

Resolving Goal Conflicts in the Middle East: the EU and China in Comparison

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Dingnan Wang

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Supervisor: Prof. Dr. Thomas Risse
Otto-Suhr Institut für Politikwissenschaft
Fachbereich Politik- und Sozialwissenschaften
Freie Universität Berlin
Innestr. 22
Raum 105
14195 Berlin
atasp@fu-berlin.de

Second examiner: Prof. Dr. Eberhard Sandschneider
Otto-Suhr-Institut für Politikwissenschaft
Fachbereich Politik- und Sozialwissenschaften
Freie Universität Berlin
Innestr. 22
Raum 220
14195 Berlin
polchina@zedat.fu-berlin.de

Date of defense: February 13, 2018

Author: Dingnan Wang
Königin-Luise-Straße 5, A 513
14195 Berlin
dingnan.wang1@gmail.com

Ich versichere hiermit, die vorliegende Arbeit selbstständig verfasst zu haben und ausschließlich die angegebenen Quellen und Hilfsmittel verwendet zu haben. Diese Dissertation hat keiner anderen Prüfungsbehörde vorgelegen.

Berlin, den 1. März 2018

Dingnan Wang

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List of abbreviations

| | |
|--------|---|
| bpd | Barrels per day |
| CCID | Central Committee International Department |
| CCPD | Central Committee Propaganda Department |
| CFAO | Central Foreign Affairs Office |
| CFSP | Common Foreign and Security Policy |
| CNOOC | China National Offshore Oil Corporation |
| CNPC | China National Petroleum Corporation |
| CPC | Communist Party of China |
| CPMIEC | China Precision Machinery Import and Export Corporation |
| CSDP | Common Security and Defense Policy |
| DG | Directorate General |
| EBRD | European Bank for Reconstruction and Development |
| EEAS | European External Action Service |
| EIB | European Investment Bank |
| EMP | Euro-Mediterranean Partnership |
| ENP | European Neighborhood Policy |
| ENPI | European Neighborhood and Partnership Instrument |
| EU | European Union |
| FAC | Foreign Affairs Council |
| FALSG | Foreign Affairs Leading Small Group |
| FJP | Freedom and Justice Party |
| FPA | Foreign Policy Analysis |
| IAEA | International Atomic Energy Agency |
| IMF | International Monetary Fund |
| IR | International Relations |
| JCPOA | Joint Comprehensive Plan of Action |
| LNG | Liquefied natural gas |

| | |
|-------|--|
| LSG | Leading Small Group |
| MoC | Ministry of Commerce |
| MoFA | Ministry of Foreign Affairs |
| MoSS | Ministry of State Security |
| NATO | North Atlantic Treaty Organization |
| NDP | National Democratic Party |
| NGO | Non-governmental organization |
| NIOC | National Iranian Oil Company |
| OBOR | One Belt One Road |
| PBSC | Political Bureau Standing Committee |
| PfDSP | Proposal for a Partnership for Democracy and Shared Prosperity |
| PLA | People's Liberation Army |
| SASAC | State-owned Assets Supervision and Administration Commission |
| SCAF | Supreme Council of the Armed Forces |
| SCC | Supreme Constitutional Court |
| SETCZ | Suez Economic and Trade Cooperation Zone |
| SOEs | State-owned enterprises |
| TEU | Treaty on European Union |
| UN | United Nations |

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1. Introduction

1.1. Overview

Nearly all sizable foreign policy actors have multiple and equally substantial targets to attain when interacting with their counterparts on the international stage. However, it cannot be taken for granted that the foreign policy goals an actor simultaneously seeks to accomplish are naturally compatible with one another. For example, punishing a state for its military ventures will probably undermine the economic interests of the legislators imposing the sanctions. Condemning a foreign government over human rights abuse could erode the foundation of mutual security support. Moreover, backing an authoritarian government for security cooperation might impede the economic reform of the target state and in turn obstruct the growth of bilateral business ties. After realizing the internal conflicts in its overseas pursuits, how does a foreign policy actor make choices? How can academic observers explain the actor's strategy to resolve goal conflicts?

These are the themes my research speaks to. This chapter in particular discusses the research question raised in my dissertation, namely, how the EU and China solved goal conflicts in their Egypt and Iran policy-making and how to account for their choices. Section 1.2 starts by introducing the concept of goal conflict and outlines the basic scenarios of and possible solutions to this problem. Building on this basic analytical framework, Section 1.3 presents my research design, explaining why I choose the EU's and China's Middle East policy-making as cases, why I select Egypt and Iran as target states, and which methods I will use to answer the research question. After introducing my research design, in Section 1.4 I will review the existing literature on goal conflicts in foreign policy-making and discuss how this project could engage with and contribute to the ongoing research on the EU's and China's

foreign policy decision-making. Finally, Section 1.5 gives an account of the structure of this thesis and provides an overview for each chapter.

1.2. The general research question

1.2.1. Goal conflict: frequent in practice, neglected in research

Foreign policy is the sum of official external relations conducted by an independent actor—be it a state or a group of states—in international relations.¹ When dealing with a target state, a foreign policy actor attempts to produce a consistent output by coordinating different aspects of its external relations. The very notion of a foreign policy implies a conscious intention to hold together or make sense of the various activities an actor is engaged in internationally.²

That said, on many occasions, policy makers find the external objectives they seek to attain do not necessarily go in accordance with one another. The conflict between foreign policy goals occurs when the target a foreign policy actor wants to attain interferes with its attainment of another target. Such a circumstance, although common to practitioners, has been largely neglected in the literature of Foreign Policy Analysis (FPA). Although scholars and commentators acknowledge the problem of goal conflicts and often criticize the inconsistent or self-contradicting external behavior of an international actor, they have neither conducted a systematic investigation of this problem nor offered explanations for the strategies employed by an actor to resolve goal conflicts. In order to fill in the gap in existing research, this project raises the general question as follows:

¹ Christopher Hill, *The Changing Politics of Foreign Policy* (Palgrave MacMillan, 2003), 3.

² *Ibid.*, 5.

How do international actors handle conflicting foreign policy goals and how can their strategies be explained?

In the following sections, I will specify this research question and introduce the methods I shall use to search for the answers.

1.2.2. Goal conflict scenarios and possible solutions

When engaging with a target state, sizable international actors aim to achieve various goals at the same time, of which security, economic and normative objectives are generally considered the three basic components of their foreign policy agendas. Based on this judgment, my dissertation identifies three analytical scenarios of goal conflicts, namely, the disharmony between security and normative goals, between economic and normative goals, and between security and economic goals.

Admittedly, these scenarios represent a rather simplified classification of the goal conflicts foreign policy makers might come across in real life. As will be shown in the case study chapters of this project, incompatibility can also be found between the different aspects of an actor's security, economic or normative pursuits themselves, for example, the disharmony between separate security goals an actor seeks to achieve simultaneously. In addition, discordance can occur in policy areas beyond the three basic ones, covering fields such as culture, religion, education, etc. Nevertheless, since this dissertation offers the first systematic examination of goal conflicts in foreign policy-making, it seems more reasonable for me to start by exploring the most basic and common types of conflicts and leave the more complicated and unique scenarios for further research.

In the face of the three basic patterns of goal conflicts, what could be the reactions of a foreign policy actor? This study proposes a typology of choices an actor might make

to handle inconsistent pursuits during its foreign policy-making. First, when two goals clash with one another, decision makers can prioritize one target over the other, that is, to put the goal they deem more important or urgent ahead of the other objective.

Second, an actor can strike a balance between two goals, that is, to address both goals at the same time but settle the dispute by accepting standards lower than that originally desired. Third and theoretically speaking, during goal conflicts, decision makers may also fully abandon one target for the sake of attaining the other. But in real practice, it is rare to see an actor completely giving up a previously claimed demand. Even when a government merely pays lip service to a policy, the so-called empty talks should still be regarded as a part of its foreign policy output.

1.3. Research design and methodologies

1.3.1. The EU's and China's Middle East policies: the most different cases in comparison

After outlining the general research question I seek to explore, this section introduces the research design and methodologies adopted by this project. This study relies on comparative case study, taking the EU and China as two most different cases for comparison. In Section 1.3.1, I will give a brief account of the background of my case selection and explain the rationale behind the most different research design. Section 1.3.2 expounds why Egypt and Iran are chosen as target states for investigating the EU's and China's Middle East policy-making. In addition, it specifies the research question to be answered by this project and clarifies the observations to be made under each case. Section 1.3.3 evaluates the merits and shortcomings of applying the most different method to this project, based on which I shall explain the necessity of using theory testing to further explore the causes of the EU's and China's foreign policy decisions amid goal conflicts. Accordingly, this section also outlines the theoretical framework of my study. Lastly, Section 1.3.4 introduces the data collection

methods I shall use for analyzing my dependent variable, namely, the strategies adopted by the EU and China to tackle conflicting foreign policy goals.

Although there lacks a specific study exploring the various scenarios of goal conflicts and corresponding solutions, researchers and commentators do often criticize international actors for their incoherent external behaviors in light of the mutually-exclusive goals they seek to achieve in a target state. Among those being criticized, the EU and its inconsistent foreign policy is perhaps the one most extensively studied by scholars. In particular, the democratization-stabilization dilemma during the Union's Middle East and North Africa policy-making provided a typical example for researchers to investigate the incompatible objectives pursued by the EU (see Section 1.4 for details). This dilemma, in light of the analytical framework outlined above, indicates a conflict between the Union's normative and security goals. On the one hand, the EU sought to promote democracy, the rule of law, and human rights in Middle Eastern and North African countries. On the other hand, in order to address the security threats derived from the region, the EU pledged to support local authoritarian leaders in consolidating control over the societies and thus undermined the Union's normative pursuits so as not to destabilize the political order on the ground.

When the EU's self-contradicting policies in the Middle East aroused considerable criticism in both academia and practice, I was working in China's foreign policy sector, focusing on the same region. The experience in both policy research and implementation helped me realize that the EU was certainly not the only player in the Middle East with incompatible goals to pursue, even though it was an international organization speaking on behalf of 28 member states. China, despite having undisputable sovereignty and a highly centralized decision-making mechanism, had to cope with the same problem of coordinating conflicting external targets in the region.

In addition, according to my observations on the ground, whereas scholars and the media mainly focused on the EU's democratization-stabilization dilemma, the trade-offs made by the Union were not confined to that between security and normative goals, which only constitutes one of the many scenarios of goal conflicts. Moreover, even in regard to the security-normative goal conflict, the situation does not have to be related to the promotion of democracy and human rights, which researchers often consider as a typical example. China could not care less about democracy promotion in the Middle East. Beijing promoted the principles of respecting sovereign rights and preventing foreign interference in other countries' domestic affairs, which to a large degree clash with the Western normative agenda. Nevertheless, it was equally difficult for the Chinese authorities to adhere to its normative targets when these pursuits clashed with the country's economic and security goals in the Middle East.

Based on these preliminary observations, I began my inquiry into the goal conflicts faced by the EU and China during their Middle East³ policy-making and examined the strategies adopted by the two actors to deal with such problems. After collecting qualitative data and undertaking pilot studies, I discovered that the EU and China turned out to take similar measures to arrange the conflicting goals they had in a couple of major Middle East countries. Both actors tried to prioritize the security goal of preserving local stability and authoritarian order over their normative principles; and both seemed to place a great emphasis on protecting economic interests in the region when this goal clashed with their security or normative pursuits. In light of these findings, I began to wonder why the EU and China, despite being so different from each other in nearly all respects, used similar strategies to tackle goal conflicts during their Middle East policy-making.

³ In this study, the Middle East refers to the following countries: Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates and Yemen.

In order to answer this question, I decide to combine the EU and China as two most different (or least similar) cases for comparison. According to this case-selection method, two cases are compared when they indicate a similar outcome on the dependent variable but are different in all but one factor which the researcher is interested in. Given that variance is found on all dimensions except for one key independent variable, researchers can infer that this variable represents the causal factor contributing to the invariant outcome across the two cases.⁴

By adopting the most different case-selection method, this study helps answer the question of how apples can be compared with oranges, namely, how the EU and China—two actors sharing hardly any features in common—can be combined for comparison. Specifically, the EU is a regional organization composed of many member states, whereas China is an independent sovereign actor in international relations. The EU is made up of a group of democracies, whereas China is ruled under an authoritarian regime. The former is rooted in the common European civilization, while the latter is part of the East Asian cultural sphere. In terms of foreign policy decisions, the EU features the fragmentation of power. In China, however, the party leadership can impose strong control over policy-making whenever it deems necessary.

This study acknowledges the fundamental divergence between the EU and China. However, as will be shown in the empirical analysis, I argue that despite these differences, the paths taken by the two actors to handle goal conflicts in the Middle East bear similarities. In this context, the most different research design allows me to eliminate variables such as sovereignty, regime type, cultural background and policy-making mechanism as irrelevant factors accounting for the EU's and China's similar approaches to goal conflicts. In other words, instead of treating the variation

⁴ Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences* (Cambridge and London: MIT Press, 2005), 82; John Gerring, *Case Study Research: Principles and Practices* (Cambridge: Cambridge University Press, 2007), 139.

on independent variables as obstacles to combining the EU and China for comparison, this project emphasizes that it is exactly because the two actors share few features in common that I can clarify which variables are relevant for explaining their similar solutions to goal conflicts.

1.3.2. The target states: Egypt and Iran

The Middle East provides a good testing ground for investigating how the EU and China solved goal conflicts. Unlike other regions such as Central and Eastern Europe, Central Asia, Southeast Asia or the Asia-Pacific, the Middle East is of nearly equal strategic relevance to the EU and China. In that case, both actors have considerable and important security, economic and normative goals to accomplish in this region, and chances are thus high that these goals may not be always compatible with one another (see Chapter 3 for an introduction of the EU's and China's major foreign policy targets in the Middle East).

Within the Middle East region, this study chooses Egypt and Iran as two target states in which the EU's and China's goal conflicts will be examined. These two countries were selected due to the significant role they play in the region and thus in the EU's and China's Middle East policy-making. Egypt and Iran are the two most populous Middle Eastern countries, bringing about remarkable market opportunities for external actors like the EU and China. In particular, Iran, due to its rich oil and gas resources, maintains outstanding energy ties with both China and many EU member states. In addition to economic potentials, Egypt and Iran are also important military powers in the Middle East and could exert crucial impacts on regional stability, which relates closely to the EU's and China's security interests. Last but not least, Egypt and Iran host the political, cultural and education centers of the Sunni and Shia Islamic world respectively. In this context, external actors such as the EU and China could not be

more careful when crafting their policy stances towards these two regional stakeholders.

Apart from the significant roles they play in the EU's and China's Middle East policy-making (and thus a higher chance for the two actors to come across goal conflicts), Egypt and Iran are chosen also because the political developments taking place in these countries in recent years—the Arab uprisings and the nuclear crisis respectively—have created a variety of goal conflict scenarios for the EU and China to tackle. The changing patterns of goal conflicts prompted the two external actors to constantly reconsider their approaches in light of the situation on the ground. These developments, while adding to the inconsistency of the EU's and China's foreign policies, offer valuable cases for me to answer the research question regarding how the two actors dealt with goal conflicts at different stages.

Specifically, in Egypt, the overthrow of Mubarak, the emergence of the Islamists, the popular demonstration in support of the military takeover and an army leader regaining control over the country present diversified contexts for me to examine the EU's and China's strategies of reconciling conflicting goals. As I shall demonstrate in Chapters 4 and 5, before, during and after the Arab uprisings, the EU was constantly in search of a strategy that could safeguard the stability of Egypt and the southern Mediterranean while advancing the Union's normative interests. It also strived to bring together the goals between stimulating economic growth in Egypt (or, during the Arab revolts, rescuing the Egyptian economy) and anchoring economic assistance to conditions of promoting democracy.

In the meantime, for China, the Arab insurgencies resulted in the discordance between the government's non-interference principle and the goal of defending regime security, which required Beijing to take a disapproving stance towards the regime change in Egypt and painstakingly prevent the spillover of revolutions to China. In addition, the

government also had to strike a balance between the goal of protecting and extending economic interests in Egypt and that of defending regime security domestically, for which Beijing's unfavorable opinion of the Egyptian revolution hindered bilateral economic cooperation.

In regard to Iran, this study focuses on investigating how the EU and China handled conflicting goals at different stages of the nuclear crisis, starting from the resumption of nuclear negotiations in 2009 until the adoption of a final solution in 2015. Both actors faced the dilemma between sanctioning Iran to preserve the nuclear non-proliferation system, on the one hand, and protecting their economic interests in Iran from the harm of sanctions, on the other hand. In addition, the EU and China also sought to solve the conflict between their respective normative principles and their security or economic targets in Iran. For the EU, this study investigates the extent to which Iran's violation of human rights and democratic values would motivate the Union to scale down bilateral economic cooperation. For China, I will probe into the government's effort to balance the goal of pressuring Iran to curb its nuclear ambition and that of upholding the normative principle of preventing Western interference in the form of ramping up unilateral sanctions.

By choosing the EU's and China's Middle East policy-making as cases and taking Egypt and Iran as the two target states under investigation, I can now specify the general research question raised at the beginning of this chapter as follows:

How did the EU and China resolve the different scenarios of goal conflicts during their Egypt and Iran policy-making and what explains their strategies?

Meanwhile, I can also clarify at this stage the cases and observations to be examined in this project, as shown in Table 1.1. The two cases investigated in this study—the EU's and China's solutions to goal conflicts—will provide me with a total number of

14 observations. An observation is the most basic element of any empirical endeavor.⁵ In this study, each observation is confined to certain spatial and temporal boundaries. The spatial boundaries of my observations refer to the specific combination of a foreign policy actor and a target state, namely, the EU's Egypt policies, the EU's Iran policies, or China's Egypt or Iran policies. The temporal boundaries are defined mainly according to the political developments in the target states. For the EU's and China's Egypt policy-making, this study will investigate the periods before the Arab uprisings, during the transitional military rule, during the Islamists' year in office, and after the military takeover. As for the two actors' Iran policy-making, the time boundaries are set according to developments of the nuclear crisis under the presidencies of Ahmadinejad and Rouhani respectively. Confined within specific spatial and temporal boundaries, each observation can be divided into dependent and independent variables. The former refers to the solutions adopted by the EU (or China) to address goal conflicts. The latter refers to the explanatory factors contributing to their solutions.⁶

In Chapters 4 through 7, I shall look into the goal conflicts faced by the EU and China under each observation and analyze the paths they took to handle these problems. The time frames for the two actors' Egypt and Iran policy-making under examination will be introduced in detail at the beginning of these chapters.

⁵ Gerring, *Case Study Research*, 20.

⁶ *Ibid.*, 20–22.

Table 1.1: Cases and observations under examination

| | | | |
|--|---|-----------------------------------|--|
| Case 1 (EU's solutions to goal conflicts) | { | Observations 1.1 (EU-Egypt) | Observation 1.1.1 (before the Arab uprisings) |
| | | | Observation 1.1.2 (under the transitional military rule) |
| | | | Observation 1.1.3 (during the Islamists' year in office) |
| | | | Observation 1.1.4 (after the military takeover) |
| Case 2 (China's solutions to goal conflicts) | { | Observations 1.2 (EU-Iran) | Observation 1.2.1 (under Ahmadinejad, phase I) |
| | | | Observation 1.2.2 (under Ahmadinejad, phase II) |
| | | | Observation 1.2.3 (under Rouhani) |
| | | | Observation 2.1.1 (before the Arab uprisings) |
| Case 2 (China's solutions to goal conflicts) | { | Observations 2.1 (China-Egypt) | Observation 2.1.2 (under the transitional military rule) |
| | | | Observation 2.1.3 (during the Islamists' year in office) |
| | | | Observation 2.1.4 (after the military takeover) |
| | | | Observation 2.2.1 (under Ahmadinejad, phase I) |
| Case 2 (China's solutions to goal conflicts) | { | Observations 2.2 (China-Iran) | Observation 2.2.2 (under Ahmadinejad, phase II) |
| | | | Observation 2.2.3 (under Rouhani) |

1.3.3. Theoretical explanations

As mentioned in Section 1.3.1, by combining the EU and China for comparison, the most different research design is useful to eliminate irrelevant independent variables that might contribute to the two actors' similar approaches to goal conflicts. That said, in regard to this study specifically, I find that applying the most different method alone is inadequate to account for the EU's and China's foreign policy decisions. This is because, while it is relatively easy to observe the variation on independent variables across the two cases, it is difficult for me to identify the causal factor that holds constant for the EU and China, that is, the single variable resulting in the two actors' similar foreign policy decisions. In other words, by adopting the most different research design, I can prove that factors such as sovereignty, regime type, cultural background, policy-making mechanism, etc. provide little insight into the EU and China's solutions to goal conflicts. Nevertheless, this method does not help much in determining the real cause behind the two actors' similar foreign policy outcome. Even if I am able to identify a factor that indeed holds constant across the China and

EU cases, on the basis of the most different analysis alone, it remains difficult to ascertain the causal mechanism entailed by this factor. In fact, in view of the EU's and China's complicated decision-making process amid goal conflicts, it seems infeasible to assume that there would be a single independent variable contributing to the similar choices made by the two actors.⁷

Taking these concerns into account, I use the most different research design in conjunction with theory testing to explain the paths taken by the EU and China to solve goal conflicts. While the most different case comparison helps me eliminate irrelevant independent variables, theory testing allows me to evaluate the success of different causal models in explaining the dependent variable.⁸ In this regard, I formulate causal predictions from well developed theories of FPA on how foreign policy actors are expected to handle the security-normative, security-economic and economic-normative goal conflicts respectively. In particular, the neorealist, bureaucratic politics, and constructivist approaches to FPA are chosen in this study for theory testing. The assumptions of the three theoretical approaches and their corresponding predictions will be examined in detail in Chapter 2. At this stage, I mainly introduce the rationale of choosing these three approaches and summarize their basic predictions.

Preliminary observations reveal that when handling conflicting goals, both the EU and China tend to highlight their security interests in a target state. Due to this impression, I want to test if the neorealist approach to FPA could provide insights into an actor's strategy to arrange conflicting goals. Simply put, the neorealist approach assumes that a state will arrange conflicting foreign policy goals based on the calculation of its relative capabilities and the external environment. When security goals clash with

⁷ See the discussion made on the most different research design in *Ibid.*, 140–42.

⁸ Ulrich Sieberer, "Selecting Independent Variables: Competing Recommendations for Factor-Centric and Outcome-Centric Research Designs," in *Research Design in Political Science*, ed. Gschwend, T. and Schimmelfennig, F. (Springer, 2007), 165–66.

economic and normative objectives, an actor will place security interests ahead of economic and normative affairs. Moreover, when economic and normative goals are in conflict, economic interests will be prioritized (see Section 2.2 for details).

Second, although not paying particular attention to the issue of goal conflicts, many scholars working on foreign policy analysis generally attribute an actor's inconsistent external behavior to the bureaucratic infightings within its government apparatus. In this context, this study proposes to test the explanatory force of the bureaucratic politics model, which assumes that the competition among government institutions for political mandate and financial gains would play a decisive role in determining how a foreign policy actor addresses goal conflicts (to be detailed in Section 2.3).

Third, since both the EU and China are active promoters of normative principles in their external relations, I suppose the constructivist approach to FPA could shed light on the choices they make during goal conflicts. The constructivist approach assumes that when dealing with goal conflicts, an actor will prioritize the goal that conforms to the norms and values it upholds. Therefore, when security and economic goals clash with normative principles, an actor is expected to advance its normative target at the expense of some security and economic interests. And when security and economic goals conflict, an actor will prioritize that which is more consistent with its normative pursuits. (see Section 2.4 for details).

