to the issue of development. In addition to generous financial aid measures and investment bestowed to its energy suppliers, China also curries the favour of its energy partners through diplomatic support in international institutions, most notably the UN. This has created additional controversy vis-à-vis the West, principally because diplomatic cooperation between China and its energy partners does not always mean respecting the norms and values of a particular international body. On the contrary, cooperation between China and its partners is often applied to undermine the rules and norms the institutions were built to uphold.

Close strategic relationships with energy partners does not only signify increasing Chinese aid, debt relief, and investments without any controversial preconditions; but also represents a mutual agreement not to get involved in each other's domestic politics through third parties or international organizations (especially without prior consent of the governments under question). China's energy interests in developing countries have solidified mutual assurances of non-interference into each other's domestic affairs and the protection of sovereignty, methods which are very useful for authoritarian, repressive or simply anti-Western regimes who want to avoid Western involvement in their domestic politics. China's prominent position in the UN allows it to ensure that arguments opposing assertive UN action are deeply couched in the rhetoric of non-interference and respect for sovereignty, which naturally appeals to many of its energy partners and benefits China's economic cooperation with them.

China as one of the permanent members of the UN Security Council, the most powerful global body with a mandate to deal with international security, has an influential decision making position. While not yet setting the agenda, China has the means to greatly influence the outcome of any issue, if it so wishes. Nevertheless, assertive action by the institution is often weakened by the power of each Security Council member to veto any decision they see as impractical and/or unfair; a power that rendered the UNSC practically ineffective as a result of a battle between the Soviet Union and the US during the Cold War era. More recently, it has been China's

energy relationships, which have been obstructing Western efforts to punish and halt human rights as well as security violations. There are two prominent cases which illustrate the complications Chinese energy partnerships have presented to the smooth functioning of the UN Security Council – the cases of Sudan and Iran. Sudan involves a case of human rights violations being committed by the ruling government, while Iran involves an issue of international security. In both cases the UN Security Council discussed sanctioning the regimes and even sending in a peacekeeping force in the case of Sudan. However, in both cases, China's image as a responsible power has been tainted by obstructing the UNSC efforts to isolate the regime and stop human rights violations.

Sudan is a key example of how China's growing energy interest, coupled with investments and increasing economic interdependence, influence international attempts to manage humanitarian crises as well as sanction a corrupt, brutal regime. Sudan's Darfur region has for the past four years been at centre of world attention as a domestic civilian conflict has been unfolding between the largely black and the Arabic Janjaweed militia, believed to be supported by the Sudanese government. The government of Sudan has been accused of human rights violations and the international community has been attempting to sanction the regime through the UN Security Council. However while the U.S., the European Union, and others sought to impose U.N. sanctions on the Sudanese regime over Khartoum's support for what has been called genocide in Darfur, China persistently opposed Security Council sanctions. The reasons for this lie in China's energy relationship with the regime.

China's involvement in Sudan's energy industry is vast. China first entered Sudan's energy industry through CNPC investments in 1996 and it remained China's second largest energy supplier in Africa until 2006. The quick and extensive growth of Chinese influence in Sudan was aided by sanctions placed on the country by the US since 1997, which have kept the multinational oil companies out of the country. China's entry also came at a time when Western multinationals such as Chevron were exiting as a result of the uncertainty produced by a bloody and destabilizing civil war. Since 1996 China has invested 4 billion dollars into Sudan's oil sector, and about \$15 billion into Sudan overall.¹⁸¹ Moreover, CNPC holds 40% of Sudan's largest oil

¹⁸¹ Taylor, *Unpacking China's Resource Diplomacy in Africa*, 20.

venture and CNPC's equity oil from the project amounts to about 150,000 barrels a day. The Sino-Sudanese oil projects are expected to produce 15 million tons of crude annually and with proven reserves of 220,000 million tons, it is one of China's largest overseas projects.¹⁸² Around 52% of China's equity oil came from Sudan in 2006 and about 65% of Sudan's oil imports go to China. China also operates the majority of Sudan's oil production and owns 50% of the nation's only major refinery.¹⁸³

The economic and political cooperation between Sudan and China has led to Chinese support of the Sudanese regime in the UN. China is afraid sanctions would be detrimental to its energy security interests in the country. In addition, China has been defending Sudan on the basis of the non-interference principle, afraid of creating a dangerous precedent for future UN interventions. China has thus been strenuously blocking the use of sanctions that are considered to be an unnecessary intervention into Sudan, as the Chinese Deputy Foreign Minister Zhou Wenzhong explained, "business is business. We try to separate politics from business. Secondly, I think the internal situation in the Sudan is an internal affair, and we are in no position to impose upon them."¹⁸⁴ This position earned China a reputation as an irresponsible global actor.