In order to evaluate the explanatory power of the three FPA approaches, this study will compare the theoretical predictions derived from each approach with the empirical findings made under each observation. The degree of consistency between the predictions and observed dependent variable will determine the explanatory force of a given theory. If the empirical findings turn out to be different from what is predicted by the theory, the prediction is then mostly disconfirmed by the findings, indicating that the corresponding theoretical approach has limited explanatory force in

accounting for the foreign policy decisions of the actor being examined. In contrast, when there is substantial consistency between the predicted and observed outcomes, the prediction is considered mostly confirmed by the empirical findings, indicating the theory has strong explanatory force. In between, empirical observations can also partly confirm a theoretical prediction. In that case, the theory proves to have moderate explanatory power.⁹

As will be presented in Chapters 4 through 7, the testing results of theoretical predictions show that none of the abovementioned approaches are sufficient to explain the choices made by the EU and China to tackle goal conflicts. Instead, as I shall indicate in my empirical analysis, this thesis refers to domestic politics as a fourth and better account of the two actors' foreign policy decisions. The study points out that the EU's and China's solutions to goal conflicts, though bearing similarities, were formulated according to different calculations, which have to be traced in the domestic developments of each actor.

In Egypt, the EU prioritized preserving authoritarian order and thus sidelined its normative goals because many member states, especially those in the south, were in need of a strong Egyptian leadership to help address cross-border problems and domestic security concerns. Meanwhile, during the Arab revolts, China also defended authoritarian stability in Egypt, even though such a decision jeopardized the country's economic interests and offset its efforts to promote the norm of non-interference. Unlike the EU, however, China's decision was made primarily due to the leaders' concerns about regime security such as preserving the party's control over some restless Muslim regions and preventing the spread of insurgencies like the Arab Spring to China.

⁹ I derived this classification from Volker Rittberger and Wolfgang Wagner, "German Foreign Policy since Unification: Theories Meet Reality," in *German Foreign Policy since Unification: Theories and Case Studies*, by Volker Rittberger (Manchester: Manchester University Press, 2001), 308.

Similarly, when it came to Iran, the EU prioritized the goal of protecting economic interests over introducing severe sanctions to curb Iran's nuclear ambition and its human rights abuse. This was because member state governments, in light of the eurozone crisis and oil price surges, were concerned about the negative impact of sanctions on their economies. In comparison to the EU, China also placed a strong emphasis on maintaining economic ties with Iran during the nuclear crisis but for different reasons. As will be examined in Chapter 7, this policy, while contributing to China's economic interests in general, mainly served the government's goal of backing Iran during the Arab revolts and obstructing the Western attempt at regime change, which was perceived by Beijing as a threat to domestic stability.

1.3.4. Methods for data collection

The empirical findings to be presented in this study should be of interest to both policymakers and scholars of the EU's and China's foreign policy analysis. For empirical data mining, I mainly rely on qualitative methods such as document analysis and semi-structured interviews.

Specifically, in chapters dedicated to the EU, I make extensive use of the official documents issued by the European Council, the Foreign Affairs Council of the EU, the European Commission and the European Parliament. In addition, given that the EU's Egypt and Iran policies have been thoroughly examined by scholars and non-academic observers, I also rely on secondary sources such as news coverage, journal articles and think-tank reports for exploring the Union's decision-making process. In particular, I find it helpful to incorporate into my study some interviews conducted by journalists and researchers with EU and member state officials and with experts of area studies. Furthermore, I benefit enormously from the daily media accounts of the EU-Iran relationship from 2009 to early 2016, based on which I developed a timeline of the EU's Iran policy-making process, particularly in regard to

the sanctions policy decisions. In addition to that, I attended several forums and conferences on EU-Middle East relations to enrich my understanding of the topic.

In regard to China's relationship with Egypt and Iran, the decision-making process is more opaque than that of the EU, and the topics are under-researched by scholars. In this context, I make extensive use of primary sources. A detailed examination of the relevant closed-door speeches made by high-ranking diplomats (such as China's Middle East envoy and officials from the party's Central Foreign Affairs Office) at roundtables I attended proves to be a convenient starting point for my empirical exploration. Furthermore, I conducted interviews with relevant diplomats from almost all major government bodies that play a role in China's Egypt and Iran policy-making, including the Ministry of Foreign Affairs, the Ministry of Commerce, the International and Propaganda Departments of the Communist Party of China (CPC) and the security apparatus. In addition, I also interviewed Chinese businesspeople based in Egypt and Iran, especially those working for state-owned enterprises. Altogether, the nearly 100 interviews were conducted first from 2011 to 2013 in Egypt, when I started to take an interest in China's response to the Arab uprisings, and then in China, Egypt and Iran from 2013 to 2016, during which I worked on this dissertation project. Since nearly all the interviews were conducted in confidentiality, I am not able to include in this dissertation a list of my interviewees.

To ensure the objectivity of my empirical investigation, I compare the interview results with the information offered by official documents, news reports and scholarly outputs in order to determine the extent to which I can use the data I have gathered personally as reliable sources. The official materials I have examined include the policy papers and news briefings issued by the Chinese authorities, joint communiqués and declarations, the leaders' speeches, the talks of Foreign Ministry spokespersons, and the reports and commentaries published by the party's and the government's mouthpieces—the *People's Daily* and Xinhua News Agency.

1.4. Literature review and contributions

This section overviews existing studies about goal conflicts, especially those in relation to the EU's and China's foreign policy-making, and explains how this project contributes to the literature.

As mentioned previously, scholars have not yet conducted a systematic analysis of goal conflict, although this issue has been mentioned from time to time in a number of foreign policy case studies. In recent years, an important body of research that has drawn people's attention to the problem of incompatible goals in foreign policy-making is a group of articles published on *Democratization* investigating the formation and patterns of goal conflicts in democracy promotion.¹⁰ Presenting cases from post-conflict construction in Afghanistan to providing budget support for Africa, the authors demonstrated that Western political actors in the hope of promoting democracy in a target state sometimes had to make trade-offs between their normative pursuit and other competing objectives, such as peace-building, stability maintenance and poverty alleviation. Advancing democracy, promoting economic growth and restoring stability were some common goals foreign policy makers seek to attain simultaneously in a target state. But when it came to practice, it ultimately had to be acknowledged that “not all good things go together.”¹¹

A typical example of the goal conflict in democracy promotion is the EU's democratization-stabilization dilemma, which has been extensively studied by researchers.¹² Some scholars attributed the EU's inconsistent policies in the Middle

¹⁰ “Do All Good Things Go Together? Conflicting Objectives in Democracy Promotion,” *Democratization* 19, no. 3 (June 2012).

¹¹ Sonja Grimm and Julia Leininger, “Not All Good Things Go Together: Conflicting Objectives in Democracy Promotion,” *Democratization* 19, no. 3 (2012): 391–414; Thomas Carothers, “Foreword,” *Democratization* 19, no. 3 (June 1, 2012): 389–90.

¹² See Assem Dandashly, “The EU Response to Regime Change in the Wake of the Arab Revolt: Differential Implementation,” *Journal of European Integration* 37, no. 1 (January 2, 2015): 38; see also Federica Bicchi,

East and North Africa to its lack of actorness, defined as the ability and willingness to speak with a single voice. They argued that the lack of consensus among member states undermined the capabilities of EU institutions to internally formulate and externally represent a consistent response to the violations of democratic principles and human rights in regional countries.¹³

That said, some other scholars pointed out that the EU's incoherent approach to the Middle East and North Africa resulted not really from the lack of actorness but rather the problem of goal conflicts. After comparing the EU's response to the Arab revolts with that of some other external actors, Börzel, Risse and Dandashly demonstrated that the EU, despite featuring a multi-level governance system, was not essentially different from sovereign states such as the United States, Israel and Turkey, whose foreign policies in the region were by no means more consistent. For example, amid

"Democracy Assistance in the Mediterranean: An Overview," *Mediterranean Politics* 14, no. 1 (March 1, 2009): 61–78; Peter Burnell and Oliver Schlumberger, "Promoting Democracy – Promoting Autocracy? International Politics and National Political Regimes," *Contemporary Politics* 16, no. 1 (March 1, 2010): 1–15; Michelle Pace, "Paradoxes and Contradictions in EU Democracy Promotion in the Mediterranean: The Limits of EU Normative Power," *Democratization* 16, no. 1 (February 1, 2009): 39–58; Peter Seeberg, "The EU as a Realist Actor in Normative Clothes: EU Democracy Promotion in Lebanon and the European Neighbourhood Policy," *Democratization* 16, no. 1 (2009): 81–99; Vera Van Hüllen, "It Takes Two to Tango: The European Union and Democracy Promotion in the Mediterranean" (Freie Universität Berlin, 2010); Vera Van Hüllen, "Europeanisation through Cooperation? EU Democracy Promotion in Morocco and Tunisia," *West European Politics* 35, no. 1 (January 1, 2012): 117–34; Richard Youngs, *The European Union and Democracy Promotion: A Critical Global Assessment* (Johns Hopkins University Press, 2010); Roland Dannreuther, "Recasting the Barcelona Process: Europe and the Greater Middle East," in *EU and the Mediterranean: Foreign Policy and Security, Odense, Denmark: University Press of Southern Denmark*, ed. Peter Seeberg (Odense, Denmark: University Press of Southern Denmark, 2007), 38–58.

¹³ See Elena Baracani, "The European Neighbourhood Policy and Political Conditionality: Double Standards in EU Democracy Promotion?," in *The External Dimension of EU Justice and Home Affairs*, ed. Thierry Balzacq (Palgrave Macmillan, 2009), 133–53; Eugénia da Conceição-Heldt and Sophie Meunier, "Speaking with a Single Voice: Internal Cohesiveness and External Effectiveness of the EU in Global Governance," *Journal of European Public Policy* 21, no. 7 (August 9, 2014): 961–79; Christopher Hill, "The Capability-Expectations Gap, or Conceptualizing Europe's International Role," *JCMS: Journal of Common Market Studies* 31, no. 3 (September 1, 1993): 305–28; K. Laatikainen and K. Smith, *The European Union at the United Nations: Intersecting Multilateralisms* (Springer, 2006); as cited in Tanja A. Börzel, Thomas Risse, and Assem Dandashly, "The EU, External Actors, and the Arabellions: Much Ado About (Almost) Nothing," *Journal of European Integration* 37, no. 1 (January 2, 2015): 139.

the wave of protests sweeping across the Arab world, the United States, which pledged to advance similar norms and values as that of the EU, had to tackle the same conflict between promoting democracy and restoring stability.¹⁴

The studies about goal conflicts in (the EU's) democracy promotion paved the way for my dissertation research in two respects. First, these studies highlighted goal conflict as an important cause of an actor's inconsistent foreign policy output. In particular, the authors singled out a special type of goal conflict for closer examination, namely, the discordance between promoting democracy and protecting human rights, on the one hand, and preserving stability or generating economic growth, on the other hand. Second, these studies, especially the one comparing the EU's and other external powers' reactions to the Arab uprisings, underlined the importance of comparative analysis. Despite that a lot of analysis has been conducted on the EU's irreconcilable policy goals in the Middle East, only by examining the Union's foreign policies in comparative perspective can researchers discover that goal conflict is a common feature in foreign policy-making for nearly all international actors. Moreover, the EU's solutions to this problem were not that unique either considering the practice of other external players in the region.¹⁵

Based on previous research, this dissertation intends to contribute to the study of the EU's goal conflicts in two ways. First, whereas existing literature mainly focuses on the incompatibility between the Union's security and normative goals, this project seeks to provide a more comprehensive account by incorporating some other scenarios of goal conflicts in its analysis, for example, the discord between the EU's security and economic interests and that between its economic and normative goals. Second, when examining the conflict between normative and other foreign policy targets, almost all existing studies have centered on the issue of democracy promotion.

¹⁴ Börzel, Risse, and Dandashly, "The EU, External Actors, and the Arabellions," 142, 151.

¹⁵ *Ibid.*, 142–43.

By comparing the EU with China, this research aims to broaden the scope of the current debate, emphasizing that the normative-security and normative-economic goal conflicts should not be treated as an attribute of the advancement of Western political values. Instead, they may also occur during the promotion of non-Western norms and principles, as shown in the case of China.

That brings me to the review of the literature investigating goal conflicts in Chinese foreign policy-making. In contrast to the EU analysis, the incompatibility between foreign policy goals has not given rise to an academic debate among China researchers. Over the years, there have been some studies analyzing the growing disharmony between China's normative principle of non-interference and its ambition of expanding overseas economic presence and protecting Chinese nationals in conflict zones.¹⁶ Meanwhile, one can find a number of case studies alluding to goal conflict as the problem preventing the Chinese government from articulating effective and consistent foreign policies. For example, in the Middle East, scholars pointed out the incompatibility between China's pursuit of balancing against US influence and that of relying on Washington as a critical source for stability in the region.¹⁷ In regard to the territorial disputes in the South China Sea, analysts observed the contradiction between the two foreign policy goals introduced by the Chinese leadership—to maintain stable and friendly relationships with Southeast Asian neighbors and to forcefully safeguard China's territorial rights.¹⁸ In addition, regarding the North Korean nuclear crisis, a lot of attention has been paid to Beijing's mutually exclusive

¹⁶ International Crisis Group, "China's Growing Role in UN Peacekeeping" (International Crisis Group, April 17, 2009); Yizhou Wang, *Creative Involvement: A New Direction in China's Diplomacy (chuangzaoxing jieru zhongguo waijiao xin quxiang)* (Beijing: Peking University Press, 2011); Mathieu Duch âel, Oliver Br äuner, and Hang Zhou, "Protecting China's Overseas Interests: The Slow Shift Away from Non-Interference," SIPRI Policy Paper (Stockholm International Peace Research Institute, June 2014); International Crisis Group, "China's Foreign Policy Experiment in South Sudan" (International Crisis Group, July 10, 2017).

¹⁷ Andrew Scobell and Alireza Nader, "China in the Middle East: The Wary Dragon" (RAND Corporation, 2016), 20.

¹⁸ International Crisis Group, "Stirring up the South China Sea (III): A Fleeting Opportunity for Calm" (International Crisis Group, May 7, 2015), 9.

policy targets of promoting denuclearization in the Korean Peninsula, on the one hand, and avoiding chaos and troubles on China's doorstep, on the other hand.¹⁹

However, apart from these policy-based case studies, there has been no academic output dedicated to the problem of goal conflicts in Chinese foreign policy-making. Meanwhile, in regard to the China-Middle East relationship, most of the publications focused on analyzing China's expanding interests in the region²⁰, but hardly any have probed into Beijing's policy-making process or the government's efforts to hold together various aspects of its external behaviors in the region. In addition, after examining some existing publications that covered goal conflicts in Chinese foreign policy-making, one gets the impression that scholars tend to attribute the lack of consistency between the different facets of China's external activities to the dissemination of foreign policy-making centers, and in relation to this, to the bureaucratic disputes among government organs. Consequently, these authors argue that centralization of decision-making power is the solution China needs to solve goal conflicts.²¹ Yet they have failed to recognize that on many occasions, even under a

¹⁹ Andrew Scobell, "China and North Korea: Bolstering a Buffer or Hunkering Down in Northeast Asia?," Testimony (RAND Corporation, June 8, 2017); Fei Su and Lora Saalman, "China's Engagement of North Korea" (Stockholm International Peace Research Institute, February 2017).

²⁰ See, for example, Jon B. Alterman and John W. Garver, *The Vital Triangle: China, the United States, and the Middle East* (Center for Strategic and International Studies, 2008); Hongjie Li, *National Interests and China's Middle East Policy (guojia liyi yu zhongguo de zhongdong zhengce)* (Beijing: Central Compilation and Translation Press, 2009); Erica Downs and Suzanne Maloney, "Getting China to Sanction Iran: The Chinese-Iranian Oil Connection," *Foreign Affairs*, April 2011; John W. Garver, "Is China Playing a Dual Game in Iran?," *The Washington Quarterly*, Winter 2011, 75–88; John W. Garver, Flynt Leverett, and Hillary Mann Leverett, "Moving (Slightly) Closer to Iran: China's Shifting Calculus for Managing Its 'Persian Gulf Dilemma'" (Washington D. C.: Edwin O. Reischauer Center for East Asian Studies, 2009); "China's Growing Role in the Middle East: Implications for the Region and Beyond" (Washington D. C.: Gulf Research Center and the Nixon Center, 2010); *China and the Persian Gulf: Implications for the United States* (Woodrow Wilson International Center for Scholars, 2011); Breslin Shaun, "China and the Arab Awakening," *ISPI Analysis*, no. 140 (October 2012); Scott Harold and Alireza Nader, "China and Iran: Economic, Political, and Military Relations" (RAND Occasional Paper, 2012); Scobell and Nader, "China in the Middle East: The Wary Dragon."

²¹ Ning Lu, "The Central Leadership, Supraministry Coordinating Bodies, State Council Ministries, and Party Departments," in *The Making of Chinese Foreign and Security Policy in the Era of Reform, 1978-2000*, ed. David M. Lampton (Stanford: Stanford University Press, 2001), 39–60; Jean-Pierre Cabestan, "China's Foreign- and

highly centralized decision-making mechanism, the very foreign policy goals the leadership endeavors to achieve could still clash with one another.

In light of these gaps in Chinese foreign policy research, this thesis aims to present the first investigation of some common types of goal conflicts in Chinese foreign policy-making and of the strategies employed by the government to arrange these incompatible targets. Although this dissertation only takes Beijing's Egypt and Iran policy decisions as examples, it offers an analytical framework for further research on China's foreign policy-making amid goal conflicts.

Second, regarding the Middle East, this dissertation will shed light on China's decision-making process based on a detailed analysis of Beijing's calculations of its policies towards two important regional countries. To achieve this goal, this study makes extensive use of primary sources, including not only official data such as leaders' speeches, policy papers, state media publications and the talks of government spokespersons, but also a number of interviews I conducted with diplomats, businesspeople and researchers—both in China and in Egypt and Iran.

Last but not least, by including the bureaucratic politics model as a possible theoretical explanation of how China handled conflicting foreign policy goals, this study seeks to discover whether bureaucratic infighting is the root cause of goal conflicts and whether an attempt to centralize decision-making power could help China craft more effective and coherent foreign policies. In this way, this project contributes to the ongoing debate on how to improve coordination among an increasing number of players in the Chinese foreign policy sector.

Security-Policy Decision-Making Processes under Hu Jintao," *Journal of Current Chinese Affairs* 38, no. 3 (2009): 63–97; Lucy Corkin, "Redefining Foreign Policy Impulses toward Africa: The Roles of the MFA, the MOFCOM and China Exim Bank," *Journal of Current Chinese Affairs* 40, no. 4 (2011): 61–90.

Taken together, this study will make both theoretical and empirical contributions to FPA. Highlighting the problem of incompatible goals in foreign policy-making, this dissertation identifies some basic scenarios of goal conflicts and proposes a typology of choices an actor might make to solve these problems. Drawing on well-established theories of FPA, this project develops the neorealist, bureaucratic politics, constructivist, and domestic politics predictions on how international actors would arrange conflicting goals in a target state. It thereby provides a theoretical framework for additional case studies that aim to account for an actor's choices between conflicting foreign policy targets. At the empirical level, this dissertation will advance Chinese foreign policy research by offering detailed investigations into Beijing's Egypt and Iran policy-making process. Meanwhile, the project will help improve the research on the EU's foreign policy goal conflicts by providing additional cases for analysis and exploring the Union's policy decisions in comparative perspective.

1.5. Organization of chapters

This chapter introduced the research question of how the EU and China dealt with goal conflicts in their Egypt and Iran policy-making and how to explain their choices. The next chapter will follow the discussion made above by developing a theoretical framework in accounting for the paths taken by the EU and China to arrange conflicting goals.

Chapter 3 will pave the way for my empirical analysis by offering an account of the EU's and China's foreign policy objectives in the Middle East as well as their respective policy-making process.

Chapters 4 through 7 will present the empirical findings made in this study regarding the EU's and China's solutions to the various scenarios of goal conflicts. In each of the four chapters, I shall not only analyze the empirical observations but also test the

theoretical predictions developed in Chapter 2 so as to determine the explanatory force of respective FPA approaches.

Chapter 4 will focus on the EU's Egypt policy-making, examining the competing objectives pursued by the Union before, during and after the Arab revolts. In this chapter, I shall analyze how the EU handled the security-normative and economic-normative goal conflicts in Egypt during each period.

Following the analysis on EU-Egypt relations, Chapter 5 investigates how China dealt with its conflicting foreign policy goals in Egypt, especially amid the Arab uprisings, when the government sought to keep a balance between the goal of preserving regime security, on the one hand, and defending its normative and economic interests, on the other hand.

Chapters 6 and 7 are dedicated to the EU's and China's Iran policy-making respectively. In Chapter 6, I shall explore how the EU handled conflicting goals in Iran, particularly its endeavor to square the security and normative targets with economic interests in the Islamic Republic. Similarly, Chapter 7 will investigate how China resolved the conflicts between its security and economic goals and between security and normative goals in Iran.

After probing into the EU's and China's reactions to goal conflicts and investigating the explanatory force of each theoretical approach, Chapter 8 will compare the empirical and theoretical findings made regarding the two foreign policy actors. In terms of empirical comparison, it will argue that regardless of the differences between the two actors, the EU and China took similar approaches to arranging incompatible goals during their Egypt and Iran policy-making, despite for different reasons. Meanwhile, in light of the explanatory records of the neorealist, bureaucratic politics, and constructivist approaches to FPA, this chapter will conclude that none of the

approaches prove to be sufficient for explaining how the EU and China address goal conflicts.

In Chapter 9, I shall summarize the empirical and theoretical findings of this study, based on which I will argue that to explain the EU and China's similar approaches to goal conflicts, one has to probe into the domestic developments within the two actors. In addition to that, this chapter will also discuss the empirical and theoretical implications of my research findings and offer some suggestions for additional studies.

Now that I have introduced my research design, overviewed the literature and provided a roadmap for the remaining chapters, I will go on to present a more detailed account of the theoretical predictions on how foreign policy actors deal with different scenarios of goal conflicts in Chapter 2.

2. Theoretical predictions

2.1. Introduction

This chapter develops the theoretical framework in accounting for the paths taken by the EU and China to arrange conflicting goals. It outlines the predictions to test against the empirical findings to be made in Chapters 4 through 7. I derive these theoretical predictions from three approaches to FPA—neorealism, bureaucratic politics, and constructivism—on how goal conflicts will be handled by foreign policy actors, primarily states but not limited to states (as in the case of the EU).

As a subfield of International Relations (IR), FPA is the study of the conduct and practice of relations between different actors, primarily states, in the international system. Over the years, FPA has developed as a separate area of enquiry within the discipline of IR, mainly due to its exclusive focus on the actual conduct of inter-state relations. Whereas IR scholars study the broad features of the international system, FPA specialists focus on independent actors within the system—be they states or unions of states—and interpret their endeavor to pursue material interests or to promote values vis-à-vis other actors beyond their borders.²²

2.2. Neorealist approach to FPA

Realism and its varieties depict the world of international relations as a dangerous place, where conflict and threat of violence are ever-present and all too often escalate into wars. Since states control the military apparatus, they are the crucial actors in international politics.²³ Classical realists tend to attribute states' inability to coexist in

²² Chris Alden and Amnon Aran, *Foreign Policy Analysis: New Approaches* (Routledge, 2016), 3; Volker Rittberger, "Approaches to the Study of Foreign Policy Derived from International Relations Theories," *Tübinger Arbeitspapiere Zur Internationalen Politik Und Friedensforschung*, no. 46 (2004): 1.

²³ Rittberger, "Approaches to the Study of Foreign Policy Derived from International Relations Theories," 3.

peace and harmony to human nature, to the state itself, or to a world which lacks rules. In contrast, the recent school of neo- or structural realism locates the sources of this feature of international politics in the international system, which is defined as the way states are related to one another.²⁴ According to Kenneth Waltz, the founder of neorealism, the most conspicuous and fundamental feature of the international system is anarchy. Anarchy does not imply the presence of chaos and disorder but refers to the absence of a world government.²⁵ In other words, in contrast to the hierarchical domestic politics characterized by the monopoly of power, there is no world government to protect the fundamental interests of individual states.²⁶

The anarchic structure of the international system implies that there can never be complete security for every state. States must first safeguard their survival interests, namely, to secure territorial integrity and the rightful claim to self-determination.²⁷ The pursuit of other area-specific goals is only possible once a sufficient degree of security is guaranteed.²⁸ Neorealists privilege national security as the criterion for foreign policy decisions.²⁹ They assume that states “weigh options and make decisions based primarily on their strategic situation and an assessment of the external environment,” because if they fail to do so, they will “fall by the wayside.”³⁰

²⁴ Hans J. Morgenthau, *Scientific Man vs. Power Politics* (Chicago, Ill.: University of Chicago Press, 1946); Kenneth N. Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979); Rittberger, “Approaches to the Study of Foreign Policy Derived from International Relations Theories,” 3; Christopher Hill, *The Changing Politics of Foreign Policy* (Palgrave MacMillan, 2003), 7.

²⁵ Waltz, *Theory of International Politics*, 88.

²⁶ Rittberger, “Approaches to the Study of Foreign Policy Derived from International Relations Theories,” 12.

²⁷ *Ibid.*

²⁸ Rainer Baumann, Volker Rittberger, and Wolfgang Wagner, “Neorealist Foreign Policy Theory,” in *German Foreign Policy since Unification: Theories and Case Studies*, ed. Volker Rittberger (Manchester and New York: Manchester University Press, 2001), 39.

²⁹ Hill, *The Changing Politics of Foreign Policy*, 98.

³⁰ Colin Elman, “Horses for Courses: Why Not Neorealist Theories of Foreign Policy?,” *Security Studies* 6 (1996): 38–39; Waltz, *Theory of International Politics*, 118, as cited in Hill, *The Changing Politics of Foreign Policy*, 161.

The pursuit of security and the efforts to enhance material wealth place states in constant competition with each other and limit the scope for cooperation. In this setting, power is understood to be the key determinant of a state's ability to sustain a successful foreign policy.³¹ According to Robert A. Dahl, power is the capability to cause others to do things they otherwise would not do.³² Structural realists calculate this capability based on the sum of national attributes including the size of population and territory, wealth, and military strength. Yet because realists determine force to be the last resort of international politics, military power emerges as the most important factor in assessing the power of a state.³³

From a neorealist perspective, a state's foreign policy is determined by its relative material power vis-à-vis the rest in the international system.³⁴ Decision makers can objectively determine national interests according to the situation in which the state finds itself, especially with reference to the structure of the system—the distribution of capabilities or the number of great powers.³⁵ Domestic politics, in this regard, are considered unimportant by neorealists. According to their view, states are unitary and rational actors; although countries are different from each other domestically, pressures from the international system are strong and straightforward enough to make similarly situated states behave alike, regardless of their internal characteristics.³⁶

Neorealism predicts a state will arrange conflicting foreign policy goals based on the calculation of its relative capabilities and the external environment. In this vein,

³¹ Alden and Aran, *Foreign Policy Analysis: New Approaches*, 5.

³² David A. Baldwin, "Power and International Relations," in *Handbook of International Relations*, ed. Walter Carlsnaes, Thomas Risse, and Beth A. Simmons (London: SAGE Publications Ltd, 2013), 273.

³³ Brian C. Schmidt, "The Primacy of National Security," in *Foreign Policy: Theories, Actors, Cases*, ed. Steve Smith, Amelia Hadfield, and Tim Dunne, 2nd ed. (Oxford University Press, 2012), 193.

³⁴ Gideon Rose, "Neoclassical Realism and Theories of Foreign Policy," *World Politics* 51, no. 01 (1998): 150.

³⁵ Waltz, *Theory of International Politics*, 134, as cited in Jutta Weldes, "Constructing National Interests," *European Journal of International Relations* 2, no. 3 (September 1, 1996): 278.

³⁶ Rose, "Neoclassical Realism and Theories of Foreign Policy," 149.

security should take precedence over all other foreign policy goals an actor might pursue, given that it corresponds to the essence of foreign policy activity in terms of improving a state's relative position vis-à-vis others' in the international system.

Economic interests come second to security goals. Material wealth supplies the means necessary for states to survive, to meet their security requirements, and hence to continue to compete in a system in which other states are either actual or potential threats.³⁷

Finally, normative goals are largely irrelevant in the eyes of neorealists, as norms and rules contribute little to the pursuit of security and accumulation of material wealth that are vital to international competition. Table 2.1 summarizes the prediction of neorealism on how states will tackle the three basic patterns of goal conflicts as proposed by this study.

Table 2.1: Neorealist predictions on solutions to goal conflicts

| Goal conflicts | Neorealist approach |
|------------------------|--------------------------|
| Security vs. normative | Prioritize security goal |
| Economic vs. normative | Prioritize economic goal |
| Security vs. economic | Prioritize security goal |

There are two additional issues worth mentioning before applying the neorealist approach to my case analysis. First, neorealism does not understand the EU as a foreign policy actor in its own right. National security, according to realists, is ultimately an individual effort. States act on the basis of self-help, meaning that they must each take appropriate steps to ensure their own survival in the anarchical international system. Realists do not believe it is prudent for a state to entrust its survival to another actor, to a union of states such as the EU, or to international

³⁷ Weldes, "Constructing National Interests," 278.

institutions such as the United Nations (UN).³⁸ Therefore, although I ascribe some actorness to the EU in my empirical analysis, when it comes to neorealist theory testing, the unitary actor under examination will be individual member states rather than the union of them.

Second, while people often use the word “security” indiscriminately in daily life, it should be noted that neorealism highlights a clear and strict interpretation of the term “security goal” or “security interest,” which is defined according to the realistic and objective threat to a state derived from the distribution of power in the international system. In other words, neorealists maintain that the security problems faced by a state should be determined by its relative power position vis-à-vis other states. In this context, one has to be careful when applying neorealist assumptions to empirical analysis. In Chapters 4 through 7, I call the proliferation of terrorism, the irregular flow of Middle Eastern migrants, the Muslim revolts against the Communist Party’s rule, etc. as “security” problems faced by EU and Chinese decision makers. However, in a neorealist setting, none of the issues mentioned just now can be framed as security threats, given that these problems do not entail any change of the relative power of China or an EU member state in their respective international environment. As a result, even if I conclude from my empirical data that an actor has chosen to prioritize security goals over other foreign policy objectives, it has to be recognized that this finding does not necessarily confirm the neorealist assumption that security interests determine a state’s foreign policy decisions.

2.3. Bureaucratic politics approach to FPA

The core assumption of neorealism is that states are rational, unitary actors whose foreign policy activity is the record of jockeying for position against others within the international system. Foreign policy analysis, neorealists suggest, should start by

³⁸ Schmidt, “The Primacy of National Security,” 194.

examining a state's relative capabilities and its external environment, since these factors will be translated smoothly into foreign policy behavior and shape how that state chooses to advance its interests.³⁹ This neorealist assumption, however, has been challenged since the 1950s by a growing number of scholars, who have argued that foreign policy has its sources not in anarchy and the distribution of power but in domestic factors, in which decision makers, state bureaucracies, and political institutions all play important roles in determining a state's foreign policy choice.⁴⁰ Scholars such as Robert Jervis, Harold Sprout and Margaret Sprout, for example, started by investigating the behavior of individual decision makers and their influence on foreign policy choice.⁴¹ Meanwhile, some other FPA scholars have argued that the focus on the individual decision maker is too narrow: while the executive leader is clearly a key component of FPA, foreign policy process also takes place within the context of government institutions which are specifically charged with interpreting and implementing policies on behalf of the state.⁴²

In this context, in the early 1960s, a group of scholars—Neustadt, Huntington, Crozier, Schilling and his colleagues—sought to investigate the impact of bureaucracies on foreign policy.⁴³ Their studies provide empirical insights into how decision-making processes determine the content of foreign policy. According to these scholars, different institutional settings often result in officials and politicians viewing foreign policy issues through different prisms, and in turn, advocating distinctly different

³⁹ Rose, "Neoclassical Realism and Theories of Foreign Policy," 149.

⁴⁰ Alden and Aran, *Foreign Policy Analysis: New Approaches*, 6.

⁴¹ Harold Hance Sprout and Margaret Sprout, *Man-Milieu Relationship Hypotheses in the Context of International Politics* (Center for International Studies, Princeton University, 1956); Robert Jervis, *Perception and Misperception in International Politics* (Princeton University Press, 1976).

⁴² Alden and Aran, *Foreign Policy Analysis: New Approaches*, 6.

⁴³ Richard E. Neustadt, *Presidential Power: The Politics of Leadership*. (New York: Wiley, 1960); Samuel P. Huntington, *The Common Defense: Strategic Programs in National Defense* (New York: Columbia University Press, 1961); Warner Roller Schilling, Paul Y. Hammond, and Glenn H. Snyder, *Strategy, Politics, and Defense Budgets* (New York: Columbia University Press, 1962); Michel Crozier, *The Bureaucratic Phenomenon: An Examination of Bureaucracy in Modern Organizations and Its Cultural Setting in France* (Chicago: University of Chicago Press, 1964); as cited in Alden and Aran, *Foreign Policy Analysis: New Approaches*, 45.

proposals. The political leadership, meanwhile, should be portrayed as the ability to persuade and achieve consensus among policy makers representing various bureaucracies.⁴⁴

In the 1970s, Graham Allison built on the empirical studies of previous researchers a model of bureaucratic politics.⁴⁵ This approach to FPA has since been developed by Allison himself, Morton Halperin, Robert Gallucci, among others, and applied in numerous case studies.⁴⁶ Essentially, the key hypothesis of the bureaucratic politics approach, as summarized by Christopher Hill, is that “ministries and other bureaucratic units pursue at best their own versions of the national interest and at worst their own parochial concerns, so that foreign policy-making becomes an inward-looking battleground in which decisions are produced by horse-trading more than logic.”⁴⁷

According to Allison, large, bureaucratic organizations are relevant to foreign policy for three reasons. First, they generate outputs to help top policy makers reach decisions. These outputs include: the information bureaucracies provide to top leaders; the foreign policy options they present to leaders to choose from; and the routine responses, coined as “standard operating procedures,” which shape how foreign policy decisions are implemented.⁴⁸

Second, bureaucracies develop common attitudes and shared images, which play a role in framing how a particular issue or event is perceived by foreign policy makers.

⁴⁴ Alden and Aran, *Foreign Policy Analysis: New Approaches*, 46.

⁴⁵ Graham Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (New York: HarperCollins, 1971).

⁴⁶ Morton H. Halperin, Priscilla Clapp, and Arnold Kanter, *Bureaucratic Politics and Foreign Policy* (Washington D. C.: the Brookings Institution, 1974); Robert L. Gallucci, *Neither Peace nor Honor* (John Hopkins University Press, 1975); Graham Allison and Philip Zelikow, *Essence of Decision: Explaining the Cuban Missile Crisis* (New York: Addison-Wesley, 1999); as cited in Hill, *The Changing Politics of Foreign Policy*, 85.

⁴⁷ Hill, *The Changing Politics of Foreign Policy*, 86.

⁴⁸ Allison, *Essence of Decision*, 698–700, as cited in Alden and Aran, *Foreign Policy Analysis: New Approaches*, 46.

Bureaucracies often employ the prism of their common attitudes and shared images to examine the implications of a foreign policy event. For example, when considering a security issue, the Treasury tends to focus on the budgetary implications, the Department of Defense on the repercussions for national security, while the Foreign Office most likely focuses on the diplomatic ramifications.⁴⁹ A generalization of this phenomenon is the adage “where you stand depends upon where you sit,” which implies that organizational affiliation will largely determine the focus and standing of officials coming from different bureaucracies. This may inevitably produce long-standing rivalry and competition in the process of foreign policy-making.⁵⁰

In addition to framing foreign policy issues based on their collective attitudes and images, bureaucracies also influence foreign policy decisions by seeking their individual interests in the power-sharing structure of the government. The bureaucratic interests they pursue include, among others, enhancing influence in the domestic political arena, augmenting resources, furthering the ability to fulfill stated missions, and maintaining morale among their personnel.⁵¹ These interests, which reflect the organizational health and position of a given bureaucracy, often may not coincide with the so-called “national interest” highlighted by neorealists. In fact, since each bureaucracy “manipulates” foreign policy in the direction that corresponds to its own benefits, bureaucratic considerations may in the end override national interest.⁵²

⁴⁹ Graham T. Allison and Morton H. Halperin, “Bureaucratic Politics: A Paradigm and Some Policy Implications,” *World Politics* 24 (1972): 56; Robert J. Art, “Bureaucratic Politics and American Foreign Policy: A Critique,” *Policy Sciences* 4, no. 4 (1973): 472–74; as cited in Alden and Aran, *Foreign Policy Analysis: New Approaches*, 46–47.

⁵⁰ Valerie M. Hudson, *Foreign Policy Analysis: Classic and Contemporary Theory* (Rowman & Littlefield, 2014), 102.

⁵¹ Graham Allison, *Conceptual Models and the Cuban Missile Crisis* (Ardent Media Incorporated, 1991), 708–12; Morton H. Halperin, “Why Bureaucrats Play Games,” *Foreign Policy*, no. 2 (Spring 1971): 70–90; as cited in Alden and Aran, *Foreign Policy Analysis: New Approaches*, 47.

⁵² Lawrence Freedman, “Logic, Politics and Foreign Policy Processes: A Critique of the Bureaucratic Politics Model,” *International Affairs* 52, no. 3 (1976): 437; as cited in Alden and Aran, *Foreign Policy Analysis: New Approaches*, 47.

Because of bureaucratic politics, foreign policy decisions often take the form of “resultants” distinct from what has been intended by any person or group.⁵³ Foreign policy analysts following the bureaucratic politics approach are reluctant to call the outcome of policy-making a “decision.” After all the bureaucratic infighting involved in the policy-making process, what is left over is seen by analysts as something less than a decision but more of resultant, which connotes that the final policy output would probably not coincide with what has been chosen by any bureaucracy. In other words, the outcome probably indicates the lowest common denominator, upon which most of the participants in the process can agree.⁵⁴

To sum up, the bureaucratic politics approach challenges the notion of state-as-actor in FPA. On the contrary, states are neither unitary nor rational actors. Foreign policy-making has its sources in the bureaucratic infightings, in which there is no unitary actor but rather many players. Bureaucracies do not focus on a single strategic issue but on many diverse intra-national problems, framed according to their common attitudes and shared images.⁵⁵ Foreign policy decisions, as a result, take the form of resultants rather than the rational and strategic decisions assumed by neorealists.

That said, the bureaucratic politics approach is also different from the study of individual decision makers in FPA. Although studying bureaucratic politics necessitates an examination of the interaction of government officials who take part in bureaucratic bargaining such as the foreign, defense and finance ministers, the bureaucratic politics approach assumes that these players represent factional rather than individual interests, and that the competition involved in such interaction is primarily bureaucratic rather than personal.⁵⁶

⁵³ Walter Carlsnaes, “Actors, Structures, and Foreign Policy Analysis,” in *Foreign Policy: Theories, Actors, Cases*, ed. Steve Smith, Amelia Hadfield, and Tim Dunne, 2nd ed. (Oxford University Press, 2012), 123.

⁵⁴ Hudson, *Foreign Policy Analysis: Classic and Contemporary Theory*, 103.

⁵⁵ Allison and Halperin, “Bureaucratic Politics,” 43; as cited in Alden and Aran, *Foreign Policy Analysis: New Approaches*, 47.

⁵⁶ Carlsnaes, “Actors, Structures, and Foreign Policy Analysis,” 123.

In light of the bureaucratic politics approach, a state advancing competing foreign policy goals can be seen as a natural reflection of its domestic bureaucratic rivalry: different ministries, departments or offices are prone to prioritize foreign policy goals that correspond with their own interest instead of trying to liaise to construct a united and coherent national position.⁵⁷

In this context, analysts of bureaucratic politics believe there is no certainty as to how goal conflicts can be resolved. As shown by Halperin in his book on the US Anti-Ballistic Missile System decision of 1967, foreign policy in the bureaucratic politics perspective either gets made by accident or is captured unpredictably by different elements at different times.⁵⁸ Although researchers can roughly predict the positions taken by various bureaucratic participants of the foreign policy process, predicting which will prevail is always a complex calculation.⁵⁹ The solution to goal conflicts will depend largely on the outcome of bureaucratic infighting among promoters of different foreign policy goals, with no certainty as to which one might come out on top.⁶⁰ In this regard, Table 2.2 summarizes the predictions of the bureaucratic politics approach on how states will tackle the three basic patterns of goal conflicts discussed in this research.

Table 2.2: Bureaucratic politics predictions on the solutions to goal conflicts

| Goal conflicts | Bureaucratic politics approach |
|------------------------|--|
| Security vs. normative | Depend on the outcome of bureaucratic infighting |
| Economic vs. normative | |
| Security vs. economic | |

⁵⁷ Hill, *The Changing Politics of Foreign Policy*, 86–87.

⁵⁸ Halperin, Clapp, and Kanter, *Bureaucratic Politics and Foreign Policy*, chap. 1 and 16; Hill, *The Changing Politics of Foreign Policy*, 87.

⁵⁹ Hudson, *Foreign Policy Analysis: Classic and Contemporary Theory*, 102.

⁶⁰ Hill, *The Changing Politics of Foreign Policy*, 86–87; Allison and Zelikow, *Essence of Decision*, 256, as cited in Carlsnaes, “Actors, Structures, and Foreign Policy Analysis,” 123.

Before applying the bureaucratic politics approach to my case analysis, it is worth mentioning at this stage the government agencies I shall look at for the study of the EU's and China's Middle East policies. I have chosen relevant agencies according to their policy domain, political influence, expertise and interest in the Middle East region. Within the government apparatus of China, I will mainly focus on the roles played by foreign policy bureaucracies at the central level, including the Ministry of Foreign Affairs, Ministry of Commerce, Ministry of State Security, and the International and Propaganda Departments of the CPC Central Committee. Chapter 3 introduces China's Middle East policy-making process as well as the functions and preferences of relevant bureaucracies.

When it comes to the EU, this study should, theoretically, explore the bureaucratic politics taking place at two stages. At the EU level, it is necessary to investigate the competition among different directorates of the European Commission, and the interaction between the Commission, the Council, the High Representative, and the European Parliament. Aside from that, this study should also look at the national foreign policy players within each member state, such as the foreign ministry, interior ministry, the ministry for economic affairs, etc. In light of the framework and scope of this project, it is not possible to probe into the bureaucratic politics taking place in each and every EU member state. Instead, the focus is placed on the rivalries between different institutions at the EU level. Chapter 3 offers an introduction to the EU's foreign policy process as well as the functions and preferences of key institutions.

2.4. Constructivist approach to FPA

As the main contender to rationalism, constructivism is essentially a meta-theoretical standpoint for the study of social phenomena. The origins of constructivism in IR can be traced back to the early 1980s, when critical and post-modern theories suggested alternative readings of the very notions of reality, truth and structure, and questioned

widely accepted understandings of foundational IR concepts.⁶¹ From the early 1990s onwards, the end of the Cold War further contributed to the rapid spread of constructivism into IR, as both realist and liberal theories failed to predict—and initially even to explain—the dissolution of the Soviet Union.⁶²

Presenting a fundamentally different approach to the study of IR, constructivism has offered scholars alternative understandings of some of the most central themes in international relations, such as the meaning of anarchy and balance of power, the relationship between state identity and interest, and the prospects for change.⁶³ At a minimum, all strands of constructivism converge on an ontology that depicts the social world as inter-subjectively and collectively meaningful structures and processes.⁶⁴

For example, in his influential article “Anarchy is What States Make of It,” Alexander Wendt challenged the realist assumption that the absence of political authority in the international system forces states into securing their survival based on self-help. Wendt argues that self-help and power politics do not follow logically from anarchy because self-help is not a structural feature but an institution based on particular inter-subjective understandings about self and others. States act differently towards enemies than they do towards friends because enemies are threatening while friends are not.⁶⁵ Take nuclear weapons as an example, Iranian nuclear warheads are seen by

⁶¹ Steve Smith, “The Self-Images of a Discipline: A Genealogy of International Relations Theory,” in *International Relations Theory Today*, ed. K. Booth and S. Smith (Cambridge: Polity Press, 1995), 25; as cited in Trine Flockhart, “Constructivism and Foreign Policy,” in *Foreign Policy: Theories, Actors, Cases*, ed. Steve Smith, Amelia Hadfield, and Tim Dunne, 2nd ed. (Oxford University Press, 2012), 79–80.

⁶² Flockhart, “Constructivism and Foreign Policy,” 79–80.

⁶³ Ted Hopf, “The Promise of Constructivism in International Relations Theory,” *International Security* 23, no. 1 (1998): 172; as cited in Flockhart, “Constructivism and Foreign Policy,” 80.

⁶⁴ Emanuel Adler, “Constructivism and International Relations,” in *Handbook of International Relations* (London: SAGE Publications Ltd, 2002), 100; Walter Carlsnaes, “Foreign Policy,” in *Handbook of International Relations*, ed. Walter Carlsnaes, Thomas Risse, and Beth A. Simmons (London: SAGE Publications Ltd, 2013), 312.

⁶⁵ Alexander Wendt, “Anarchy Is What States Make of It: The Social Construction of Power Politics,” *International Organization* 46, no. 2 (1992): 396.

European states as threats, whereas American warheads are not. This is because the meaning of the latter is interpreted within a social context of friendship, where cooperation is the dominant practice.⁶⁶

Constructivists argue thereby that material facts alone have no meaning without understanding the social context, the shared knowledge, and the practices surrounding it.⁶⁷ Wendt, for example, maintains that there exist different “cultures of anarchy”: it could be conflictual and based on self-help; competitive and based on rivalry; or friendly and based on cooperation. In short, anarchy is what states make of it.⁶⁸ More important than the causal effects of anarchy as alleged by realists should be its divergent meanings to different states. The meaning of anarchy is not fixed but varies with prevailing identities embedded in a particular culture.⁶⁹ The structure of the international system cannot be understood through reference only to material forces such as natural resources and military power. Instead, it consists of both material and ideational factors.⁷⁰

Constructivists hold that the rationalist mode of analysis, such as that of realism and liberalism, often ignore or downplay the role of “ideas” in international relations. Ideas represent a broad category encompassing all kinds of beliefs, perceptions and meanings that actors share and simultaneously reproduce in their interactions and practices.⁷¹ One type of idea that has been extensively studied by constructivists is that of the norm. Norms are collective understandings that make behavioral claims on

⁶⁶ Flockhart, “Constructivism and Foreign Policy,” 84.

⁶⁷ Ibid.

⁶⁸ Ibid., 80–81.

⁶⁹ Wendt, “Anarchy Is What States Make of It: The Social Construction of Power Politics”; Alexander Wendt, *Social Theory of International Politics* (Cambridge: Cambridge University Press, 1999); Rittberger, “Approaches to the Study of Foreign Policy Derived from International Relations Theories,” 6.

⁷⁰ Flockhart, “Constructivism and Foreign Policy,” 84.

⁷¹ Wendt, *Social Theory of International Politics*; Rittberger, “Approaches to the Study of Foreign Policy Derived from International Relations Theories,” 6.

those actors who see the norm as salient.⁷² A norm serves as a cognitive map for states to distinguish appropriate from inappropriate behaviors and therefore has a major constitutive influence on defining the identity and interest of a state.⁷³

Rationalist theories of international politics are not altogether ignorant of norms but, according to constructivists, are unable to grasp their full social meaning. Rationalist theories depict norms either as constraints which actors take into account when making rational cost-benefit calculations or as instruments that they use to further material interests. From a constructivist perspective, however, norms and the social roles they constitute are internalized by actors, shaping their very self-understanding and their recognition of what is the appropriate behavior expected from them in a given situation.⁷⁴

March and Oslen summarized the difference between rationalist and constructivist approaches by referring to two logics of action. From a rationalist perspective, foreign policy behavior is driven by the “logic of consequences,” under which an actor will calculate the consequences entailed by different courses of action and choose the one that offers them the most utility. A constructivist approach, in contrast, highlights the “logic of appropriateness.” Constructivists argue that actors adhere not only to the logic of consequences. More importantly, they are also rule followers who are prone to act in line with the norms they endorse.⁷⁵

⁷² Matthew J. Hoffmann, “Norms and Social Constructivism in International Relations,” in *The International Studies Encyclopedia* (Oxford: Blackwell Publishing, 2010), 2; Flockhart, “Constructivism and Foreign Policy,” 84.