Further damaging China's image with regard to Sudan has been the fact that in addition to support for the regime in the UN, China has been involved in indirectly supporting human rights violations in Sudan before the Darfur conflict exploded, namely China has been selling Sudan's government weapons for years and continues to do so. Referring to China's activity in Sudan, Amnesty International has stated that "China has transferred military, security and police equipment to armed forces and law enforcement agencies in countries where these arms are used for persistent and systematic violations of human rights." Weapons' sales to Sudan have continued throughout the Darfur conflict while China has also helped the Sudanese regime with the construction of a number of weapons' factories, which have come especially handy for the Sudanese government after the UN imposed an arms embargo on the

¹⁸² Taylor, "Unpacking China's Resource Diplomacy in Africa," 19-21.

¹⁸³ Zhao, Hong. 2007. "China's Oil Venture in Africa." *East Asia*, Vol. 24: 399-415, 402.

¹⁸⁴ French, Howard. 2004. "China in Africa: All Trade, With No Political Baggage." *New York Times*, August 8, 4.

country in 2004¹⁸⁵. China, in fact is the only major arms exporting country which has signed no multilateral agreements which would outline principles (i.e. human rights) that would guide weapons sales decisions.¹⁸⁶ United Nations investigators have reported that most of the small arms in the conflict in Darfur are Chinese manufactured, despite an arms ban within the region while Amnesty International has added that China provided hundreds of military trucks to Sudan at the height of Darfur conflict that the Sudanese army and the Janjaweed militia were using for travel as well as for transporting people for execution.¹⁸⁷

The need for Chinese pressure on the Sudanese government has high prospects of success due to their close interdependence. In other words, it is not only the Chinese side that is worried about economic problems, but China also has a considerable economic leverage over Sudan. In fact it has been suggested that Chinese investments are essential to the survival of the al-Bashir regime as well as to viability of its military operations.¹⁸⁸ While 52% of China's equity oil does come from Sudan, 65% of Sudan's exports go to China, and this is in addition to China's investments into the country- a 50% stake in the country's only refinery, and the abovementioned arms deals.¹⁸⁹ China's influence in the country is therefore great, and this is one of the major factors for the global criticism of China's inaction with regard to the Darfur conflict.

Nevertheless, China's approach to the Darfur issue, however, has been evolving. Although China started out supporting a diplomatic solution through negotiations to an international intervention and sanctions, at the end of 2006 China voted in favour the Annan Plan, that outlines a UN peacekeeping mission in Sudan to buttress a weak African Union force on the ground. In order to support the Annan Plan on the UNSC, China worked actively behind the scenes to reach an agreement for the Sudanese leaders to allow a unified UN- AU mission in the country, a sign that the principle of non-intervention is still very important for the Chinese. To stress this point, Hu delivered a rare public statement that outlined "four principles" as the basis for an international approach to Darfur. Importantly, the first of these reaffirmed the

¹⁸⁵ „No Strings.“ *The Economist*, Special Report, Vol. 386(8571), 2008: 14-17.

¹⁸⁶ Taylor, *Unpacking China's Resource Diplomacy in Africa*, 19.

¹⁸⁷ Ibid.

¹⁸⁸ Lee and Shalmon, *Searching for Oil: China's Oil Initiatives in the Middle East*, 27.

¹⁸⁹ Ibid: 24

principles of noninterference and territorial integrity as well as respect for sovereignty.¹⁹⁰ Soon after making concessions to the international community, China was again displaying that its stance on non-intervention stood strong, when it took position against indicting Sudan's leader Al-Bashir to the International Criminal Court for genocide and war crimes.

While China's policy that has been obstructing the UNSC process has shown some flexibility, China seems to prefer backroom diplomacy to sanctions and other methods of intervention proposed by the UN, as it continues to argue that "the Sudan issue should be resolved like any other - through peaceful negotiation, [...] using pressure and imposing sanctions is not practical and will not help settle the issue."¹⁹¹ Or as He Wenping, director of African studies at the Chinese Academy of Social Sciences in Beijing explains, "[...]China thinks Sudan's issue is important, and China wants to play a role. But China's strategy remains the same, and as always, it uses quiet diplomacy to keep a constructive engagement, rather than waving a stick."¹⁹²

Although China kept standing strong against sanctions and interference through the UNSC, China's choice to apply pressure on the Sudanese regime was a step forward from the initial "business is business" approach. How can this be explained?