⁷³ Flockhart, “Constructivism and Foreign Policy,” 84.

⁷⁴ Rittberger, “Approaches to the Study of Foreign Policy Derived from International Relations Theories,” 7; Flockhart, “Constructivism and Foreign Policy,” 86.

⁷⁵ James G. March and Johan P. Olsen, *Rediscovering Institutions: The Organizational Basis of Politics* (New York: Free Press, 1989); as cited in Flockhart, “Constructivism and Foreign Policy,” 86.

Constructivists predict an actor’s foreign policy behavior to be norm-consistent. When facing goal conflicts, an actor is expected to prioritize the goal that it deems most appropriate, that is, the goal that conforms to its foreign policy norms. Specifically, when security and economic goals clash with normative ones, normative goals will take precedence over the former. When security and economic goals conflict, an actor will tend to prioritize the practice that is most productive in advancing its normative pursuit. Table 2.3 summarizes the predictions of the constructivist approach to FPA on the way an actor resolves goal conflicts.

Table 2.3: Constructivist predictions on solutions to goal conflicts

| Goal conflicts | Constructivist approach |
|------------------------|---|
| Security vs. normative | Prioritize normative goal |
| Economic vs. normative | Prioritize normative goal |
| Security vs. economic | Prioritize the goal that conforms to one’s foreign policy norms |

The extent to which a norm can guide an actor’s foreign policy behavior depends largely on the “strength” of this norm. Boekle, Rittberger and Wagner argue that the strength of a norm can be judged on two properties: its commonality, namely, the extent to which a norm is widely shared by actors in the international system; and its specificity, that is, how precisely the norm distinguishes appropriate from inappropriate behavior.⁷⁶ This study discerns the norms upheld by the EU and China according to their commonality and specificity. For the EU, this project joins in the well-known debate depicting the EU as a normative power seeking to advance democracy, human rights, and the rule of law in the wider world (see Section 3.2.1 for details).⁷⁷ As for China, the norms repeatedly underlined by the Chinese leadership

⁷⁶ Henning Boekle, Volker Rittberger, and Wolfgang Wagner, “Constructivist Foreign Policy Theory,” in *German Foreign Policy since Unification: Theories and Case Studies* (Manchester and New York: Manchester University Press, 2001), 109; Rittberger, “Approaches to the Study of Foreign Policy Derived from International Relations Theories,” 22–23, 25.

⁷⁷ See Ian Manners, “Normative Power Europe: A Contradiction in Terms?,” *JCMS: Journal of Common Market Studies* 40, no. 2 (June 2002): 235–58; Adrian Hyde-Price, “‘Normative’ power Europe: A Realist Critique,”

are largely in contrast to that of the EU. Chinese foreign policy features a strong defense of sovereign rights and territorial integrity, and promotes the principle of non-interference in each other's internal affairs (see Section 3.3.1). I leave out some other normative claims made by the Chinese government, such as promoting “fairness” and “justice” in international affairs, since these terms are not precise enough to distinguish appropriate from inappropriate foreign policy behaviors and thereby cannot be translated smoothly into imperatives for action.

2.5. Summary

Chapter 2 presents the theoretical framework of this study. It outlines three sets of predictions on the way foreign policy actors are expected to solve goal conflicts. These predictions are derived respectively from the neorealist, bureaucratic politics, and constructivist approaches to FPA. Both the neorealist and the bureaucratic politics predictions are based on the assumption of rational choice, that is, a rational actor—be it a state or a government bureaucracy—will make decisions according to the self-interested calculation of costs and benefits. However, the two approaches differ sharply on who can be regarded as the fundamental actor of foreign policy-making. Neorealism takes the state as the unitary, rational actor of international relations, whereas the bureaucratic politics model focuses on how bureaucracies advance their interests within the state apparatus. Finally, the constructivist approach to FPA breaks with the rationalist consensus shared by neorealism and the bureaucratic politics model, arguing that actors follow mostly the logic of appropriateness than that of

Journal of European Public Policy 13, no. 2 (2006): 217–234; Ian Manners, “Normative Power Europe Reconsidered: Beyond the Crossroads,” *Journal of European Public Policy* 13, no. 2 (2006): 182–199; Federica Bicchieri, “‘Our Size Fits All’: Normative Power Europe and the Mediterranean,” *Journal of European Public Policy* 13, no. 2 (2006): 286–303; Thomas Diez, “Constructing the Self and Changing Others: Reconsidering Normative Power Europe,” *Millennium-Journal of International Studies* 33, no. 3 (2005): 613–636; Michelle Pace, “Paradoxes and Contradictions in EU Democracy Promotion in the Mediterranean: The Limits of EU Normative Power,” *Democratization* 16, no. 1 (February 1, 2009): 39–58; Sibylle Scheipers and Daniela Sicurelli, “Normative Power Europe: A Credible Utopia?,” *JCMS: Journal of Common Market Studies* 45, no. 2 (2007): 435–457.

consequentiality. Foreign policy actors, in this context, are depicted as norm-guided players instead of power or utility maximizers.⁷⁸

Regarding the solutions to goal conflicts, the following table summarizes the predictions I have developed from the three approaches to FPA. As is shown in the table, neorealists predict that when security goals clash with economic and normative objectives, security should be addressed prior to economic and normative matters. When economic and normative goals conflict, an actor is expected to follow economic interests without paying much attention to its normative claims.

Table 2.4: Summary of predictions made by three approaches to FPA

| Goal conflicts | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|------------------------|--------------------------|--|---|
| Security vs. normative | Prioritize security goal | Depend on the outcome of bureaucratic infighting | Prioritize normative goal |
| Economic vs. normative | Prioritize economic goal | | Prioritize normative goal |
| Security vs. economic | Prioritize security goal | | Prioritize the goal that conforms to one's foreign policy norms |

In contrast to neorealism, the constructivist approach predicts an actor will prioritize the “most appropriate” goal, which should conform to the norms and values it seeks to promote. As a result, when security and economic goals clash with normative agendas, an actor will tend to advance its normative pursuits at the expense of some security and economic interests. When security and economic goals conflict, an actor will prioritize the one that is more consistent with its normative objectives.

⁷⁸ Rittberger, “Approaches to the Study of Foreign Policy Derived from International Relations Theories,” 28.

Unlike the other two approaches, the bureaucratic politics model cannot provide us with similar predictions indicating which goal will take precedence over the other in the case of goal conflicts. Instead, it offers us an explanatory model that interprets the arrangement of conflicting goals according to the bureaucratic rivalries within a state (or a group of states, as in the case of the EU).

After clarifying my theoretical framework, the next chapter will focus on the empirics by introducing the EU's and China's foreign policy objectives in the Middle East and their respective policy-making process. Then in Chapters 4 through 7, I will explore the goal conflicts faced by the EU and China in their foreign policy-making towards Egypt and Iran, and examine my theoretical predictions against the findings on how the two actors have resolved conflicting foreign policy goals.

3. The EU's and China's Middle East policy-making: goals and processes

3.1. Introduction

This chapter introduces the EU's and China's foreign policy objectives in the Middle East as well as their respective policy-making processes. It contributes to the literature on the study of China's Middle East policy, which focuses largely on policy evaluation but rarely covers the preferences, impacts and interactions of different political institutions and economic actors in the decision-making process. However, the main purpose of this chapter is not to fill in the gap within existing literature in general, but rather to familiarize readers with the goals, actors and mechanisms of the EU's and China's Middle East policy decisions before I examine them in detail in Chapters 4 to 7.

3.2. The EU's Middle East policy-making

3.2.1. The core principles and objectives of the EU's Middle East policy

The formal principles and objectives of the EU's international action are put forward by the Treaty on European Union (TEU). Article 21 (1) of the TEU indicates that: “the EU's action on the international scene shall be guided by the principles which have inspired its own creation, development and enlargement, and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the UN Charter and international law.”⁷⁹

⁷⁹ “Consolidated Version of the Treaty on European Union” (EUR-Lex, n.d.), <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A12012M%2FTXT>.

According to principles outlined by the TEU, the EU takes its own value-driven history as a point of departure for promoting these standards to the rest of the world, the Middle East being no exception.⁸⁰ In addition to foreign policy principles, Article 21 (2) of the TEU lists eight objectives for the EU's international action. The first goal—safeguarding the Union's values, fundamental interests, security, independence and integrity—can be understood as an overarching general objective of EU foreign policy. The second objective is to pursue the principles which are set out in Article 21 (1) mentioned above: democracy, rule of law, human rights and the principles of international law.

Objectives three through seven refer to the goals of major components of EU foreign policy. In the security sphere, the EU aims at preserving peace, preventing conflicts and strengthening international security. On development issues, the goal is to foster sustainable development in developing countries, with the primary aim of eradicating poverty. For trade policy, the EU seeks to encourage the integration of all countries into the world economy. Regarding the environment, it seeks to combat pollution and promote the sustainable management of global natural resources. With its humanitarian policy, the EU aims to assist populations, countries and regions confronting natural or human-caused disasters. Finally, the eighth objective of the Union focuses on the promotion of an international system based on stronger multilateral cooperation and good global governance.⁸¹

Article 21 of the TEU, while outlining the EU's foreign policy objectives, does not set priorities. It gives the impression that all objectives indicated by the Treaty should be of equal importance. However, a closer look at the EU's foreign policy process (see

⁸⁰ Stephan Keukeleire and Tom Delreux, *The Foreign Policy of the European Union* (Palgrave Macmillan, 2014), 25.

⁸¹ "Consolidated Version of the Treaty on European Union"; Keukeleire and Delreux, *The Foreign Policy of the European Union*, 26.

next section) shows that the Union, in reality, relies on very different legal competences, budgetary instruments and institutional frameworks to achieve various foreign policy goals.⁸² Moreover, in relation to this study, the objectives included in the TEU, although generally acknowledged by member states and the Brussels institutions, are not always compatible in practice. Within the case analyses of this research, I shall investigate the different scenarios of such goal conflicts faced by the EU in its foreign policy-making towards Egypt and Iran.

In light of the core principles and objectives set by the TEU, the EU's foreign policy in the Middle East, according to the Union's official discourse, aims at promoting democracy, security and economic prosperity in the region, with a special focus on the EU's immediate neighborhood. Normative rhetoric has always been present in the EU's Middle East policy, which is driven by the values of democracy, rule of law and human rights. In particular, the EU insists on "shared values" as the basis for developing relations with its southern neighbors in the Middle East region.⁸³

In addition to this ethical dimension, the EU also pursues more pragmatic objectives in the Middle East, among which maintaining security, stability and order is prominent. The EU cooperates with regional countries on fighting illegal migration and combating terrorism and organized crime in order to preserve a stable and secure environment on its borders. It also resolves to help settle conflicts and crises across the Middle East, such as the Israeli-Palestinian conflict, the Syrian civil war and the nuclear crisis of Iran.⁸⁴

⁸² Keukeleire and Delreux, *The Foreign Policy of the European Union*, 26.

⁸³ Gergana Noutcheva, "Institutional Governance of European Neighbourhood Policy in the Wake of the Arab Spring," *Journal of European Integration* 37, no. 1 (January 2, 2015): 23.

⁸⁴ *Ibid.*, 24–25; Stefania Panebianco, "The EU and the Middle East," in *The Foreign Policy of the European Union: Assessing Europe's Role in the World*, ed. Federiga Bindi (Washington D. C.: Brookings Institution Press, 2010), 183–84; Keukeleire and Delreux, *The Foreign Policy of the European Union*, 267–71.

Last but not least, the EU seeks its economic and energy interests in the Middle East, and pledges to play the role of regional stabilizer by consolidating economic cooperation and integration with regional countries. The core of the EU-initiated economic cooperation deal is to encourage neighboring economies to converge with the European single market by offering them improved market access and financial assistance. The Union assumes that integrating some Middle Eastern economies into the EU internal market can help produce a spillover effect, giving rise to local political and economic reforms, and ultimately contributing to the democratization and stabilization of the region.⁸⁵

3.2.2. The EU's foreign policy process and its application to the Middle East

3.2.2.1. Two policy-making methods

Theoretically, the EU's foreign policy process is governed by two types of policy-making methods: the "Community method," which refers to the mechanism used in the European Community, and the "inter-governmental method," in which member states retain control over foreign policy decisions. Simply put, the Community method applies to decisions made on the EU's "external action" (trade, development cooperation and humanitarian aid) and the "external dimension of internal policies" (such as environment and energy issues). In these spheres, the European Commission proposes a policy initiative; the Council of the EU (hereinafter, the Council) makes the decision (alone, in co-decision with the European Parliament, or after consultation with the Parliament) by qualified majority voting; and the Commission implements, controls and manages budgets.⁸⁶

⁸⁵ Noutcheva, "Institutional Governance of European Neighbourhood Policy in the Wake of the Arab Spring," 26; Panebianco, "The EU and the Middle East," 184.

⁸⁶ Keukeleire and Delreux, *The Foreign Policy of the European Union*, 61–62.

The intergovernmental method, in contrast, mainly applies to the making of EU Common Foreign and Security Policy (CFSP) and Common Security and Defense Policy (CSDP). In this framework, member state governments maintain strict control over policy decisions and coordinate their national positions within the Council based on unanimity vote.⁸⁷

3.2.2.2. Key institutions

The European Council

Every three months, the European Council brings together the heads of EU member states, the President of the European Commission, and the High Representative for Foreign Affairs and Security Policy in determining the strategic direction, scope and main decisions of the European Union. In foreign policy-making, the European Council identifies the EU's strategic interests and defines the general guidelines for foreign policy, especially in the event of major international developments, such as the Arab uprisings of 2011, the large inflow of refugees to the EU, and the negotiations on a comprehensive nuclear deal with Iran. Moreover, at the European Council summits, leaders sometimes make crucial intergovernmental and inter-institutional bargains on the more complex and sensitive foreign policy issues that cannot be resolved at the lower levels of cooperation.⁸⁸

Certainly, there is considerable distance between defining general foreign policy principles and guidelines, on the one hand, and putting them into practice, on the other hand. As a result, the majority of European Council decisions require further political follow-up, operational implementation and legal translation. The effectiveness of European Council decisions, therefore, depends largely on the formal

⁸⁷ Ibid., 61–63.

⁸⁸ Ibid., 63–65; “European Council - The EU Institutions Explained,” accessed October 5, 2015, http://europa.eu/about-eu/institutions-bodies/european-council/index_en.htm.

actors within the EU—the Council, the Commission and the High Representative, to name but a few.⁸⁹

The Council of the EU

The Council serves as the main foreign policy decision-making body of the EU. It meets in ten configurations, depending on the policy area at stake and the ministers attending. The primary Council configuration for foreign policy is the Foreign Affairs Council (FAC), which deals with external trade, development cooperation, humanitarian aid, international agreements, and security and defense issues. Additional relevant Council configurations to foreign policy-making include the Economic and Financial Affairs Council, the Justice and Home Affairs Council, the General Affairs Council, among others.⁹⁰

Meeting once per month, the FAC brings together member states' foreign ministers and the High Representative of the Commission, who chairs most FAC meetings. In regard to the CFSP and CSDP, the FAC serves as the dominant body overseeing all stages of the foreign policy process, from issue definition to decision-making, implementation and control. In conjunction with the European Council, the FAC ensures that the EU's security and defense policies remain under member state control and supervision.

That said, when it comes to EU external action and the external dimension of internal policies, the FAC cannot dominate the foreign policy process but rather is obliged to cooperate with other EU institutions. For example, the Council needs to ask the Commission to take initiatives and propose legislation, since it cannot legislate without a formal Commission proposal. Moreover, in fields such as budgetary

⁸⁹ Keukeleire and Delreux, *The Foreign Policy of the European Union*, 66.

⁹⁰ Ibid.

decisions and association agreements, the FAC is obliged to make decisions with the consent of the European Parliament.⁹¹

The European Commission

The European Commission is the EU's politically independent executive arm.⁹² The Commission comprises a team of 28 decision makers called Commissioners, each overseeing certain policy areas of the EU. The Commissioners, collectively led by the Commission President, make decisions on the EU's strategies and policies. They also propose laws, funding programs and the annual budget to be discussed and adopted by the Council and the European Parliament.⁹³ Below the political leadership of the Commissioners is the big administrative body of European civil servants, divided into Directorate Generals (DGs) and Services. The Commissioners directly involved in Middle Eastern affairs rely mostly on the following departments for decision-making and implementation: DG Trade, DG European Neighborhood Policy and Enlargement Negotiations, DG International Cooperation and Development, DG Migration and Home Affairs, and the Foreign Policy Instruments Service.

Depending on the issues being discussed, the European Commission has different foreign policy responsibilities. When it comes to trade, energy, development cooperation and humanitarian aid, the Commission is involved in all stages of policy-making. It takes charge of the negotiations with third countries and international organizations on behalf of the EU. More importantly, the Commission enjoys the exclusive right of initiative, since the Council and Parliament can only adopt legislative acts and conclude international agreements on the basis of a formal

⁹¹ Keukeleire and Delreux, *The Foreign Policy of the European Union*, 67.

⁹² "European Commission - The EU Institutions Explained," accessed October 5, 2015, http://europa.eu/about-eu/institutions-bodies/european-commission/index_en.htm#goto_6.

⁹³ "Political Leadership of the European Commission," *European Commission*, accessed April 23, 2017, https://ec.europa.eu/info/about-european-union/organisational-structure/political-leadership_en.

proposal made by the Commission. That said, when it comes to CFSP and CSDP decisions, the Commission is largely sidelined.⁹⁴

The High Representative and European External Action Service

The High Representative for Foreign Affairs and Security Policy, also serving as the Vice President of the European Commission, is the chief coordinator of the EU's foreign policy tools and representative of the EU in matters related to CFSP. The High Representative presides over the FAC. He/she can submit initiatives and proposals to the Council with regard to the CFSP and CSDP, and is responsible for ensuring the implementation of CFSP decisions adopted by the Council. By taking leading positions in both the Council and the Commission, the High Representative is expected to bridge the two institutions, as well as the different areas of EU foreign policy.⁹⁵

In its role as the EU diplomatic service, the European External Action Service (EEAS) assists the High Representative in implementing the CFSP.⁹⁶ A crucial component of the Service is the network of more than 140 EU delegations, which represent the Union in third countries and international organizations and act in close cooperation with member states' diplomatic missions.⁹⁷

⁹⁴ Keukeleire and Delreux, *The Foreign Policy of the European Union*, 75–77.

⁹⁵ “High Representative/Vice President,” *EEAS*, June 14, 2016, https://eeas.europa.eu/headquarters/headquarters-homepage/3598/high-representativevice-president_en; Keukeleire and Delreux, *The Foreign Policy of the European Union*, 78–79.

⁹⁶ “About the European External Action Service (EEAS),” accessed October 5, 2015, http://eeas.europa.eu/background/about/index_en.htm.

⁹⁷ “Structure of the EEAS,” accessed October 5, 2015, http://eeas.europa.eu/background/organisation/index_en.htm.

The European Parliament

The influence of the European Parliament on foreign policy-making is generally quite limited. The Parliament's marginal position is particularly apparent in CFSP and CSDP decision-making, in which it is granted only a limited, consultative role. Nevertheless, as I shall mention in Chapter 4, the European Parliament's Foreign Affairs Committee does make an effort in pressuring other institutions to take the human rights and democracy dimensions of EU foreign policy more seriously.

That said, regarding EU external action and the internal policies with an external dimension, the European Parliament has two major instruments to influence foreign policy decisions: the consent procedure, which gives it veto power over the ratification of international agreements; and its decision in the budgetary process.⁹⁸

3.2.2.3. The interplay of institutions in EU's Middle East policy-making

When dealing with Middle Eastern affairs, the EU adopts different decision-making patterns according to the policy area an issue belongs to. For example, in regard to economic development, such as the negotiation of free trade deals and allocation of financial aid, the European Commission—more specifically, the DG Trade, DG Development, and DG Economic and Financial Affairs—hold important levers of power in the EU's relationships with Middle Eastern governments.⁹⁹ In this context, Brussels enjoys strong autonomy vis-à-vis EU member states in formulating the Union's Middle East policy in the economic sphere.

In contrast, when it comes to dealing with protracted conflicts and managing short-term crises, such as imposing sanctions on Iran over its nuclear activities and

⁹⁸ Keukeleire and Delreux, *The Foreign Policy of the European Union*, 85–88.

⁹⁹ Noutcheva, "Institutional Governance of European Neighbourhood Policy in the Wake of the Arab Spring," 31.

reacting to the fall of authoritarian regimes in North Africa during the Arab Spring, it is the intergovernmental method that takes precedence over the Community method. Accordingly, the EU has to rely heavily on the consensus among member states reached at the FAC, while the Commission plays only a marginal role.

With regard to the management of migration and promotion of democracy and human rights in the Middle East, the EU's policy-making process shares the characteristics of both the Community and intergovernmental methods. For one, the DG Migration and Home Affairs of the European Commission plays an important role in managing the external dimension of EU migration policy. It asserts significant influence in EU decision-making with regard to short-term visa policy and leads the EU's negotiations with Middle Eastern authorities on mobility partnerships, visa facilitation and readmission agreements. Nevertheless, the work of the Commission is closely supervised by member state governments. To embark on mobility partnership negotiations, the Commission needs a mandate from the Council. Moreover, although the Commission attends to the negotiations, the ultimate decision on establishing mobility partnerships with regional governments has to be made by EU member states themselves.¹⁰⁰

Similarly, for the promotion of democracy and human rights in the Middle East, the DG Development of the European Commission plays a vital role in providing financial support for local civil society actors. However, it should be noted that the Commission's influence is largely confined to the practice of "positive" conditionality. When it comes to taking punitive measures for gross human rights violations made by Middle Eastern authorities, Brussels is unable to act independently until member states approve sanction measures by unanimity in the framework of CFSP.¹⁰¹

¹⁰⁰ Ibid., 30.

¹⁰¹ Ibid., 29–30.

3.3. China's Middle East policy-making

3.3.1. China's "core national interests" and foreign policy goals in the Middle East

In 2004, Chinese officials began routinely mentioning the need for countries to respect and accommodate one another's "core interests" at meetings with their foreign counterparts. Since then, the term core interests has become an important point of reference for officials and observers to identify China's fundamental foreign policy goals.¹⁰² The CPC leadership applies this term to an issue in order to convey a high level of commitment to managing or resolving it on Chinese terms, without much, if any, discussion or negotiation with other governments.¹⁰³

While many observers argue that the definition of China's core interests is (deliberately) vague and extensive¹⁰⁴, a closer examination of the historical record of official statements reveals that so far the Chinese government has officially incorporated only three components in defining its core national interests. In July 2009, State Councilor Dai Bingguo—the senior official responsible for foreign policy—publicly defined China's core interests during a session of the China-US Strategic and Economic Dialogue. Dai stated in his closing remarks that China's core interests include: 1) preserving the country's basic state system and national security; 2) national sovereignty and territorial integrity; and 3) the continued stable development of China's economy and society.¹⁰⁵

¹⁰² Michael D. Swaine, "China's Assertive Behavior Part One: On 'Core Interests,'" *China Leadership Monitor* (Hoover Institution, February 22, 2011), 4.

¹⁰³ *Ibid.*, 10.

¹⁰⁴ See for example, Linda Jakobson and Dean Knox, *New Foreign Policy Actors in China* (Stockholm International Peace Research Institute, 2010), 47.

¹⁰⁵ Jing Li and Qingcai Wu, "First Round of China-US Economic Dialogue Discusses Everything except Moon Landings," *Chinanews.com*, July 29, 2009, <http://www.chinanews.com.cn/gn/news/2009/07-29/1794984.shtml>, as cited in Swaine, "China's Assertive Behavior Part One: On 'Core Interests,'" 4.