Firstly, China's leaders seem to have realised that its policies contribute to further destabilization of the country's domestic affairs which would eventually hurt its economic interests, and thus took a more active approach to managing the conflict. Although Sudan's Darfur region lies in the North and does not directly influence its energy interests in the South, the conflict in Darfur may reignite the North-South conflict, which directly involves energy. In addition, a number of African governments that are in close partnerships with China have seen an increase of internal violence directed against them, including Ethiopia, Angola and Nigeria, important energy partners.¹⁹³ Such incidents push China towards the realization that domestic instability in Africa may cause more problems for China in the future and

¹⁹⁰ Hu Puts Forward Four-Point Principle on Solving Darfur Issue." *Xinhua News Agency*, February 3, 2007. <http://www.china.org.cn/english/international/198792.htm>.

¹⁹¹ French, Howard W. 2007. "China Seeks Solution to Darfur Crisis." *New York Times*, January 24. <http://www.nytimes.com/2007/01/24/world/asia/24iht-web.0124hucnd.4326805.html>.

¹⁹² Ibid.

¹⁹³ Taylor, Ian. 2007. „Arms Sales to Africa: Beijing's Reputation at Risk.“ *China Brief*, Vol. 7(7). [http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews\[tt_news\]=4069&tx_ttnews\[backPid\]=197&no_cache=1](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_news]=4069&tx_ttnews[backPid]=197&no_cache=1).

thus a purely economic approach might not always bring stability in countries where governments do not have complete control over their country.

In addition, the effect of international pressure as well as the impact of African states should not be undermined. A number of human rights groups, NGOs as well as international celebrities placed substantial pressure on China to influence the Sudanese regime to stop the atrocities being committed in Sudan. The most prominent such movement, the “Genocide Olympics” campaign eventually threatened the smooth and successful realization of the 2008 Olympics with a boycott.¹⁹⁴ This campaign against China’s involvement in Sudan hurt China’s international reputation significantly, especially since the Chinese leaders saw the 2008 Beijing Olympics as a symbol of their country's growing global soft power. The campaign therefore had an impact on Chinese leaders who underwent intensified scrutiny of their international as well as domestic record. In addition, China also experienced pressure from African leaders who objected to the crisis in Darfur as offensive on religious and racial grounds, as well as to human rights.¹⁹⁵

Outside pressure and economic concerns both played an important role in getting China involved through backdoor diplomacy. It is also possible, that through its unilateral approach to solving the Darfur issue, China has found a way to display its growing global influence and capability in solving an international crisis, furthermore doing so without going through the institutions of the present international order. If using its own influence and diplomatic approach to the Sudanese crises will prove successful, China will have shown that its subtle diplomatic approach is a workable alternative, while undermining the UNSC line of sanctions. This is not to say that China would not respect the authority of the UNSC. China has been increasingly active in UN peacekeeping forces as well as openly condemning the US for its neglect of UN channels when deciding on its military foray into Iraq.¹⁹⁶ However, China wishes to strengthen the values of non-intervention, which benefit its domestic

¹⁹⁴ Bezlova, Antoaneta. 2008. „Spielberg’s Olympic-size snub.“ *Asia Times*, February 15. <http://www.atimes.com/atimes/China/JB15Ad02.html>.

¹⁹⁵ Gill, Bates, Hunag Chinhao, and Sephen J. Morrision. 2007. „Assessing China’s Growing Influence in Africa.“ *China Security*, Vol. 3(3): 3-21. <http://yaleglobal.yale.edu/about/pdfs/china-africa.pdf>, 13.

¹⁹⁶ Stähle, Sefan. 2008. “China’s Shifting Attitude towards United Nations Peacekeeping Operations.” *The China Quarterly*, No. 196, Summer 2008: 613-655.

interest as well as for avoiding damage to its increasing energy interests abroad and its access to more energy resources.

Sudan does not stand alone in the context of Chinese diplomatic help to energy partners who find themselves at odds with the UN. Iran is another example of a beneficiary of China's support. Iran has been on the UNSC agenda because it is suspected of having a nuclear enrichment program with the aim of producing weapons grade uranium. Iran has denied entry into the country for IAEA nuclear inspectors while continuing to claim that the country only has civilian nuclear program. The UNSC has adopted a number of resolutions, the most recent one in 2008 which have applied sanctions on the country's diplomatic and economic activity and demand that Iran halt its enrichment.¹⁹⁷ Although China's role with relation to the Iran issue on the UNSC has been less contradictory than in the case of Sudan, China's energy interests in the country have nevertheless led to the development of a position that has thwarted the efforts of the international organization to properly deal with the issue.