Issued by the State Council (namely, the Chinese cabinet) in 2011, the whitepaper “China’s Peaceful Development 2011” reiterates Dai’s definition. According to the document, “China’s core interests include: 1) state sovereignty; 2) national security; 3) territorial integrity; 4) national reunification [i.e., the Taiwan issue]; 5) China’s political system established by the Constitution and overall social stability; and 6) basic safeguards for ensuring sustainable economic and social development.”¹⁰⁶

When dealing with foreign counterparts, Chinese officials seldom mention the first element of Dai’s definition—preserving China’s basic state system, namely, the rule of the Communist Party—although this point is by no means less important than the others. In relation to the Middle East, for example, Beijing’s dominant concern during the Arab revolts was to protect regime security by preventing the spread of upheaval from the Arab world to China (see Chapter 5).¹⁰⁷

Moreover, in “normal” times, Beijing seeks to maintain friendly ties with all Middle Eastern countries based on the principles of “mutual respect for sovereignty and territorial integrity, mutual non-aggression, and mutual non-interference in each other's internal affairs.”¹⁰⁸ These principles, especially non-interference, are rooted in Beijing’s deep opposition to establishing an international precedent that legitimizes externally-imposed regime change, which would have implications for the rule of the CPC in the event of upheaval in China. The non-interference principle guides Beijing’s approach to the Middle East, and is reflected in China’s conventional

¹⁰⁶ “China’s Peaceful Development” (State Council Information Office, September 6, 2011), http://www.scio.gov.cn/zfbps/ndhf/2011/Document/1000032/1000032_3.htm.

¹⁰⁷ Dawn Murphy, “Hearing on China and the Middle East, Written Testimony of Dawn Murphy” (US-China Economic and Security Review Commission, June 6, 2013); see also Jonas Parello-Plesner and Raffaello Pantucci, “China’s Janus-Faced Response to the Arab Revolutions,” policy memo (European Council on Foreign Relations, June 2011); Breslin Shaun, “China and the Arab Awakening,” *ISPI Analysis*, no. 140 (October 2012).

¹⁰⁸ “China’s Arab Policy Paper” (Ministry of Foreign Affairs, January 13, 2016), http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1331683.shtml.

aversion to challenging the political status quo of authoritarian regimes and its reluctance to take sides in regional conflicts or rivalries.¹⁰⁹

Apart from the goal of defending China's political system, safeguarding sovereignty and territorial integrity and sustaining economic growth are the two other fundamental objectives of Chinese foreign policy.¹¹⁰ With regard to sovereign rights, many observers tend to identify a number of issues as being among China's core interests, ranging from Taiwan and Tibet to the disputed territories in the East and South China Seas. In truth, the Chinese government has officially, and repeatedly, identified only three specific issues as core territorial interests, namely, the defense of China's sovereignty claims regarding Taiwan, Tibet and Xinjiang.¹¹¹

In comparison to Taiwan and Tibet, defending the sovereign right over Xinjiang and suppressing unrest in the region is of particular significance for China's relationship with the Middle East.¹¹² Xinjiang, officially known as the Xinjiang Uyghur Autonomous Region, is one of the three Muslim provinces of China. The region, the size of Libya or Iran, constitutes one-sixth of China's territory and contains natural resources critical to the country's economic development. Geographically, Xinjiang extends China's reach to the borders of the Middle East, and simultaneously serves as a security buffer for the country.¹¹³

In spite of the importance of the region, China's hold on Xinjiang has always been troubled. The Chinese government re-established its authority over Xinjiang only in

¹⁰⁹ Yitzhak Shichor, "Fundamentally Unacceptable yet Occasionally Unavoidable: China's Options on External Interference in the Middle East," *China Report*, 49, no. 1 (February 1, 2013): 28–29, as cited in "Annual Report to Congress 2013," 302.

¹¹⁰ Swaine, "China's Assertive Behavior Part One: On 'Core Interests,'" 5.

¹¹¹ *Ibid.*, 7–10.

¹¹² Hongjie Li, *National Interests and China's Middle East Policy (guojia liyi yu zhongguo de zhongdong zhengce)* (Beijing: Central Compilation and Translation Press, 2009), 89–94.

¹¹³ Lillian Craig Harris, "Xinjiang, Central Asia and the Implications for China's Policy in the Islamic World," *The China Quarterly* 133 (March 1993): 111–15.

the 18th century.¹¹⁴ And since the 1980s, local tensions between the Han Chinese¹¹⁵ and indigenous Muslim ethnic groups (especially the majority Turkic Uyghurs) have been high. These tensions result partly from Beijing's severe restrictions on the political and religious freedom of local Muslims, and partly due to Xinjiang's increased contact with the outside world—mainly Central Asia and the Middle East—following Deng Xiaoping's reform and opening up policy in 1978. In particular, open support for separation increased among Uyghurs after the demise of the Soviet Union, which led to the emergence of independent Muslim states in Central Asia. In this context, Uyghur separatists question China's right to sovereignty over Xinjiang, which borders three of the five Central Asian republics, as well as Mongolia, Russia, Afghanistan, Pakistan and India.¹¹⁶ In light of the precarious situation, the Chinese authorities are determined to quash any domestic criticism of its Xinjiang policies. Externally, Beijing keeps a careful watch on Middle Eastern governments to ensure that no one expresses official support for the Uyghurs in China or permits public criticism of Chinese policies towards Xinjiang and Chinese Muslims.¹¹⁷

Chinese officials have referred to Xinjiang's sovereign status as a core national interest since 2006. In November of that year, Hu Jintao made a speech in Pakistan, identifying the “fight against East Turkestan,” a Uyghur separatist movement, as a Chinese core interest alongside Taiwan and Tibet.¹¹⁸ On subsequent occasions,

¹¹⁴ Ibid., 112.

¹¹⁵ Han is one of China's 56 ethnic groups officially identified by the CPC leadership. Han Chinese forms the dominant majority (over 90 percent) of the Chinese population.

¹¹⁶ Ibid., 111, 117; see also Dru C. Gladney, “Islam in China: Accommodation or Separatism?,” *The China Quarterly* 174 (June 2003): 451–67; Martin I. Wayne, “Inside China's War on Terrorism,” *Journal of Contemporary China* 18, no. 59 (March 1, 2009): 249–61.

¹¹⁷ Andrew Scobell and Alireza Nader, “China in the Middle East: The Wary Dragon” (RAND Corporation, 2016), 20.

¹¹⁸ “Carry On Traditional Friendship And Deepen All-Round Cooperation: Address by Hu Jintao President at Islamabad Convention Center,” *Xinhua*, November 24, 2006, http://news.xinhuanet.com/world/2006-11/24/content_5372604.htm; as cited in Swaine, “China's Assertive Behavior Part One: On ‘Core Interests,’” 8.

especially after the crackdown of major Uyghur revolts in 2009, Chinese officials have referred to simply “Xinjiang” as being among China’s core interests.¹¹⁹

Apart from defending sovereign rights over Xinjiang, China’s core national interest is also reflected in its primary objectives in the Middle East in terms of expanding trade, investment and energy ties with regional countries.¹²⁰ China increasingly looks to the Middle East as an export market for manufactured goods and services. Trade between China and the Arab world alone exploded from USD 10 million in the 1950s to 251.2 billion in 2014, making the country the second largest trade partner of the Arab states.¹²¹ Moreover, since 1995, the Middle East has become China’s number one source of imported petroleum.¹²² Energy security remains a key driver of China’s engagement in the region, and prompts Beijing to promote stability in the Middle East by, for example, supporting the Israeli-Palestinian peace process, conducting counter-piracy operations, enhancing cooperation on counter-terrorism, participating in UN peacekeeping missions, and facilitating a peaceful settlement of the Iranian nuclear crisis.¹²³

Taken together, China’s foreign policy goals in the Middle East are set according to the core national interests identified by the CPC leadership. Reflecting on these fundamental objectives, China aims to develop friendly ties with all Middle Eastern countries based on the principles of mutual respect for sovereignty and non-interference in each other’s internal affairs. Moreover, China strives to solicit support from the Middle East for its rule in Xinjiang and the fight against separatist insurgency. Economically, the Middle East has become an important market for

¹¹⁹ Swaine, “China’s Assertive Behavior Part One: On ‘Core Interests,’” 8.

¹²⁰ Li, *National Interests and China’s Middle East Policy*, 94–98.

¹²¹ “China Focus: China, Arab States to Explore Cooperation,” *Xinhua*, September 10, 2015, http://news.xinhuanet.com/english/2015-09/10/c_134611708.htm.

¹²² Alterman and Garver, *The Vital Triangle*, 7.

¹²³ “Annual Report to Congress 2013,” 304, 314; Scobell and Nader, “China in the Middle East: The Wary Dragon,” 7.

Chinese exports and investment, and accounts for more than half of China's crude oil imports. Consequently, deepening economic ties and maintaining stability in the region, which correspond to China's core interest of sustaining domestic economic growth, are also important drivers of China's engagement in the Middle East.

3.3.2. China's foreign policy process and its application to the Middle East

3.3.2.1. The party leadership

The supreme foreign policy-making authority in China is monopolized and exercised through the collective leadership of the CPC Political Bureau Standing Committee (PBSC). This is especially true with regard to overall policy planning and strategically important issues in China's foreign relations. The paramount leader of the CPC is its General Secretary, who also commands the party's military arm—the People's Liberation Army (PLA)—and serves the largely ceremonial role as the President of the People's Republic. Within the PBSC, the General Secretary is designated as the single “person in charge” of foreign affairs.¹²⁴

Theoretically, the highest body of the CPC is its National Congress, which convenes once every five years and elects a Central Committee of more than 200 members. When the National Congress is not in session, the Central Committee carries out the party's decisions. Since the Central Committee holds plenary session only once per year, it is the 25-member Political Bureau (PB) and its Standing Committee (nine members under Hu Jintao, seven under Xi Jinping) that exercise the functions of the party on a daily basis.¹²⁵ Essentially, within the CPC, the bureaucratic ranking and

¹²⁴ Yun Sun, “Chinese National Security Decision-Making,” *The Brookings Institution*, May 2013, 2, <http://www.brookings.edu/~media/research/files/papers/2013/05/chinese-national-security-decisionmaking-sun/chinese-national-security-decisionmaking-sun-paper.pdf>; Jakobson and Knox, *New Foreign Policy Actors in China*, 4–5.

¹²⁵ “Communist Party of China in Brief” (News of the CPC), accessed October 28, 2014, <http://english.cpc.people.com.cn/206972/206981/8188403.html>.

decision-making authority increase from the Central Committee to the PB, and then to the PBSC. Due to operational necessity, in regard to foreign policy decisions, the authority is ultimately concentrated in the PBSC, which meets at least once per week.¹²⁶

Within the PBSC, each member has his own responsibility for a specific policy area. Only the General Secretary, namely, Hu Jintao (2002-12) or Xi Jinping (2012-present), is designated to lead on foreign and military affairs. This arrangement provides the paramount leader with an unparalleled position in determining the country's external relations.¹²⁷

Nevertheless, the bestowed authority of the General Secretary is not absolute. He has strong influence in regular foreign policy decisions. However, when it comes to emergent and strategically important issues, he is obliged to hold discussions as broadly as needed and make decisions through consensus building, or if necessary, voting within the PBSC.¹²⁸ In relation to my study, for example, when ethnic clashes broke out in Xinjiang in July 2009, President Hu suspended his foreign visit and convened an emergency PBSC meeting in Beijing to figure out the internal and external responses to the crisis. In addition, as will be mentioned in Chapter 5, the strategically important Central Foreign Affairs Work Conference, which determines the guidelines, principles, goals and missions of Chinese diplomacy under a new leadership, should include the entire PBSC and most members of the Political Bureau.

¹²⁶ Sun, "Chinese National Security Decision-Making," 5.

¹²⁷ *Ibid.*, 5–6; Linda Jakobson and Ryan Manuel, "How Are Foreign Policy Decisions Made in China?," *Asia & the Pacific Policy Studies* 3, no. 1 (January 1, 2016): 103–4.

¹²⁸ Sun, "Chinese National Security Decision-Making," 2–6; Jakobson and Manuel, "How Are Foreign Policy Decisions Made in China?," 104.

3.3.2.2. The Foreign Affairs Leading Small Group and Central Foreign Affairs Office

The Chinese leadership uses informal bodies called Leading Small Groups (LSGs) to help top decision makers formulate and implement policies. As the person in charge of foreign policy-making, the General Secretary chairs the Foreign Affairs Leading Small Group (FALSG), which also bore the name of National Security Affairs LSG before the founding of the National Security Commission in November 2013. In addition to the FALSG, decisions affecting foreign policy are also deliberated in the Financial and Economic Affairs LSG, the counter-terrorism LSG, the LSG for addressing climate change, to name but a few.¹²⁹

Given that the primary responsibility of the LSGs is inter-agency coordination, the membership of the FALSG encompasses the heads of nearly all agencies involved in foreign policy and national security arenas. Although the full list of members is not revealed to the public, analysts generally acknowledge that the participating agencies include eight State Council ministries, two party organs and two military representatives. Under the State Council are the Ministry of Foreign Affairs, Ministry of Commerce, Ministry of Public Security, Ministry of State Security, Office of Taiwan Affairs, Office of Hong Kong and Macao Affairs, Office of Overseas Chinese Affairs, and the State Council Information Office. The two party organizations involved are the Department of Propaganda and the International (Liaison) Department of the CPC Central Committee. From the military side, the Minister of Defense and the PLA Deputy Chief of Staff are designated as members of the FALSG.¹³⁰

¹²⁹ Jakobson and Knox, *New Foreign Policy Actors in China*, 5–6; Jean-Pierre Cabestan, “China’s Foreign- and Security-Policy Decision-Making Processes under Hu Jintao,” *Journal of Current Chinese Affairs* 38, no. 3 (2009): 4; Ning Lu, “The Central Leadership, Supraministry Coordinating Bodies, State Council Ministries, and Party Departments,” in *The Making of Chinese Foreign and Security Policy in the Era of Reform, 1978-2000*, ed. David M. Lampton (Stanford: Stanford University Press, 2001), 45–46.

¹³⁰ Alice Miller, “The CCP Central Committee’s Leading Small Groups,” *China Leadership Monitor* (Hoover Institution, 2008), 10; Sun, “Chinese National Security Decision-Making,” 10–11.

As an informal and ad-hoc committee, the FALSG provides a forum for the top leadership to seek advice from relevant party, government and military agencies, and coordinate the implementation of foreign policy decisions.¹³¹ While the LSG is a non-standing body, it has a permanent office that conducts research, proposes policies and coordinates the activities regarding foreign affairs on a daily basis.¹³² The standing office of the FALSG, also known as the Central Foreign Affairs Office (CFAO), is a permanent organ under the CPC Central Committee. Heading the CFAO is the top foreign policy advisor of the CPC General Secretary. During Hu's second term of office (2007-12), the person in charge was Dai Bingguo; for Xi's first term (2012-17) as General Secretary, it was Yang Jiechi who directed the CFAO. Within the party apparatus, Dai and Yang served as the Director of the CFAO. Within the State Council, they bore the title "State Councilor for foreign affairs," who rank above ministers but below the vice premiers.

The State Councilor and his staff at the CFAO occupy a key position in advising the General Secretary on important foreign policy issues, and by resolving less important, procedural and operational problems that do not need to reach the top level. When a foreign policy issue arises, the CFAO will summon research reports and analyses from relevant FALSG constituencies and think tanks. It can also invite FALSG members and experts for discussions, or convene a FALSG plenary meeting in order to assist the State Councilor in forming policy advice for the General Secretary.¹³³

¹³¹ Miller, "The CCP Central Committee's Leading Small Groups," 1, as cited in Sun, "Chinese National Security Decision-Making," 9.

¹³² Jakobson and Knox, *New Foreign Policy Actors in China*, 6; "Main Functions of the Central Foreign Affairs Office" (china.com.cn, April 15, 2011), http://www.china.com.cn/cpc/2011-04/15/content_22369387.htm.

¹³³ Sun, "Chinese National Security Decision-Making," 7; Hongyi Lai and Su-Jeong Kang, "Domestic Bureaucratic Politics and Chinese Foreign Policy," *Journal of Contemporary China* 23, no. 86 (March 4, 2014): 297; "Main Functions of the Central Foreign Affairs Office."

3.3.2.3. The central bureaucracies

Beneath the CFAO are a number of institutions, usually at the ministerial level, managing China's foreign affairs with different policy preferences and impacts. These institutions represent the foreign policy elements of three major systems of Chinese political power: the party, the government and the military.¹³⁴ In this chapter, I select a few institutions most relevant to this study and introduce the roles they play in China's Middle East policy process.

Since Deng Xiaoping's retirement in 1994, major changes have taken place in China's foreign policy sector due to the reforms introduced to the country's political and economic systems: aside from intelligence gathering, the military's participation in day-to-day foreign policy-making has diminished, while the influence of economic players has increased; the focus on international economic relations, global governance, non-traditional security threats, external propaganda and educational exchange has been accentuated; moreover, provinces and major cities are allowed to develop their own external links and thus individual foreign policies.¹³⁵ Overall, as China increases its activities in the international arena, the boundaries of foreign policy have blurred, resulting in an increasing number of official institutions participating in foreign affairs. Due to their varied domestic portfolios and international outreach, these actors have different and sometimes competing perceptions of China's national interests and foreign policy goals.¹³⁶

¹³⁴ Lu, "The Central Leadership, Supraministry Coordinating Bodies, State Council Ministries, and Party Departments," 49–50.

¹³⁵ Cabestan, "China's Foreign- and Security-Policy Decision-Making Processes under Hu Jintao," 1.

¹³⁶ Jakobson and Knox, *New Foreign Policy Actors in China*, 1.

The Ministry of Foreign Affairs

Among the central bureaucracies, the Ministry of Foreign Affairs (MoFA) is still the prime actor responsible for the overall control of foreign policy interpretation and implementation. It also serves as a major provider of information and analyses for the central leadership.¹³⁷ In the Middle East, nearly all Chinese ambassadors posted to the region are from the Department of West Asian and North African Affairs under the Foreign Ministry. Although the Department is not among the most important within MoFA, its input in China's Middle East policy-making should not be underestimated.

That said, as China broadens its participation in the political, economic, cultural and religious affairs of the Middle East, the number of foreign policy entities increases accordingly. MoFA, as a result, must often rely on other agencies for expertise while at the same time competing with them for influence. In the negotiations for trade, investment and energy deals, for example, the Foreign Ministry, although traditionally holding the lead position, has to accept a secondary role as other ministries have more expertise and authority on these issues.¹³⁸ In this light, MoFA seeks an ambitious expansion of its economic functions as well, especially after the Central Foreign Affairs Work Conference of 2006, at which the CPC leadership underlined that diplomacy should be in the service of the economy.¹³⁹ Since then, MoFA and the Chinese embassies in the Middle East have begun to provide more visible support to Chinese companies abroad on business information, government relations and policy

¹³⁷ Lu, "The Central Leadership, Supraministry Coordinating Bodies, State Council Ministries, and Party Departments," 50–52; Cabestan, "China's Foreign- and Security-Policy Decision-Making Processes under Hu Jintao," 82–83.

¹³⁸ Jakobson and Knox, *New Foreign Policy Actors in China*, 8.

¹³⁹ "Foreign affairs work must persist in taking economic construction as the center," see "Hu Jintao Made Important Speech at the Central Foreign Affairs Work Conference in Beijing," *china.com.cn*, August 24, 2006, http://www.china.com.cn/news/txt/2006-08/24/content_7102285.htm.

consulting, in a way that competes with the overseas functions of the Ministry of Commerce (see below).¹⁴⁰

The International Department of the CPC Central Committee

The Central Committee International (Liaison) Department (CCID) is a party organ at the ministerial level originally created by the CPC to liaise with communist and socialist parties around the world. Its functions and activities, however, have broadened considerably over the last three decades. The Department now manages the CPC's constant connections with more than 600 foreign political parties and movements in more than 160 countries.¹⁴¹ Dai Bingguo, before appointed as the CFAO Director, headed the CCID from 1997 to 2003, during which he extended the missions of the Department, enhanced its influence on foreign policy-making, and intensified the CCID's coordination with MoFA.¹⁴²

When it comes to the Middle East, the CCID's Third Bureau (Bureau of West Asia and North Africa) contributes to the work of MoFA by sending diplomats working at Chinese embassies monitoring local politics and socio-economic affairs, and liaising with political parties and movements. The International Department invests substantial effort in forging closer ties between the CPC and the de facto single parties run by Middle Eastern authoritarian leaders, such as the Egyptian National Democratic Party headed by Mubarak (1981-2011). In addition, the CCID plays the crucial role of liaising with Islamist parties and movements in the Arab world. In this

¹⁴⁰ Cabestan, "China's Foreign- and Security-Policy Decision-Making Processes under Hu Jintao," 82; see also Lucy Corkin, "Redefining Foreign Policy Impulses toward Africa: The Roles of the MFA, the MOFCOM and China Exim Bank," *Journal of Current Chinese Affairs* 40, no. 4 (2011): 61–90.

¹⁴¹ "Introduction of the CCID," *International Department of the CPC Central Committee*, accessed April 21, 2017, <http://www.idcpc.org.cn/gywb/wbjj/>; Jakobson and Knox, *New Foreign Policy Actors in China*, 6; David Shambaugh, "China's 'Quiet Diplomacy': The International Department of the Chinese Communist Party," *China: An International Journal* 5, no. 1 (March 1, 2007): 26–54.

¹⁴² Cabestan, "China's Foreign- and Security-Policy Decision-Making Processes under Hu Jintao," 84.

regard, the Chinese Foreign Ministry maintains few connections with these sensitive actors, partly because many of them are deemed illegal by local authorities. Instead, the leadership prefers using the CCID as the main point of contact to sustain and strengthen China's ties with Islamist parties on behalf of the CPC Central Committee.

The Ministry of Commerce

The Ministry of Commerce (MoC), formerly known as the Ministry of Foreign Trade and Economic Cooperation, is the primary State Council institution responsible for designing and implementing China's foreign trade and economic aid strategies.¹⁴³ Supervising economic missions (namely, the Economic Counselor's Offices) around the world independent of Chinese embassies, MoC plays an important role in identifying potential sources of access to energy products and other raw materials, as well as new market and investment opportunities for Chinese companies.¹⁴⁴

As economic cooperation forms the linchpin of China's relationship with major Middle Eastern countries, MoC has become an increasingly important player in the interpretation and implementation of China's policies towards the region, to the extent that it sometimes overshadows the influence of MoFA. The MoC Department of West Asian and African Affairs plans, monitors, and administers economic and trade cooperation with Middle Eastern countries via the Economic Counselor's Offices in the region, which serve as the Ministry's "eyes and ears on the ground."¹⁴⁵

Meanwhile, the MoC Department of Foreign Assistance takes charge of the planning and management of foreign aid programs in the Middle East. In addition, the Department of International Trade leads free trade agreement negotiations on behalf

¹⁴³ Lu, "The Central Leadership, Supraministry Coordinating Bodies, State Council Ministries, and Party Departments," 52.

¹⁴⁴ Cabestan, "China's Foreign- and Security-Policy Decision-Making Processes under Hu Jintao," 83; Corkin, "Redefining Foreign Policy Impulses toward Africa," 67.

¹⁴⁵ Corkin, "Redefining Foreign Policy Impulses toward Africa," 66–67.

of the Chinese government with, for example, the Gulf Cooperation Council. Last but not least, as will be examined in Chapter 5, the Department of Outward Investment and Economic Cooperation supervises and coordinates the development of the Sino-Egyptian joint industrial zone in Suez—one of China's principal investment zones abroad and a flagship project of China-Egypt cooperation.¹⁴⁶

State-owned enterprises

MoC's role in managing China's economic ties with the Middle East does not grow unchecked. One factor complicating the bureaucratic rivalries in foreign economic policy decisions is the emergence of state-owned enterprises (SOEs), which are eager to extend their activities abroad with pursuits that are not always in line with MoC's policy priorities.¹⁴⁷ The interaction between the Chinese government and large SOEs is both complicated and elusive. Depending on the cases examined, it is not always clear who is in the driver's seat when decisions are made. On the one hand, SOEs are subordinates to the political authority. SOEs' leaders are chosen by the government. At least in theory, these companies must seek the approval of central or local authorities for large investments in foreign countries. On the other hand, political leaders are dependent on successful SOEs as they provide the government with revenue and create millions of jobs. In this light, the leadership supports the overseas expansion of Chinese SOEs. The "going out" strategy not only contributes to China's economic growth but also increases Beijing's commercial leverage when advancing foreign policy and security agendas in other countries.¹⁴⁸

¹⁴⁶ "Institutional Set-up and Functions of Each Department," *Ministry of Commerce*, April 22, 2017, <http://www.mofcom.gov.cn/mofcom/shezhi.shtml#hzs>.

¹⁴⁷ Cabestan, "China's Foreign- and Security-Policy Decision-Making Processes under Hu Jintao," 83.

¹⁴⁸ Jakobson and Knox, *New Foreign Policy Actors in China*, 24–26; see also Erica S. Downs, "Business Interest Groups in Chinese Politics: The Case of the Oil Companies," in *China's Changing Political Landscape: Prospects for Democracy*, ed. Cheng Li (Brookings Institution Press, 2009), 121–41; Linda Jakobson, "Does China Have an 'Energy Diplomacy'? Reflections on China's Energy Security and Its International Dimensions," in *Energy Security: Visions from Asia and Europe*, ed. Antonio Marquina (Palgrave Macmillan UK, 2008), 121–34.

In the Middle East, Chinese SOEs are actors on the margins of most foreign policy decisions. However, when they have a direct stake in the issue, for example, in terms of advancing China's engagement in the local energy and infrastructure sectors, large SOEs—especially big oil and gas companies—tend to exert greater influence on foreign policy formulation, taking advantage of their closer ties with political elites in Beijing. The SOEs' profit-maximizing mindset can at times motivate them to define China's interests narrowly in contrast to the more extensive agenda set by MoFA and MoC officials.¹⁴⁹ A typical example of this conflict is the decision made by Chinese state-owned energy companies to embark on new projects in Iran while Beijing was considering conforming to international sanctions targeting the Iranian energy sector. This case will be examined in further detail in Chapter 7.

The Ministry of State Security

The Ministry of State Security (MoSS)—one of the two civilian intelligence and security agencies in China—is responsible for domestic and foreign information collection, counter-espionage and counter-intelligence.¹⁵⁰ During Hu Jintao's presidency, MoSS became a powerful domestic and foreign policy actor, partly due to the preparations for the 2008 Beijing Olympics, the 2008 riots in Tibet and the 2009 Uyghur uprisings in Xinjiang.¹⁵¹ Recent developments suggest the Chinese leadership has placed greater emphasis on the foreign functions of MoSS. In 2007, Hu appointed Geng Huichang, the former director of the China Institute of Contemporary International Relations (a foreign policy think tank under MoSS) as the Minister of State Security. Since 2008, MoSS is viewed to have increased its operations in foreign countries.¹⁵² Apart from intelligence gathering on the ground, the Ministry now plays

¹⁴⁹ Jakobson and Knox, *New Foreign Policy Actors in China*, 24.

¹⁵⁰ The other agency is the Ministry of Public Security, which oversees the national police and domestic, non-state security issues, see Sun, "Chinese National Security Decision-Making," 13; Peter Mattis, "The Analytic Challenge of Understanding Chinese Intelligence Services," *Studies in Intelligence* 56, no. 3 (2012): 47–57.

¹⁵¹ Jakobson and Knox, *New Foreign Policy Actors in China*, 12.

¹⁵² Mattis, "The Analytic Challenge of Understanding Chinese Intelligence Services."

a visible role in promoting security cooperation with its foreign counterparts on fighting terrorism, extremism and Xinjiang separatist movements.

MoSS, though theoretically categorized as a State Council constituency, reports to the Central Political and Legal Affairs Commission of the CPC Central Committee, which is regarded as China's top civilian authority responsible for regime security and social stability. Meng Jianzhu, the Secretary of the Commission, oversees all legal enforcement authorities in China and is often regarded as the country's security czar. Meng is sometimes appointed by the Chinese President as a special envoy in negotiating security deals with governments in the Middle East and Central Asia.¹⁵³

The Propaganda Department of the CPC Central Committee

The Central Committee Propaganda Department (CCPD) enforces media censorship and ideological control for the purpose of preserving regime stability. The Department influences foreign policy-making in several ways. First, the CCPD shapes public perceptions of foreign affairs, which can at times contribute to the government's efforts in resolving a foreign policy issue and, at other times, heighten domestic pressure on foreign policy makers.

Second, in the face of sensitive foreign policy issues that risk domestic instability, the Propaganda Department tends to have a greater say in the formulation of the government's official position. As will be analyzed in Chapter 5, during the Arab uprisings, the CCPD was concerned about the spillover of "color revolution" from the Arab world to China and thereby chose to present the Chinese public only the negative consequences of the demonstrations. The Foreign Ministry, in turn, had to conform its position towards the Arab revolts according to the official propaganda

¹⁵³ See, for example, Duanfang Tao, "Meng Jianzhu's Middle East Trip Contributed to Counter-Terrorism Cooperation," *people.cn*, November 24, 2014, <http://politics.people.com.cn/n/2014/1124/c70731-26077627.html>.

message, although diplomats felt obliged to make at least some positive comments on the political change in order to sustain Beijing's friendly relations with post-revolutionary governments.

Third, the CCPD seeks to defend China's political system and strengthen its soft power by engaging in foreign propaganda, of which Arab countries are important targets. For example, when Egypt's military leader disposed of the country's first democratically-elected president with the support of millions of protesters, the "Arab Spring," in the eyes of propaganda officials, had changed from Beijing's ideological threat to its propaganda opportunity. In this context, Chinese officials were enthusiastic about building amicable relations with Sisi, partly due to the conviction that the army's takeover proves the infeasibility of transplanting Western democracy in the Arab world.

Taken together, after exploring some central government bureaucracies involved in China's Middle East policy-making, Section 3.3 shows that as China expands its activities overseas, a growing number of political institutions and economic actors seek to compete for influence on Beijing's foreign policy decisions. Many of them tend to follow a narrow perception of China's national interests in accordance with their responsibilities and bureaucratic interests. In Chapters 4 through 7, I shall examine in detail the interaction of various foreign policy players and its impact on the way EU and China resolved goal conflicts. The next chapter will investigate how the EU dealt with conflicting foreign policy goals in Egypt from 2007 to 2015.

4. The EU's Egypt policy-making (January 2007 - December 2015)

4.1. Introduction

This chapter investigates the EU's policy-making towards Egypt from 2007 to the end of 2015. It aims to answer the question of how the EU arranged its conflicting foreign policy goals in Egypt, with security and economic objectives, on the one hand, and normative interests, on the other hand.

I take the year 2007 as the starting point of my analysis because this was when the Union announced the EU-Egypt Action Plan to set out the goals, framework, priorities and financial arrangement of its Egypt policies. Section 4.2 briefly introduces the “democratization-stabilization dilemma” that was featured the EU's Egypt policy-making before the overthrow of Mubarak. Section 4.3 analyzes the EU's initial reaction to the “Arab Spring,” and its effort to strike a compromise between the goal of safeguarding stability and security, on the one hand, and that of promoting “deep democracy” in post-Mubarak Egypt, on the other hand. Sections 4.4 and 4.5 explore how the EU dealt with goal conflicts in Egypt under the rule of Morsi and Sisi respectively. I take 2015 as the end point of my analysis because late in this year the EU put forward a second review of its neighborhood policy, re-prioritizing security goals in the southern Mediterranean.

At the end of the empirical analysis of each period, I will revisit the theoretical predictions developed in Chapter 2 on how goal conflicts will be resolved. I then examine these predictions against the empirical findings presented in each section in order to determine the explanatory power of neorealist, bureaucratic politics and constructivist approaches to FPA.

4.2. Before the Arab uprisings (January 2007 - December 2010)

4.2.1. From the Euro-Mediterranean Partnership to European Neighborhood Policy

Existing literature shows that prior to the Arab insurgency, the EU maintained stable and cooperative ties with authoritarian leaders in the southern Mediterranean. The authoritarian rule of Arab strongmen—Egypt under President Hosni Mubarak as a typical example—contributed to the EU’s effort of regulating migration across the Mediterranean, combating terrorism and organized crime, and maintaining stability in the Union’s Southern Neighborhood. In return, the EU and its member states provided economic and security assistance to authoritarian governments in the region and turned a blind eye to the violations of democracy, human rights and civil liberties made by local leaders.

Many researchers have used the term democratization-stabilization dilemma to describe the way the EU prioritized security and stability in North Africa at the expense of its normative agenda. They have argued that the EU ultimately preferred regional stability over democracy because more effective democracy promotion risks generating instability and conflict in the course of regime change and transformation.¹⁵⁴ In Egypt, for instance, there was a shared understanding among EU institutions and member states that pushing Mubarak too hard on political reform would inevitably empower radical Islamists and consequently challenge the status quo of EU-Egypt cooperation on counter-terrorism and stability maintenance in the southern Mediterranean.¹⁵⁵

¹⁵⁴ Van Hüllen, “It Takes Two to Tango: The European Union and Democracy Promotion in the Mediterranean,” 23.

¹⁵⁵ Pace, “Paradoxes and Contradictions in EU Democracy Promotion in the Mediterranean,” 43–44.

Given the abundant and well-developed studies about this period of EU-Egypt relations, this section only provides a brief historical overview of the EU's policy-making towards Egypt prior to the overthrow of Mubarak in early 2011.

The Egypt policies of the European Union should be examined in the broader context of the Union's policy-making towards the southern Mediterranean. In 1995, the EU and 12 Mediterranean partner states agreed to institutionalize their relationships under the Euro-Mediterranean Partnership (EMP).¹⁵⁶ Based on the EMP, the EU and Egypt signed the Association Agreement in 2001 and put it into force in 2004. The Association Agreement provided a comprehensive legal framework for the political, economic and security dimensions of the EU-Egypt relationship.¹⁵⁷

As the Association Agreement with Egypt entered into force, the European Commission put forward another program—the European Neighborhood Policy (ENP)—in the hope of strengthening ties with neighboring countries after the EU's enlargement in 2004. The May 2004 enlargement and the possibility of Turkey joining the EU prompted Brussels to rethink its relations with neighboring countries on its southern and eastern borders.¹⁵⁸ The ENP was designed to prevent the emergence of dividing lines between the enlarged EU and its neighbors by offering the latter more opportunities to participate in EU activities based on amplified political, security, economic and cultural cooperation.¹⁵⁹ Under the ENP, cooperation programs with Mediterranean partners are funded under the European Neighborhood and Partnership Instrument (ENPI). Since 2004, the ENP has subsumed the EMP, transforming the

¹⁵⁶ Patrick Holden, "Security, Power or Profit? The Economic Diplomacy of the US and the EU in North Africa," in *The Foreign Policies of the European Union and the United States in North Africa: Diverging or Converging Dynamics?*, ed. Francesco Cavatorta and Vincent Durac (Taylor and Francis, 2010), 20; Dandashly, "The EU Response to Regime Change in the Wake of the Arab Revolt," 40.

¹⁵⁷ "The EU-Egypt Association Agreements," *The EEAS*, n.d., http://eeas.europa.eu/egypt/eu-egypt_agreement/index_en.htm.

¹⁵⁸ Pace, "Paradoxes and Contradictions in EU Democracy Promotion in the Mediterranean," 42.

¹⁵⁹ "Egypt Country Strategy Paper (2007-13)," January 4, 2007, http://eeas.europa.eu/enp/pdf/pdf/country/enpi_csp_egypt_en.pdf.

latter into a multilateral forum of dialogue and cooperation between the EU and Mediterranean countries.¹⁶⁰

The ENP inherited the EMP's approach of encouraging reform through integration. The primary mechanism was the approach of positive conditionality, which offered Mediterranean partners greater access to the EU internal market and certain internal programs in exchange for political, economic and social reforms. The so-called "more for more" method meant that the EU is not expected to intervene directly in the implementation of reforms in neighboring countries, but rather to monitor, facilitate and encourage local governments, using the carrots of financial aid, greater market access and participation in other EU programs.¹⁶¹ Meanwhile, the EU refrained from applying negative conditionality to neighboring countries. In other words, if local governments seriously violate democratic principles and human rights, the Union is not obliged to reduce the benefits or apply sanctions.

Under the framework of the ENP, the EU developed short- to medium-term action plans with partner states. The first EU-Egypt Action Plan was adopted in March 2007, covering a period of three to five years. In the Action Plan, the Commission outlined 19 "areas of priority" for bilateral cooperation in 2007 to 2012. Four of them were about enhancing political and security ties, such as strengthening cooperation on arms control, non-proliferation, migration, counter-terrorism and organized crime, and other regional issues. Apart from that, the Commission also identified 13 cooperation areas on promoting economic integration with Egypt. These measures included further reducing trade barriers, increasing financial support for human resources development, improving the business climate of Egypt, etc.

¹⁶⁰ "The Barcelona Process," *The EEAS*, n.d., http://eeas.europa.eu/euromed/barcelona_en.htm.

¹⁶¹ Holden, "Security, Power or Profit," 22–23.

The remaining two areas of priority corresponded to the EU's normative agenda. First, to enhance the effectiveness of Egyptian government institutions entrusted with strengthening democracy and the rule of law. And second, to promote the protection of human rights in all aspects.¹⁶² The first point was conceived by the EU in light of Mubarak's decision to allow multi-candidate elections in 2005, and his initiatives of decentralizing the Egyptian government, improving public services and reducing corruption. As for the protection of human rights, the EU did not intend to engage directly with Egyptian civil society but rather to support Cairo's effort of fighting against intolerance, discrimination and racism. When it came to empowering civil society actors, the Action Plan limited the EU's activity to environmental protection, a topic important to Egypt but much less sensitive in eyes of local authorities.¹⁶³

Concerning the resources allocated to the programs proposed by the Action Plan, the overall National Indicative Program allocation to Egypt for 2007-2010 was EUR 558 million, of which EUR 220 million would be used on economic projects. Another EUR 298 million was reserved for the reform of education and public health services, and investment in the transport, energy and environment sectors. To the contrary, the total budget for promoting good governance and human rights was only EUR 30 million.¹⁶⁴

In sum, before I move to examine the outcome of policy implementation, it can be concluded that since the institutionalization of the EU-Egypt relationship under the EMP, maintaining stability and security of Egypt and the southern Mediterranean had been the main driver of the EU's neighborhood policy. The EU cooperated with the Egyptian authorities on various security issues, and pledged to stimulate economic

¹⁶² "EU-Egypt Action Plan," March 2007,

http://eeas.europa.eu/enp/pdf/pdf/action_plans/egypt_enp_ap_final_en.pdf.

¹⁶³ "Egypt Country Strategy Paper (2007-13)," 27-30.

¹⁶⁴ *Ibid.*, section 6; for a more detailed analysis of the EU's democracy assistance to Egypt from the mid-1990s to the end of 2000s see Van Hüllen, "It Takes Two to Tango: The European Union and Democracy Promotion in the Mediterranean," 120-22.

growth in Egypt through liberalizing trade, improving macroeconomic governance and boosting industrial development. The economic programs not only benefited the EU economically but, perhaps more importantly, contributed to the political stability of Egypt. Although both the Association Agreement and the EU-Egypt Action Plan underlined the EU's interest in advancing democratic reforms and human rights, policies in these fields were insignificant in comparison to the security and economic dimensions of the EU-Egypt relationship.

4.2.2. Implementation of the Action Plan before the Arab uprisings

In terms of implementation, maintaining peace and stability in Egypt was on the top of the EU's agenda. Border control and the management of immigration played a big role in bilateral security cooperation, particularly as the EU noticed that Egypt had rapidly become a key transit country for migrants and refugees coming from sub-Saharan Africa to Europe. The increased migration flow had not only placed strains on the Egyptian public service and generated local tensions, but had also given rise to organized crime and exploitation, especially smuggling and trafficking networks.¹⁶⁵ In this context, the EU steadily expanded the dialogue and cooperation with Egypt on migration and provided financial and technical assistance to Cairo via the AENEAS program.¹⁶⁶ Moreover, in March 2010, the Commission launched the Joint Migration and Development Initiative with the Egyptian Foreign Ministry to help Cairo tackle various migration-related development issues.¹⁶⁷

¹⁶⁵ "Egypt: Progress Report on the Implementation of the ENP (2010)," May 27, 2011, 14, SEC (2011) 647, <http://www.enpi-info.eu/library/content/egypt-progress-report-implementation-enp-2010>.

¹⁶⁶ AENEAS is a program established by the European Commission to provide financial and technical assistance to third countries in the area of migration and asylum. See "Egypt: Progress Report on the Implementation of the ENP (2008)," April 23, 2009, 16, SEC (2009) 523/2, <http://www.enpi-info.eu/library/content/egypt-progress-report-implementation-enp-2008>.

¹⁶⁷ "Egypt: Progress Report on the Implementation of the ENP (2010)," 14.

Unlike migration, the EU had some disagreements with Egypt on counter-terrorism cooperation. The two sides held political dialogues on this topic in March 2009, during which Egypt asked the EU to support its initiative to combat the use of the internet for terrorist purposes, promising that with the help of the Union, greater effectiveness would be achieved on controlling and monitoring the internet without sacrificing freedom of expression. The EU, however, asserted that before providing Egypt with the assistance, Cairo should first replace the Emergency Law with a law on anti-terrorism.¹⁶⁸ For several years, Egypt had indicated the intention to introduce an anti-terrorism law. The government even promised to examine EU legislation in this field in a bid to strike a balance between security and civil rights. However, until the end of 2010, the legislation was still awaiting discussion by the parliament. Adding to the EU's concern, in 2009 Egypt suddenly refused to continue engaging with the UN Special Rapporteur on the Protection of Human Rights While Countering Terrorism.¹⁶⁹

Apart from security cooperation, the EU had also forged closer economic ties with Egypt from 2007 to 2010. In spite of the financial crisis, the Egyptian economy maintained robust growth in the years leading to the Arab uprisings. Due to the structural reforms adopted by the government, the economy gained momentum in 2010 through an uptick in exports and investment. Meanwhile, the fiscal and monetary measures taken by the Egyptian authorities had helped reduce both the budget and current account deficit, and thereby contributed to the macro-economic stability of the country. Referring to these developments, the EU concluded in its ENP program review of 2010 that the economic objectives of the EU-Egypt Action Plan—improving macroeconomic stability, promoting growth and employment, and

¹⁶⁸ “Egypt: Progress Report on the Implementation of the ENP (2009),” May 12, 2010, 3, SEC (2010) 517, <http://www.enpi-info.eu/library/content/egypt-progress-report-implementation-enp-2009>.

¹⁶⁹ “Egypt: Progress Report on the Implementation of the ENP (2008),” 9; “Egypt: Progress Report on the Implementation of the ENP (2009),” 7; “Egypt: Progress Report on the Implementation of the ENP (2010),” 8.

moving towards a functioning market economy—had been reasonably well fulfilled.¹⁷⁰

Concerning trade relations, the EU had long been Egypt’s biggest trading partner. Following a slight decrease from 2007 to 2009, bilateral trade regained its momentum in 2010, during which Egypt’s exports to the EU increased by 14.5 percent, and EU exports to Egypt increased by 16.6 percent. In view of the Association Agreement, Egypt dismantled the tariffs applied to the import of industrial goods originating in the EU.¹⁷¹ Furthermore, in July 2008, the two sides agreed to further liberalize trade for agricultural products.¹⁷²

Aside from economic reforms and trade liberalization, progress was also made in EU-Egypt energy cooperation. Egypt was an oil exporter and the sixth largest natural gas supplier of the EU. In December 2008, the EU and Egypt established a strategic partnership on energy,¹⁷³ in which Egypt was invited to play a role in the Union’s energy security strategy and become an energy bridge connecting the EU to Africa and the Middle East.¹⁷⁴ In this context, the EU welcomed Egypt’s participation in international energy projects such as the southern gas corridor, the Arab Gas Pipeline, the Mediterranean electricity and gas interconnections, and the Mediterranean Solar Plan.¹⁷⁵

¹⁷⁰ “Egypt: Progress Report on the Implementation of the ENP (2010),” 3.

¹⁷¹ *Ibid.*, 11.

¹⁷² “Egypt: Progress Report on the Implementation of the ENP (2008),” 12.

¹⁷³ “EU-Egypt Memorandum of Understanding on Strategic Partnership on Energy,” 2009, <http://www.enpi-info.eu/library/content/eu-egypt-memorandum-understanding-strategic-partnership-energy>.

¹⁷⁴ “Egypt: Progress Report on the Implementation of the ENP (2008),” 18.

¹⁷⁵ “Egypt: Progress Report on the Implementation of the ENP (2009),” 16; Osiewicz Przemyslaw, “The Political Changes in Egypt and the Energy Security of the European Union,” in *Relations between the European Union and Egypt after 2011—Determinants, Areas of Cooperation and Prospects*, ed. Anna Potyrala, Beata Przybylska-Maszner, and Sebastian Wojciechowski (Berlin: Logos Verlag Berlin, 2015), 104.

Whereas the EU had consolidated its security and economic ties with Egypt over the years, it failed to realize the normative goals in terms of promoting democracy and human rights. In 2010, the state of emergency, which was introduced in 1981, was extended by Mubarak for two more years. The Emergency Law restricted the fundamental freedoms of Egyptians and allowed the State Security Emergency Courts and military courts to exercise jurisdiction over cases related but not limited to national security. Partly due to the Emergency Law, the EU was not able to put into practice its normative agenda in terms of improving the independence of the judiciary and protecting human rights in Egypt.¹⁷⁶

As for the goal of supporting democracy through free, fair and inclusive elections, the EU made limited progress in improving either the local municipal elections of 2007 or the legislative elections of 2010. Regarding the latter, the ruling National Democratic Party achieved an overwhelming victory at a remarkably low voter turnout, while the Muslim Brotherhood independent deputies lost all their seats at the People's Assembly. Civil society organizations were largely prevented from observing the elections, while the High Election Commission of Egypt received numerous reports of irregularities.¹⁷⁷ In spite of these violations, the EU chose to forgo its normative agenda given Mubarak's significant role in the Middle East peace process and securing border control in the southern Mediterranean.¹⁷⁸

4.2.3. Theoretical expectations and empirical results

Before the upheavals of 2011, the EU's Egypt policy-making was characterized by the democratization-stabilization dilemma, which entailed two types of goal conflicts. The first one was that between security and normative goals, for which the EU

¹⁷⁶ "Egypt: Progress Report on the Implementation of the ENP (2010)," 4.

¹⁷⁷ Ibid.

¹⁷⁸ Timo Behr, "The European Union's Mediterranean Policies after the Arab Spring: Can the Leopard Change Its Spots?" *Amsterdam Law Forum* 4 (2012): 77.

prioritized its security interests—maintaining security, stability and order in Egypt and the southern Mediterranean—over the normative goals of promoting democracy and protecting human rights. The second type of conflict was that between economic and normative goals. As it turned out, the EU’s economic goals took priority over its normative agenda. Notwithstanding the lack of democratic reform and violation of human rights, the EU continued to consolidate its economic relations with Egypt, without any intention of reducing or suspending the incentives it had offered to the Mubarak government. Table 4.1 summarizes the empirical findings presented in this section and the testing of theoretical expectations.

Table 4.1: Summary of empirical findings and testing of theoretical expectations (EU’s Egypt policies, January 2007 - December 2010)

| Period | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|--|------------------------|---------------------------|---------------------|--------------------------------|-------------------------|
| Mubarak (January 2007 - December 2010) | Security vs. normative | Prioritize security goals | Partly confirmed | Disconfirmed | Disconfirmed |
| | Economic vs. normative | Prioritize economic goals | Partly confirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |

From a neorealist perspective, facing the democratization-stabilization dilemma, European states should prioritize their security interests and economic goals in Egypt over the normative agenda of promoting democracy. The neorealist prediction is only partly confirmed, given that there was no consensus among EU member states regarding how to deal with the conflicts between security and economic goals, on the one hand, and normative goals, on the other hand. Some northern European states such as Germany, Sweden and Denmark had voiced their reservations about intensifying security and economic cooperation with the Mubarak government. They

suggested taking stronger measures to empower civil society actors in Egypt and urged the Mubarak authorities to respect human rights. In contrast, southern European states were more wary of a sudden political transformation in Egypt triggered by the empowered local civil society. They insisted that bilateral relations with Egypt should focus on the security and economic cooperation with Cairo so as to secure a stable order in the neighborhood.¹⁷⁹ Neorealism was therefore wrong in predicting that all states tend to prioritize security and economic goals at the expense of their normative agenda.