While the US and the two EU members on the Security Council have been working on harsher sanctions on the Iranian regime, Russia and China have only reluctantly agreed to them.¹⁹⁸ What's more, Chinese, anxious to avoid any damage to their country's economic and energy interests in Iran have worked effectively strip any measures from the sanctions on the UNSC negotiating table that could be damaging to its interests and have only then let them through a UNSC vote without a veto.¹⁹⁹ For example, as a result of such changes, in 2006 Iran was 'reported' not 'referred' (as Washington initially proposed) to the Security Council. In the July 2006 resolution, China and Russia negotiated a two week extension for Iran to cease uranium enrichment and reprocessing activities, from 14 days to 31 days. In March 2007 in Security Council Resolution 1747, a list of 25 Iranian entities were pointed out with whom U.N. members are to required to "exercise vigilance" in their dealings, a

¹⁹⁷ "Security Council Demands Iran Suspend Uranium Enrichment by 31 August of Face Possible Economic, Diplomatic Sanctions." *UN Department of Public Information, July 31, 2006.*
<http://www.un.org/News/Press/docs/2006/sc8792.doc.htm>.

¹⁹⁸ "China Questions UN Iran Sanctions." *BBC News*, December 5, 2007.
<http://news.bbc.co.uk/2/hi/7128183.stm>.

¹⁹⁹ "UN Passes Iran Nuclear Sanctions." *BBC News*, December 23, 2006.
http://news.bbc.co.uk/2/hi/middle_east/6205295.stm; Radia, Krita. 2008. "World Powers to Push for More Iran Sanctions." *abcNews*, January 22.

change from an outright ban on dealing with them as the U.S. had favoured.²⁰⁰ These are only a few examples of how the whole sanctioning process has been slowed down by Russian and Chinese cooperation. A frustrated British diplomat has described the process as follows: “a proposal is made to the Iranians; their answer is deemed as insufficient; China and Russia drag their feet as the Security Council considers a further round of sanctions; new sanctions are eventually agreed, accompanied by dire warnings of future measures if Iran does not acquiesce.”²⁰¹

China’s energy and economic cooperation with Iran is one of the most important ones for China in the Middle East. Iran is home to about 10% of world’s proven oil reserves as well as the world’s second largest reserves of natural gas and therefore China has naturally been eager to enhance the political and economic relationship between Iran and China as well as to protect the existing economic interests. Therefore, while trade levels between EU, US and Iran have been contracting as a result of bans from US and Europe on their companies to do business there, China has been using the opportunity.²⁰² Iran has become China’s third largest oil supplier behind Angola and Saudi Arabia, a move aided significantly by the withdrawal of big oil companies from the country. The recent energy deals include an oil deal between Sinopec and Iran in 2007 was signed just as new sanctions on Iran were under discussion on the UNSC. Sinopec agreed to invest \$2 billion into the large Yadavaran oil field in Iran that could in the future provide up to 300 000 mb/d for the energy hungry Chinese economy. In March 2009, the two countries signed a \$3.2 billion energy deal. It is a three-year deal between a Chinese energy consortium and Iran to develop Iran’s South Pars natural gas field, however it comes amid renewed US sanctions against Iran.²⁰³

Moreover, the Sino-Iranian relationship is not only founded on energy. The countries are also bound by growing bilateral trade and investment volumes as well as diplomatic ties. Bilateral trade has increased greatly and China is now Iran’s second largest trading partner, a reality that is reflected in their bilateral trade volume, which

²⁰⁰ Garver, John W. 2008. “China Should Act Responsibly on Iran.” *Far East Economic Review*, October 11. <http://www.feer.com/international-relations/2008/october/China-Should-Act-Responsibly-on-Iran>.

²⁰¹ “World Powers Mull Iran Sanctions.” *BBC News*, August 6, 2008. <http://news.bbc.co.uk/2/hi/7544768.stm>.

²⁰² Chang, „China’s Policy towards Iran: Arms for Oil?“

²⁰³ Berman, Ilan. 2009. „Beijing’s Iranian Gamble.“ *Far Eastern Energy Review*, Vol. 172(3): 52-55.

reached \$29 billion in 2008 and could reach 50 billion within the next five years. This is aided by large Chinese investments into the country. More than 100 Chinese companies are working in Iran to help with infrastructure projects.²⁰⁴ The most recent deal was concluded in May 2009, when the two countries signed an economic agreement, worth \$17 billion, directed at infrastructure and construction industries.²⁰⁵ Diplomatically China and Russia have supported Iran by giving it an observer status at the SCO. Thus in June 2009, after contested elections in Iran, president Ahmadinejad was again warmly welcomed to the SCO annual summit in Moscow by both Russia and China.²⁰⁶ Challenge of international institutions- undermining of order.