Even regarding southern European states, it should be noted that the security issues they focused on—fighting irregular migration, organized crime and the proliferation of terrorism—are essentially different from the security problem identified by neorealists, which should derive from the relative power position of a state vis-à-vis others in the international system. In this case, the so-called democratization-stabilization dilemma is largely irrelevant from a neorealist point of view.

Unlike neorealism, the bureaucratic politics approach interprets the democratization-stabilization dilemma as the result of EU bureaucracies seeking to manipulate policy-making in the direction that aligns with their organizational interests. According to the bureaucratic politics approach, the reason why the EU's security and economic goals took precedence over its normative agenda can be explained by the bureaucratic infighting between different EU institutions.

The bureaucratic politics model, however, is basically disconfirmed by the empirical findings presented above. Prioritizing security and economic cooperation with Egypt derived less from the inter-institutional conflict of the EU than from the political

¹⁷⁹ Pace, "Paradoxes and Contradictions in EU Democracy Promotion in the Mediterranean," 44; Timo Behr and Teija Tiilikainen, *Northern Europe and the Making of the EU's Mediterranean and Middle East Policies: Normative Leaders or Passive Bystanders?* (Ashgate Publishing, Ltd., 2015).

decisions made by the heads of member states. Admittedly, at the EU level, each DG of the Commission tended to speak for the foreign policy goal that is likely to increase (or at least not reduce) its mandate and financial resources. For example, the DG Trade would advocate more measures enhancing EU-Egypt economic integration; the DG Development was expected to support democratic reform; and the DG Home would call for deepening security cooperation on border control.¹⁸⁰ Nevertheless, in spite of some bureaucratic infighting among EU institutions, it is the office-holders of member states who have the final say over critical issues in EU-Egypt relations, particularly regarding security matters such as migration, stability, border control and counter-terrorism. Southern European governments, due to the fears of the proliferation of terrorism and increase of illegal immigration, strongly backed the approach of forging close security and economic cooperation with the Mubarak authorities while imposing effective control on Egypt's civil society, instead of relaxing it for the sake of democracy promotion or human rights protection.¹⁸¹ Their insistence on the security aspect of EU-Egypt relations undermined the EU's attempt to present a common front on the issue of democracy and human rights, prompting decision makers to de-prioritize the normative goals of the EU's Egypt policy.

Lastly, the constructivist approach to FPA predicts that as a normative power, the EU will prioritize the foreign policy goals that conform to the norms it upholds, that is, good governance based on democracy and the rule of law, and the respect for human rights and fundamental freedoms. Constructivists believe that in the face of goal conflicts, the EU will prioritize these value-based goals over security and economic interests. This prediction is falsified by the empirical findings. Before the Arab revolts, the EU neither initiated noteworthy programs in Egypt on democracy and human rights promotion nor made any substantial progress in the implementation of these programs. In many cases, the EU chose to turn a blind eye to the violations of

¹⁸⁰ Gergana Noutcheva, "Institutional Governance of European Neighbourhood Policy in the Wake of the Arab Spring," *Journal of European Integration* 37, no. 1 (January 2, 2015): 19–36.

¹⁸¹ Pace, "Paradoxes and Contradictions in EU Democracy Promotion in the Mediterranean," 44.

democratic values, human rights and civil liberties made by Egyptian officials. In short, the Union did not live up to its declared normative goals.¹⁸² Some scholars further argued that even if the EU made a stronger effort at democracy promotion, the ultimate objective of the EU's democratization agenda for the Middle East and North Africa was in fact not democracy in and of itself, but was rather about addressing the EU's own concerns about migration, security and stability. To put it differently, the EU encouraged democratization and good governance because it believed these changes could (in the long run) bring peace and order in and around its borders.¹⁸³

4.3. The fall of Mubarak and transition period (January 2011 - June 2012)

4.3.1. Initial reactions to the "Arab Spring"

When popular protests first broke out in Tunisia in late 2010, the EU was largely caught off guard.¹⁸⁴ Consumed by the internal debates about the evolving institutional set-up and personnel composition of the EEAS throughout 2010, EU foreign policy makers were ill-prepared for the unprecedented wave of protests that ripped through the Arab world. In view of the intra-institutional divisions and gaps in its core staff, the EEAS did not take the lead when protesters took to the streets of Tunis, Cairo and Benghazi.¹⁸⁵ In fact, during the initial phase of the Arab rebellion, the EU's common institutions were sidelined by member states and unable to function as a catalyst for a common policy.¹⁸⁶

¹⁸² Bicchi, "Democracy Assistance in the Mediterranean"; Pace, "Paradoxes and Contradictions in EU Democracy Promotion in the Mediterranean"; Seeberg, "The EU as a Realist Actor in Normative Clothes: EU Democracy Promotion in Lebanon and the European Neighbourhood Policy."

¹⁸³ Pace, "Paradoxes and Contradictions in EU Democracy Promotion in the Mediterranean," 45–46.

¹⁸⁴ Behr, "The European Union's Mediterranean Policies after the Arab Spring," 77; see also Noutcheva, "Institutional Governance of European Neighbourhood Policy in the Wake of the Arab Spring," 19; Dandashly, "The EU Response to Regime Change in the Wake of the Arab Revolt," 39.

¹⁸⁵ Behr, "The European Union's Mediterranean Policies after the Arab Spring," 77.

¹⁸⁶ *Ibid.*, 79.

The Arab revolts first broke out in Tunisia on December 17, 2010, following the self-immolation of a street vendor. However, the EU only took note of the situation in an official statement on January 10, 2011. In the soft-worded statement, High Representative Catherine Ashton and Enlargement Commissioner Stefan Füle merely called for restraint and the release of detained activists.¹⁸⁷ Only after the departure of President Ben Ali a few days later did the two officials express their support for the democratic aspirations of the Tunisian people and promise EU support.¹⁸⁸ Reluctant to desert an ally in the region and fearful about the security consequences of political transformation, many southern European governments opposed a strong-worded European statement or any talk of EU sanctions.¹⁸⁹ Most notably, the French government offered to dispatch the French riot police to help quell the turmoil in Tunisia.¹⁹⁰

Europe's utter failure in Tunisia drew considerable criticism from the press and civil society organizations. The criticism prompted both the EU and its member states to rethink their policies in the Arab world. This reflection led the EU to change its policies during the Egyptian demonstrations from January 25 to February 11.¹⁹¹

On January 25, tens of thousands of Egyptians, inspired by the happenings in Tunisia, took to the streets in Cairo, calling for an end to poverty, suppression and social injustice. Among Western powers, the United States was the first to make a comment

¹⁸⁷ "Statement by EU High Representative Catherine Ashton and European Commissioner for Enlargement Stefan Füle on the Situation in Tunisia," January 10, 2011, A 010/11, as cited in Behr, "The European Union's Mediterranean Policies after the Arab Spring," 79.

¹⁸⁸ "Joint Statement by EU High Representative Catherine Ashton and European Commissioner for Enlargement Stefan Füle on the Event in Tunisia," January 14, 2011, A 016/11, as cited in Behr, "The European Union's Mediterranean Policies after the Arab Spring," 79.

¹⁸⁹ Leigh Phillips, "Mediterranean EU States Block Stronger Action on Tunisia," *EUObserver*, January 14, 2011, <https://euobserver.com/foreign/31644>, as cited in Behr, "The European Union's Mediterranean Policies after the Arab Spring," 79.

¹⁹⁰ Barah Mikail, "France and the Arab Spring: An Opportunistic Quest for Influence," *FRIDE Working Paper*, no. 110 (October 5, 2011), as cited in Behr, "The European Union's Mediterranean Policies after the Arab Spring," 79.

¹⁹¹ Behr, "The European Union's Mediterranean Policies after the Arab Spring," 79.

on the situation of Egypt. On January 26, Secretary of State Hillary Clinton asked the Egyptian government to permit peaceful protests and immediately implement political, economic and social reforms.¹⁹² Ratcheting up the pressure on Cairo two days later, President Obama sided with the protesters, urging Mubarak to make “absolute critical reforms.”¹⁹³

Compared to its practice in Tunisia, the EU played a more visible, albeit still highly reactive, role during the Egyptian uprisings. High Representative Ashton issued a written statement on January 27, asking the Egyptian authorities to listen to the people’s voices and fully respect their rights of expressing political aspirations by means of peaceful demonstrations.¹⁹⁴ In addition, the President of the European Parliament, Jerzy Buzek, and the President of the European Council, Herman van Rompuy, called for the cessation of violence in Egypt and encouraged Mubarak to “set the necessary reform process in motion.”¹⁹⁵

In spite of the EU statements, some member states remained deeply skeptical about the development in Egypt. Italy, for example, was among the first European countries to comment on the Egyptian revolts. Speaking to the press on January 27, Foreign Minister Franco Frattini argued that the situation in Egypt was completely different from that of Tunisia, because “there are civil liberties” in Egypt even though the

¹⁹² “Egypt Has Chance to Make Political Reforms: U.S.,” *Reuters*, January 26, 2011, <http://www.reuters.com/article/2011/01/26/us-egypt-protest-clinton-idUSTRE70O7RC20110126>.

¹⁹³ Matt Spetalnick and David Alexander, “Obama Ratchets up Pressure on Egypt’s Mubarak Read,” *Reuters*, January 28, 2011, <http://www.reuters.com/article/2011/01/28/us-egypt-protest-usa-idUSTRE70Q7XQ20110128#AT9TOqhG7C9ebt zO.97>.

¹⁹⁴ “Statement by the EU High Representative Catherine Ashton on the Events in Egypt,” January 27, 2011, A 032/11, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/118963.pdf.

¹⁹⁵ “Statement by Herman van Rompuy President of the European Council on the Situation in Egypt,” January 29, 2011, PCE 020/11, https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/118993.pdf; “EU High Representative and EP President Concerned with Situation in Egypt,” *EU Neighborhood Info Center*, January 28, 2011, http://www.enpi-info.eu/mainmed.php?lang_id=450&searchtype=simple&id=23892&id_type=1.

politics there was “not a copy of the European model.” Frattini emphasized that European governments “are not colonizers of any country” and “must not impose our model” on others. Talking about the way out, the Foreign Minister echoed the US position of encouraging top-down reforms in Egypt in the hope of gradually expanding civil liberties while maintaining stability in the region, given that “the stability of Egypt is fundamental for the entire Mediterranean.” He further warned that the biggest mistake would be to call for a sudden regime change in Egypt and bring chaos to the region.¹⁹⁶

On January 31, at the EU FAC, foreign ministers had their first discussion on the political situation in Egypt. Member states were divided on the future of Mubarak: some called for an immediate end of his rule, while others insisted allowing him more time to facilitate a more orderly transition of power. Referring to the inevitable departure of Mubarak, French Foreign Minister Michele Alliot-Marie and German Foreign Minister Guido Westerwelle were wary of radical Islamists filling in the power vacuum. Fashioning himself as the crucial rampart against Islamist militancy, Mubarak once said during the uprisings that he believed Egypt would descend into chaos if he were to give in to public demands and quit immediately. While many people interpreted Mubarak’s warning as an excuse to cling on to power, some European officials accepted the truth of this statement. “It is very important to support the democratic process,” Alliot-Marie admitted, but “we don’t want to see ... radical forces benefiting from this process with their propaganda of intolerance.”¹⁹⁷

¹⁹⁶ Barry Moody, “Italy Supports Egypt’s Mubarak but Urges Reform,” *Reuters*, January 27, 2011, <http://www.reuters.com/article/2011/01/27/us-egypt-protests-italy-idUSTRE70Q7Q120110127#kgpAzvIHwGHrAhp5.97>.

¹⁹⁷ Justyna Pawlak and Luke Baker, “EU Leaders Call for Transition in Egypt to Start Now,” *Reuters*, February 4, 2011, <http://www.reuters.com/article/2011/02/04/us-eu-summit-egypt-idUSTRE7133I320110204#QRpKZsBXzbqZqJeV.97>; Stephen Brown and William MacLean, “Europe to Egypt: After Mubarak, Don’t Rush Election,” *Reuters*, February 5, 2011, <http://www.reuters.com/article/2011/02/05/us-egypt-europe-idUSTRE7141VX20110205#IDAFhABuZkDcZ3S3.97>.

Taking note of potential dangers, the EU foreign ministers concluded the meeting calling for an “orderly transition” in Egypt to a “broad-based government,” which would lead to a “genuine process of essential democratic reforms.” Moreover, they stipulated that the transition in Egypt should “respect the rule of law, human rights and fundamental freedoms, paving the way for free and fair elections.”¹⁹⁸

Meanwhile, the Arab protests continued to spread from Egypt to other countries of the region. European leaders realized their interests in a stable neighborhood could no longer be guaranteed by authoritarian Arab regimes. In order to restore stability, it was now in the EU’s best interest to facilitate an orderly transition to democracy of those countries that had experienced revolutionary upheavals.¹⁹⁹ On February 4, European leaders met at the European Council summit and underlined their determination to fully support the transformation in Arab countries, especially in terms of “strengthening democratic institutions, promoting democratic governance and social justice, and assisting the preparation and conduct of free and fair elections.” In this context, the leaders invited the High Representative and the Commission to rapidly adapt the EU instruments to the new situation, especially by adjusting the ENP in accordance with the ardent aspirations of the Arab people.²⁰⁰ The EU summit declaration of February 4 thus opened the door for a revision of the Union’s Egypt policies and provided EU institutions a more central role in the process.²⁰¹

¹⁹⁸ “Press Release of the 3065th Council Meeting—Foreign Affairs,” January 31, 2011, 5888/1/11 REV 1 (en), http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/119045.pdf; David Brunnstrom and Justyna Pawlak, “EU Calls for Orderly Transition in Egypt,” *Reuters*, January 31, 2011, <http://www.reuters.com/article/2011/01/31/us-egypt-eu-idUSTRE70U5ER20110131#4EmuXdH12Oq0XZ3C.97>.

¹⁹⁹ Behr, “The European Union’s Mediterranean Policies after the Arab Spring,” 81.

²⁰⁰ “European Council Declaration on Egypt and the Region” (February 4, 2011), https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/119145.pdf; Behr, “The European Union’s Mediterranean Policies after the Arab Spring,” 80.

²⁰¹ Behr, “The European Union’s Mediterranean Policies after the Arab Spring,” 80.

4.3.2. From stability defender to democracy promoter

On February 11, the Egyptian government announced that Mubarak had resigned as president, and transferred his authority to the Supreme Council of the Armed Forces (SCAF), headed by field marshal Mohamed Hussein Tantawi. On February 22, Ashton arrived in Cairo, meeting with officials of the transitional government, political parties and civil society actors. Based on her discussions with stakeholders in the region, the High Representative, together with the European Commission, presented in early March a revision of EU policies towards the Southern Neighborhood, namely, the Proposal for a Partnership for Democracy and Shared Prosperity (PfDSP) with the southern Mediterranean. In May, Ashton and Füle presented the Joint Communication on ENP review. The document—*A New Response to a Changing Neighborhood*—introduced the EU’s upgraded approach to its Eastern and Southern Neighborhoods. The PfDSP was then incorporated in this document as the southern dimension of the updated ENP.²⁰²

By proposing this policy reform, the EU pledged to set forth “a right blend” of its security, economic and normative objectives in the southern Mediterranean. Referring to the Egyptian insurgency, Ashton insisted that the “old stability” could no longer work in the EU’s Southern Neighborhood; instead, the Union must build a new type of “sustainable stability,” which required decision makers to tackle the security, economic and normative aspects of foreign policy-making in an integrated manner. Along these lines, the foreign policy chief emphasized that the EU must respond with determination to fully support the aspirations of the Egyptian people for democratic change, social justice and democratic development.²⁰³

²⁰² “A New Response to a Changing Neighborhood: A Review of the European Neighbourhood Policy,” May 25, 2011, 2, COM (2011) 30, https://eeas.europa.eu/enp/pdf/pdf/com_11_303_en.pdf.

²⁰³ “Remarks by the EU High Representative Catherine Ashton at the Senior Officials Meeting on Egypt and Tunisia,” February 23, 2011, A 069/11, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/119459.pdf.

In light of this change of mindset, the European Commission elaborated in the revised ENP the ambitious goal of promoting “deep democracy.” Deep democracy underlines that democratic transition is not only about giving people the right to vote; the process must also be accompanied by “the rights to exercise free speech, form competing political parties, receive impartial justice from independent judges, security from accountable police and armed forces, access to a competent and non-corrupt civil service, and other civil and human rights that many Europeans take for granted, such as the freedom of thought, conscience and religion.”²⁰⁴

In relation to the promotion of deep democracy, the updated ENP also emphasized the importance of engaging with civil society actors. Whereas in the past the EU primarily supported the top-down reforms initiated by local governments, the Commission now sought to make its support more accessible to civil society organizations. In this context, the new ENP advanced the goal of strengthening the EU’s partnership with non-state actors through a dedicated Civil Society Facility. The Facility would offer EUR 22 million for 2011-13 to foster the capacity of civil society actors and their roles in democratic reforms.²⁰⁵ In addition, in light of the contribution made by information technologies in promoting democratic change during the Arab Spring, the Commission also proposed to enhance the EU’s effort of promoting media freedom, especially by supporting unhindered access to the internet by civil society actors. Last but not least, based on an initiative by Poland, the EU founded the European Endowment for Democracy to support local political parties, non-registered non-governmental organizations (NGOs) and trade unions that strived for democratic change.²⁰⁶

In the hope of persuading Arab governments to implement democratic reforms, the EU reiterated its incentive-based policies. In light of the Arab uprisings, the

²⁰⁴ “A New Response to a Changing Neighborhood: A Review of the European Neighbourhood Policy,” 2.

²⁰⁵ Behr, “The European Union’s Mediterranean Policies after the Arab Spring,” 83.

²⁰⁶ “A New Response to a Changing Neighborhood: A Review of the European Neighbourhood Policy,” 4–5.

Commission reinforced the instrument of conditionality by making it the main mechanism covering most issue areas under the ENP.²⁰⁷ According to the upgraded program, incentives would come in various forms, such as additional funding for social and economic development, greater market access, increased financial support of investments, and greater facilitation of mobility. The more and the faster a country progresses in building deep democracy, the more support it will get from the EU. In the meantime, the upgraded ENP also hinted at the “less-for-less” approach: the EU will reconsider or reduce funding for countries where political reform has not taken place; it will also use targeted sanctions and other policy measures to curtail relations with governments engaged in the violations of human rights and democracy standards.²⁰⁸

In terms of funding, Ashton announced at the launch of the new ENP that on top of the EUR 5.7 billion already allocated for the period 2011-13, the EU would transfer an additional EUR 1.24 billion for the new programs in the Middle East and North Africa. Furthermore, the Union adopted a package of measures in September 2011 to support Arab countries in transition. The centerpiece of this package was the SPRING program (Support to Partnership, Reform and Inclusive Growth) that aimed to disburse EUR 350 million in assistance in 2011-13 according to the more-for-more principle.²⁰⁹ Apart from these direct support measures, the European Council approved an increase in the lending envelope of the European Investment Bank to the southern Mediterranean by EUR 1 billion for 2011-13. The European Bank for Reconstruction and Development also intended to increase its annual lending volumes

²⁰⁷ Noutcheva, “Institutional Governance of European Neighbourhood Policy in the Wake of the Arab Spring,” 27–28.

²⁰⁸ “A New Response to a Changing Neighborhood: A Review of the European Neighbourhood Policy,” 3; Andrea Teti, Darcy Thompson, and Christopher Noble, “EU Democracy Assistance Discourse in Its New Response to a Changing Neighbourhood,” *Democracy and Security* 9, no. 1–2 (January 1, 2013): 74–75.

²⁰⁹ European Union, “EU Response to the Arab Spring: The SPRING Programme,” September 27, 2011, MEMO/11/636, as cited in Timo Behr, “After the Revolution: The EU and the Arab Transition,” *Notre Europe Policy Paper*, no. 52 (2012): 10.

to the southern and eastern Mediterranean countries to around EUR 2.5 billion per year.²¹⁰

Although the PfDSP and ENP review did not represent a paradigm shift in EU-Mediterranean relations, they made adjustments to the prioritization of the EU's foreign policy goals.²¹¹ Pledging to focus its policies on promoting deep democracy, the EU tried to square its normative ambitions with its security and economic goals in the region, and in turn, to bring an end to the long-standing democratization-stabilization dilemma in its Middle East policy-making.²¹²

In Egypt, the EU made some initial attempts to transform its role from stability defender to democracy promoter. During the uprisings, Brussels adopted restrictive measures to pressure the Mubarak regime by freezing the personal assets of government officials and imposing travel bans on them. After the departure of Mubarak, the EU was more committed than ever to helping Egypt build functioning democratic systems. During the transition period, the Union strengthened its links with a broader set of political and civil society actors. When the military authorities (i.e., SCAF) and interim government violated human rights and democracy principles, the EU became outspoken in its criticism.²¹³

During the transition phase, Egypt made substantial advancements towards democracy, while the EU resolved to make its contribution to the process. With Mubarak and the

²¹⁰ "EU Launches 'new and ambitious' European Neighborhood Policy," *EU Neighborhood Info Center*, May 25, 2011, http://www.enpi-info.eu/mainmed.php?lang_id=450&searchtype=simple&id=25298&id_type=1; Behr, "The European Union's Mediterranean Policies after the Arab Spring," 83.

²¹¹ Teti, Thompson, and Noble, "EU Democracy Assistance Discourse in Its New Response to a Changing Neighbourhood"; Nathalie Tocci, "One Year On: A Balance Sheet of the EU's Response to the Arab Spring," *Opinions on the Mediterranean* (German Marshall Fund of the United States and Istituto Affari Internazionali, May 2012); Susi Dennison, "The EU and North Africa after the Revolutions: A New Start or 'plus Ça Change'?" *Mediterranean Politics* 18, no. 1 (March 1, 2013): 119–24; Behr, "After the Revolution."

²¹² Behr, "The European Union's Mediterranean Policies after the Arab Spring," 82.

²¹³ Behr, "After the Revolution," 13–14.

National Democratic Party being ousted, SCAF announced new laws facilitating the establishment of political parties and redefining the political rights of citizens. Thereafter, a number of political parties were formed with no report of any official efforts to obstruct the process. Between November 2011 and February 2012, Egypt held parliamentary elections in a generally free and transparent manner. The elections saw the Freedom and Justice Party (FJP) of the Muslim Brotherhood emerge as the largest party, holding 46 percent of seats at the People's Assembly. The Nour Party of Salafi Islamists came second, garnering 24 percent, while the centrist New Wafd Party ranked third with 8 percent. In May and June 2012, Egyptians elected their new president in a highly polarized political atmosphere. The final round of votes showed the FJP candidate Mohammed Morsi defeated former Prime Minister Ahmed Shafiq by a small margin.

Before the parliamentary and presidential elections, the EU proposed to field fully-fledged election observation teams to Egypt. The Egyptian authorities, however, declined all offers made by international observation teams, except for allowing seven NGOs to follow the electoral process. In this context, the EU supported the elections indirectly by providing EUR 2 million financial support to local civil society organizations in a bid to train more than 1,000 election observers. In addition, the Union also helped expand the capacity of the High Electoral Commission and raise voter awareness.²¹⁴ At the presidential elections, the Union persuaded the Egyptian authorities to invite two electoral experts from the EEAS for assessment.²¹⁵

²¹⁴ "The EU's Response to the 'Arab Spring,'" December 16, 2011, MEMO/11/918, http://europa.eu/rapid/press-release_MEMO-11-918_en.htm?locale=en; "Egypt: Progress Report on the Implementation of the ENP (2011)," May 23, 2012, SWD (2012) 113 final, <http://www.enpi-info.eu/library/content/egypt-enp-progress-report-2011>; "Egypt: Progress Report on the Implementation of the ENP (2012)," March 27, 2013, SWD (2013) 89 final, <http://www.enpi-info.eu/library/content/egypt-enp-progress-report-2012>.