Since the Iranian question was brought to the world's attention, China has continued to support a peaceful solution to the issue, preferring to find a way to start negotiations to applying pressure and sanctions. But are these peaceful solutions sincere. One Chinese incentive, a so-called 'Iranian-Six' has been formed out of the five permanent UNSC members and Germany. China hopes that this model will help bring the opinions of the parties closer together and help to deal with the issue peacefully through negotiations²⁰⁷. So far the six nations have not been making much progress and after Iranian elections this year, their already wide policy gap seems to have grown even wider.²⁰⁸ Thus as sanctions have failed and diplomatic talks have not been taking off, the situation remains the same on the international front. One of the reasons for diplomatic failure is China's reluctance to convince and pressure Iran to join the negotiation table despite its calls for a diplomatic solution.

All the while, the nuclear issue is still on the table of the UNSC. China's energy security foreign policy, which attributes diplomatic support to Iran through alleviating sanctions, and increased trade relations as well as massive investments, are

²⁰⁴ Chang, „China's Policy towards Iran: Arms for Oil?“

²⁰⁵ Ibid.

²⁰⁶ „Iranian President Criticizes Unipolar World Order at SCO Summit in Russia.“ *Xinhua*, June 16, 2009. http://news.xinhuanet.com/english/2009-06/16/content_11553050.htm.

²⁰⁷ Chu, Shulong. 2007. "Iran's Nuclear Act and U.S.-China Relations: The View from Beijing." *China Brief*, Vol.7(23). [http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews\[tt_news\]=4612&tx_ttnews\[backPid\]=197&no_cache=1](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_news]=4612&tx_ttnews[backPid]=197&no_cache=1).

²⁰⁸ Afrasiabi, Kaveh I. 2009. „US Closer to Iran as EU Shifts.“ *Asia Times*, July 11. http://www.atimes.com/atimes/Middle_East/KG11Ak03.html.

complicating efforts to isolate the Iranian regime economically and diplomatically, which are necessary for effectively applying political and economic pressure.

Considering Chinese involvement in Iran's economy and the size of its investments there, China has great influence over the Iranian regime. If China were to cancel its support, Russian nor any other country's capital or technology would not be able to substitute China's role in Iran's economic and technological modernization.²⁰⁹

However, instead of helping to resolve the crisis, Beijing seems to be taking advantage of new circumstances to advance its own interests and not the interests of the rest of the world. Indeed, a great number of analysts think that unless a truly critical situation should evolve, China will probably not change its stance on the matter.²¹⁰

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China's growing hunger for energy has given its domestic and foreign interests and impact a global dimension. China's growing capabilities have allowed its leaders to exert immense financial and diplomatic influence in order to secure energy supplies through huge investments and active energy diplomacy. However, the chapter has shown that China's growing global involvement has turned a blind eye to repressive regimes, human right violations, as well as solving issues of international security. This has been the result of China's energy security interests supported by Chinese traditional support to sovereignty and non-interference. Thus it is safe to say that China is still far away from becoming a responsible stakeholder within this international order. However, at present China's efforts to enhance its energy security seem to continue to disregard the values of human right, democracy, and international security, unless there is a direct danger to Chinese economic interests from inaction.

Rather, China has been using its position on UN for enhancing and protecting ties with its energy partners regardless of their domestic affairs while preaching the values of non-interference and sovereignty, and undermining UNSC sanctioning processes. Moreover, diplomatic support is accompanied by economic investments and aid, which often serves to keep repressive regimes afloat as well as in some cases by

²⁰⁹ Garver, „China Should Act Responsibly on Iran.“

²¹⁰ Chu, "Iran's Nuclear Act and U.S.-China Relations: The View from Beijing."

unregulated weapons sales. China has undermined the agenda, values and practice of institutions underlying the present international order. This does not mean China would openly want to challenge their role in international relation. The UN is a key institution for China to protect its own sovereignty and territorial integrity as well as to advance multilateralism in international affairs while keeping the US in check, when possible. It is also an institution which allows China to play a leading role in international affairs. China has been using its membership in the UN for undermining its detrimental effect on its economic interests while also through it increasing its diplomatic clout.