²¹⁵ "EU's Response to the 'Arab Spring': The State-of-Play after Two Years," February 8, 2013, 6, A 70/13, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/135292.pdf.

In spite of the unprecedented free elections, some institutional developments in the first half of 2012 slowed down Egypt's democratic transition. In April 2012, an administrative court dissolved the Islamist-dominated Constituent Assembly charged with drafting a new constitution. In June, the Supreme Constitutional Court dissolved the newly-elected People's Assembly, alleging that the election law governing parliamentary elections was unconstitutional. The dissolution of the lower house of the Egyptian parliament seriously constrained the power of the future president. It also exacerbated the antagonism between the Islamists, on the one hand, and the army and secular forces, on the other hand. In light of this development, EU leaders expressed their concerns about the political controversy in Egypt, and called for the interim government to set a timetable for a new parliamentary election with the participation of foreign observation missions.²¹⁶

In addition to that, the EU also raised objections to the consistent violation of human rights in Egypt. Although SCAF lifted the state of emergency in May 2012, the military authorities continued trying civilians in military courts and arresting activists for defaming the army. Meanwhile, the departure of Mubarak did not stop popular protests in Egypt. Demonstrations continued in more violent forms with numerous incidents of security forces attacking demonstrators and vice versa. In June 2011, the opposition started protesting against Tantawi, calling for an immediate power transfer from the army. On October 9, police fired at Coptic protesters at Maspero, killing 28. On December 16, football fans clashed with police in Cairo, resulting in 11 deaths. Another football match on February 1, 2012 led to 74 deaths in Port Said and triggered deadly clashes around the country. The EU repeatedly condemned the government's excessive use of force during these incidents and urged restraint on all sides.²¹⁷

²¹⁶ "Egypt: Progress Report on the Implementation of the ENP (2012)," 7.

²¹⁷ "Egypt: Progress Report on the Implementation of the ENP (2011)," 5.

Whereas the EU pledged to strengthen its links with civil society, these measures were met with forceful resistance from the Egyptian authorities. Not only did the NGO law continue to hinder the performance of civil society actors, the army-backed interim government also took advantage of the rise of nationalism by launching a public campaign against Western NGOs and domestic ones funded by international donors. In December 2011, security forces stormed the offices of several US and EU-funded civil society organizations, closed down their offices, and seized documents and computers. Following these incidents, the EU foreign policy chief and member state governments demanded an immediate stop to the harassment of NGO workers in Egypt. However, neither SCAF nor the interim government took these calls seriously.²¹⁸

Overall, inspired by the Arab uprisings, the EU stepped up the efforts of promoting its normative agenda in the Middle East. Based on the ENP review, the Union enthusiastically backed the democratic transition in Egypt and gave forthright criticism regarding the violation of human rights made by the interim authorities. Admittedly, the interim government under SCAF was not willing to let the EU play a greater role in Egypt's political transition nor was it disposed to accept the criticism made by any external powers on its wrongdoings. Partly due to this reason, the promotion of deep democracy in Egypt did not bring about the expected results outlined in the ENP review. Nevertheless, the EU foreign policy during this period still signaled a departure from its previous approach of focusing predominantly on securing the autocratic stability in Egypt and the southern Mediterranean.

4.3.3. Looming security challenges

The revolts in North Africa represented a source of optimism for the EU's normative agenda, but these events also exacerbated the security concerns of the Union and its

²¹⁸ Ibid.

member states. With regard to Egypt, the empowerment of Islamists, the rise of irregular migration flows crossing the Mediterranean and the severe deterioration of the Egyptian economy were among the top concerns of European policy makers.

To begin with, the Arab Spring—often interpreted by local Islamist groups as an “Islamic awakening”—forced the EU to deal with Islamism as a legitimate political power and investigate the impact of Islamist radicalization in its neighborhood. Islamism, or political Islam, had long been regarded as one of the security threats faced by the EU. Over the years, the implicit approach adopted by the EU vis-à-vis Islamist actors was one of containment. Although some member states such as Germany and the UK had initiated explicit dialogue initiatives with the Islamists in the early 2000s, others, especially southern European governments, remained skeptical about the prospect of engagement. In light of the departure of Arab strongmen, the emergence of Islamist parties prompted the EU to switch from a policy of containment to a policy of engagement in its relationship with moderate Islamist forces while keeping a vigilant eye on the radical ones.²¹⁹

Apart from the empowerment of Islamists, a more urgent security challenge encountered by the EU was the rise of irregular migration flows crossing the Mediterranean towards southern Europe. Due to domestic instability, the massive displacement of populations from Egypt, Tunisia, Libya and Morocco put the protection and reception systems of some member states, especially Italy and Malta, under increasing strain. As popular protests swept through the Arab world, the EU tried hard to stabilize the situation of the Mediterranean by helping the most exposed member states to cope with migratory pressures, on the one hand, and speeding up

²¹⁹ Timo Behr, “EU Foreign Policy and Political Islam: Towards a New Entente in the Post-Arab Spring Era?,” *The International Spectator* 48, no. 1 (March 1, 2013): 20–33; John Irish, “France Fears Islamist Rise in Syria Unless Opposition Helped,” *Reuters*, January 28, 2013, <http://www.reuters.com/article/us-syria-crisis-talks-idUSBRE90R0D720130128>.

negotiations to conclude working arrangements with North African governments, on the other hand.

In terms of supporting southern European member states, on February 20, Frontex (namely, the European Agency for the Management of Operational Cooperation at the External Borders) deployed the Joint Operation EPN Hermes Extension 2011 to assist the Italian government in managing the influx of migrants from North Africa. At the same time, Europol deployed a team of experts to help Italy detect possible criminals involved in human trafficking.²²⁰

As for enhancing cooperation with North African countries, the EU proposed to speed up the negotiations with Egypt, Morocco and Turkey in an attempt to conclude some initial working arrangements on the management of migration flows in the Mediterranean. On March 23, 2011, the EU Home Affairs Commissioner travelled to Egypt to discuss with the interim government on migration and refugee issues. The EU's proposal was two-fold: first, it sought to cooperate with Egypt to relieve the humanitarian crisis of Libya by supporting refugees fleeing from the Libyan warfare; second, the Commissioner asked the Egyptian government to strengthen border control in order to prevent illegal immigrants from reaching Europe and have them returned in accordance to existing legal standards.²²¹

In April, European interior ministers gathered in Luxembourg, stressing the urgent need to promote cooperation on migration issues with southern Mediterranean neighbors, especially on the prevention of illegal migration flows, border management, and the return and readmission of irregular migrants.²²² In view of the potentially

²²⁰ "The European Commission's Response to the Migratory Flows from North Africa," April 8, 2011, MEMO/11/226, http://europa.eu/rapid/press-release_MEMO-11-226_en.htm?locale=fr.

²²¹ "Migration and Libya Top the Agenda in Cairo Talks for Home Affairs Commissioner," *EU Neighborhood Info Center*, March 23, 2011, http://www.enpi-info.eu/mainmed.php?lang_id=450&searchtype=simple&id=24627&id_type=1.

²²² "Council Conclusions on the Management of Migration from the Southern Neighbourhood" (Council of the

prolonged instability in the southern Mediterranean, the ministers called for a long-term and integrated approach of addressing migration, mobility and security issues of the Southern Neighborhood. This approach was elaborated by the PfDSP as the mobility partnership between the EU and southern Mediterranean countries. A key element of this partnership is to build up the capacity of neighboring countries on border, migration and asylum management, and enhance law enforcement cooperation with the EU to improve security throughout the Mediterranean. In return for their efforts, the EU would revise its migration legislation and visa policies to facilitate mobility between the two sides.²²³

In May, the European Commission offered to start the negotiations with Tunisia, Morocco and Egypt on the Mobility Partnership (namely, the Dialogues on Migration, Mobility and Security).²²⁴ While negotiations were carried out smoothly in Tunisia and Morocco, the EU's offer received no enthusiastic response from the Egyptian authorities. The two sides held some exploratory talks in June 2011 before Egypt decided not to pursue a mobility partnership with the EU in September.²²⁵

Although the Egyptian government refused to enter into a partnership with the EU, it was able to exert forceful control over its borders in the Mediterranean and with Libya. What the EU found more worrisome was the growing instability of Egypt due to the severe deterioration of its economy. Since the launch of the EMP, the EU had focused

EU, April 12, 2011), http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/jha/121479.pdf; "EU Ministers Urge Cooperation and Solidarity to Face Migration Pressures," *EU Neighborhood Info Center*, April 12, 2011, http://www.enpi-info.eu/mainmed.php?lang_id=450&searchtype=simple&id=24850&id_type=1.

²²³ "Joint Communication: A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean" (European Commission, March 8, 2011), 6–7, COM (2011) 200 final, https://eeas.europa.eu/euromed/docs/com2011_200_en.pdf; "Commission Adopts Migration Package Targeting Better Cooperation with North Africa," *EU Neighborhood Info Center*, May 24, 2011, http://www.enpi-info.eu/mainmed.php?lang_id=450&searchtype=simple&id=25284&id_type=1.

²²⁴ "Southern Mediterranean: Towards a New Era of Dialogue and Partnership," May 24, 2011, MEMO/11/330, europa.eu/rapid/press-release_MEMO-11-330_en.pdf.

²²⁵ "Egypt: Progress Report on the Implementation of the ENP (2011)," 12.

on reviving economic growth in Egypt in the hope of addressing the root causes of violence and counteracting the pressure of illegal migration to Europe.²²⁶ The political uncertainty and persistent unrest after Mubarak's downfall had resulted in a significant contraction of the Egyptian economy, with its GDP growth rate hitting a record low of -4.3 percent in the first quarter of 2011 and remaining gloomy in 2012. Due to the fall of revenue and rise of expenditure on subsidies and interest payments, the Egyptian government became increasingly reliant on the external financing from Gulf Arab donors. Simultaneously, the economic slowdown after January 2011 also aggravated the problem of widespread poverty and unemployment.²²⁷

The dire situation compelled the EU to rescue the Egyptian economy and meet the urgent needs of local people. Aiming to help the country restore stability, in August 2011 the European Commission approved EUR 100 million for Egypt to address the pressing challenges faced by the interim government, such as improving the living conditions of the poor, boosting economic growth and job creation, and providing cheap and efficient energy for the population.²²⁸ In addition, the EU encouraged Cairo to carry out the long-term structural reforms outlined in the ENP. In December 2011, the Commission set out the negotiating directives for a Deep and Comprehensive Free Trade Area with Egypt as an incentive. However, with limited mandate, the interim government was not ready to engage.²²⁹

²²⁶ George Joffé, "The European Union, Democracy and Counter-Terrorism in the Maghreb," *Journal of Common Market Studies* 46, no. 1 (January 1, 2008): 147–71, as cited in Behr, "EU Foreign Policy and Political Islam," 25–26.

²²⁷ "Egypt: Progress Report on the Implementation of the ENP (2011)," 7–9; "Egypt: Progress Report on the Implementation of the ENP (2012)," 11–12.

²²⁸ "New Commission Support to Improve Living Conditions and Create Jobs in Egypt," August 11, 2011, IP/11/966, http://europa.eu/rapid/press-release_IP-11-966_en.htm?locale=en.

²²⁹ "Egypt: Progress Report on the Implementation of the ENP (2011)," 3, 13.

4.3.4. Theoretical expectations and empirical results

During the transition period, the EU pledged to strike a balance between its security and economic goals on the one hand, and its normative ambition in Egypt on the other hand. The Arab uprisings opened the door to the ENP review, in which the EU refashioned its role in the southern Mediterranean from stability defender to democracy promoter. However, in light of the revival of Islamism, the increment of irregular migration flows and the severe deterioration of the Egyptian economy, the EU and especially southern member states had no choice but to enhance security and economic cooperation with the military-backed interim government in a bid to help Egypt regain stability as soon as possible.

That said, the EU did not forgo its normative objectives when seeking security and economic targets during the transition period. Although the updated ENP did not bring about a sea change of the EU's approach to Egypt, it did place a stronger emphasis on the promotion of deep democracy. After the departure of Mubarak, the EU was committed to the democratic reforms in Egypt and had strengthened its link with local civil society actors. Rather than turning a blind eye to the mismanagements of the Egyptian government, the EU heightened its criticism of the interim authorities for its violation of human rights and democratic principles.

The table on the next page summarizes the empirical findings presented in this section and the testing of three groups of theoretical expectations, which is explained below.

Table 4.1: Summary of empirical findings and testing of theoretical expectations
(EU's Egypt policies, January 2011 - June 2012)

| Period | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|---|---------------------------|-----------------------------|---------------------|--------------------------------|-------------------------|
| Transition (January 2011 - June 2012) | Security vs. normative | Balance | Disconfirmed | Disconfirmed | Disconfirmed |
| | Economic vs. normative | Balance | Disconfirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |

Neorealism expects European states to prioritize security and economic interests in Egypt over the normative goals of supporting human rights and democratic transition. This prediction is disconfirmed by the empirical findings on EU member states' reactions to the Arab uprisings. When popular revolts spread across the Arab world, European states realized it was no longer feasible to stem the tide of change by helping Arab autocrats clamp down on demonstrations and restore authoritarian stability. In light of the development on the ground, all states agreed to some extent to rebalance their security and economic interests with the value-based goals of EU foreign policy. Even the risk-averse southern European states, which endeavored to contain the destabilizing effect of sudden regime collapse in Egypt, were ready to put democracy promotion back on their policy agenda during the Arab uprisings. The neorealist views that normative goals are irrelevant and that security and economic cooperation should not be conditioned by the progress made on democratic reforms are therefore disconfirmed by the more for more approach highlighted by the ENP review in the wake of the regime change in Egypt.

The bureaucratic politics approach argues that the EU squared its security and economic goals in Egypt with the normative pursuits of promoting democracy and

protecting human rights as a result of the bureaucratic rivalries within the European Commission. For example, in light of the Arab people protesting against authoritarian leaders and calling for social change, the DG Development of the European Commission aspired to play a bigger role in the EU's Middle East policy-making by highlighting democracy support through the European Instrument for Democracy and Human Rights. In addition, the DG Trade, DG Development and DG Economic and Financial Affairs emphasized the importance of disbursing financial aid and deepening economic ties with post-revolutionary Egypt. Meanwhile, the DG Home, citing growing security concerns in terms of the irregular flow of migrants, also sought to augment resources and enhance influence in policy-making against other EU institutions. After all the bureaucratic infighting, the outcome of the EU's Egypt policy-making during this period would take the form of a balance, indicating the lowest common denominator distinct from what had been originally intended by any EU institution.

The bureaucratic politics model, although not without reason, is falsified by the empirical findings on the EU's Egypt policy-making during this period, since this approach to FPA largely overlooks the responsibility of political leaders in decision-making. As mentioned above, in the wake of the Arab uprisings, leaders of the European Council asked High Representative Ashton to formulate measures to support the political transformation in the Middle East and adjust the ENP according to the changing situation. The EU foreign policy chief thereafter played a leading role in carrying out investigations on the ground, listening to the opinions of stakeholders from various sectors and eventually putting forward the ENP reform plan that featured the promotion of deep democracy. Along these lines, although EU bureaucracies might use their own channels to influence Ashton during the ENP review, the High Representative was not simply a passive bystander who enjoyed only nominal decision-making power and allowed foreign policies to be determined by bureaucratic

conflicts. The policy process, in contrast, featured a more visible role played by political leaders than a mass of intertwined bureaucratic struggles.

Lastly, the constructivist approach to FPA expects the EU to prioritize the goals that conform with the norms it endorses. In other words, the EU will prioritize the value-based goals over security and economic ones. The constructivist approach sheds light on the EU's decision of adjusting the ENP and squaring the interests of maintaining stability in the Southern Neighborhood with that of advancing deep democracy in the region. That said, it would be an exaggeration to say that the EU, in light of the mass protests against Arab authoritarian leaders, opted to prioritize democracy and human rights in its Middle East policies over security and economic interests. In Egypt during the transition period, the EU's effort could be at best described as striving for a balance between divergent foreign policy targets. When it came to implementation, the economic and security dimensions of the EU's Egypt policies still proved to be more forceful than that of the normative aspect.²³⁰

4.4. Egypt under Mohammed Morsi (July 2012 - June 2013)

4.4.1. The EU-Egypt task force meeting

On June 30, 2012 Mohammed Morsi was inaugurated as the first democratically-elected president of Egypt. The EU expressed support for the peaceful transition and the aspiration of strengthening cooperation with the new government. High level dialogues resumed shortly after Morsi took office. On July 19, Ashton visited Cairo and held her first meeting with the Egyptian President.²³¹ On September 13, Morsi paid a visit to Brussels, meeting with European Commission President Jos é

²³⁰ Dandashly, "The EU Response to Regime Change in the Wake of the Arab Revolt"; Noutcheva, "Institutional Governance of European Neighbourhood Policy in the Wake of the Arab Spring."

²³¹ "Remarks by EU High Representative Catherine Ashton Following Her Meeting with President Morsi," July 19, 2011, A 339/12, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/131877.pdf.

Manuel Barroso. The two sides agreed to resume bilateral contact under the structure of the EU-Egypt Association Agreement and to start the negotiations on a new ENP Action Plan.²³² Moreover, they decided to convene the first meeting of the EU-Egypt task force in November 2012.

Ashton created the “Task Force for the Southern Mediterranean” in a bid to bring together expertise from different EU institutions and independent fiscal institutions under the coordination of a new Special Representative for the Southern Mediterranean.²³³ The EU considered this task force as a new form of diplomacy that could consolidate its engagement with countries in transition by mobilizing the assets of the Union and its member states, and working with both public and private sectors.

The first EU-Egypt task force meeting took place on November 13-14 in Cairo. On the EU side, participants included representatives of the European Commission, the EEAS, European Parliament, European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), and member state governments. The goal was to negotiate with their Egyptian counterparts on a new EU-Egypt relationship by clarifying the areas of cooperation in light of the updated ENP.²³⁴

At the task force meeting, the EU reiterated its normative agenda in Egypt. The two sides held a special inter-parliamentary meeting to discuss the issues of advancing deep democracy and human rights. In addition, the Union’s Special Representative for Human Rights hosted more than 40 civil society organizations and listened to their insights on Egypt’s transition.²³⁵ After the task force meeting, in an unprecedented decision by the Egyptian government, the EU was invited to send an observation

²³² “EU’s Response to the ‘Arab Spring’: The State-of-Play after Two Years,” 6.

²³³ Behr, “After the Revolution,” 13.

²³⁴ “EU-Egypt Task Force Fact Sheet,” November 14, 2012, A 515/12, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/133513.pdf.

²³⁵ “EU-Egypt Task Force—Co-Chairs Conclusions,” November 14, 2012, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/133511.pdf.

mission to the upcoming parliamentary elections. At the request of the EU, the Egyptian government also agreed to draft a new NGO law by cooperating with the Venice Commission of the Council of Europe (i.e., the European Commission for Democracy through Law). However, the process was later interrupted by the political developments leading to the June 30 uprisings.²³⁶

These talks about advancing democracy and protecting human rights notwithstanding, the main theme of the task force meeting was about fostering sustainable economic growth and socio-economic development in Egypt. At the meeting, the EU decided to extend the previous EU-Egypt Action Plan for one more year and urged Morsi to carry on with the implementation of bilateral socio-economic programs as had been done by Mubarak-era officials. Meanwhile, the EU reiterated the importance of deepening trade and investment ties. In this regard, it proposed to negotiate with Egypt on a Deep and Comprehensive Free Trade Agreement. Moreover, the Union strongly recommended Egypt to speed up negotiations with the International Monetary Fund (IMF) over a USD 4.8 billion rescue package. According to EU officials, the IMF assistance would not only alleviate the financing constraints for the Egyptian government but also provide a framework for domestic reforms and send positive signals to the international community about Egypt's economic recovery.²³⁷

To help Egypt carry out the aforementioned socio-economic programs, the EU revealed some significant financial incentives at the task force meeting. The European Commission was prepared to offer EUR 800 million to Egypt (EUR 303 million of grants and EUR 450 million in the form of loans), EUR 500 million of which was subjected to the endorsement of the IMF arrangement. In addition, the EBRD announced the plan of ramping up lending volumes to Egypt to EUR 1 billion per year. The EIB introduced a new task force fund of up to EUR 60 million to support

²³⁶ "Egypt: Progress Report on the Implementation of the ENP (2013)," March 27, 2014, 5, SWD (2014) 71 final, <http://www.enpi-info.eu/library/content/egypt-enp-progress-report-2013>.

²³⁷ "EU-Egypt Task Force—Co-Chairs Conclusions."

countries in transition. It also increased the potential of lending to Egypt to up to EUR 1 billion per year. In sum, at the end of the taskforce meeting the European side concluded that depending on the progress made by the Morsi administration in socio-economic reforms, Europe could provide Egypt with a maximum of EUR 5 billion in the form of loans and grants for 2012-2013.²³⁸

The taskforce meeting was convened at a time when Egypt's domestic politics and economy showed some clear signs of stabilization. Particularly, the recovery was prompted by the government's economic reform programs and the prospect of reaching a deal with the IMF. Shortly after the taskforce meeting, however, the Egyptian economy reversed course at the end of November due to political instability. Taking into account the growing public opposition, the Morsi administration asked for a postponement of the IMF negotiations. Simultaneously, it suspended the unpopular but necessary reform measures requested by the IMF, including tax increment and subsidy reduction.²³⁹

Concerning other projects sketched out at the taskforce meeting, some progress was made in the transportation, energy and trade sectors. In terms of transportation, the EU partnered with some other organizations to co-finance the construction of a new metro line in Cairo and upgrade the air traffic management system of Egypt. As for energy cooperation, the EU constructed some wind and solar power plants in Egypt to help the government scale down the burden of energy price subsidies.²⁴⁰ In regard to trade relations, the EU remained Egypt's largest trading partner. Bilateral trade flows amounted to EUR 24 billion in 2012, but the negotiations on further liberalization were put on hold due to the absence of an Egyptian parliament and the ongoing

²³⁸ "EU-Egypt Task Force Fact Sheet"; "EU-Egypt Task Force - Co-Chairs Conclusions"; "EU's Response to the 'Arab Spring': The State-of-Play after Two Years," 6.

²³⁹ "Egypt: Progress Report on the Implementation of the ENP (2012)," 6, 11.

²⁴⁰ *Ibid.*, 18–19.

political instability.²⁴¹ Overall, in light of the unfavorable domestic circumstances, neither the task force meeting conclusion nor the EU-Egypt Action Plan was effectively implemented during Morsi's one-year presidency.

4.4.2. Political crises leading to the June 30 uprisings

Despite winning both the parliamentary and presidential elections, Morsi and the Muslim Brotherhood could not keep the Egyptian political system under their control. The Egyptian bureaucracy, security apparatus, judicial power and let alone the armed forces, although grudgingly accepting the Brotherhood's electoral victory, mostly stood against the Islamists and anticipated their failure.²⁴² The ruling of the Supreme Constitutional Court (SCC) to dissolve the Islamist-dominated People's Assembly further constrained the power of the Morsi administration, making the adoption of economic and trade legislations impossible under his presidency. After Morsi proposed a date for the new parliamentary elections, an administrative court annulled the initiative, ruling that the electoral law had to be revised first and approved by the SCC. In spring 2013, two draft electoral laws, while considered adequate by expert bodies such as the Carter Center, were rejected by the SCC.²⁴³ Due to the absence of a legislative power, the Morsi government was unable to propose or carry out socio-economic reforms in the country. For the same reason, the economic talks between the EU and Egypt—especially on trade liberalization—did not lead to any concrete results.²⁴⁴

²⁴¹ Ibid., 13–14; “Egypt: Progress Report on the Implementation of the ENP (2013),” 11.

²⁴² See Asma Alsharif and Yasmine Saleh, “Special Report: The Real Force behind Egypt's ‘Revolution of the State,’” *Reuters*, October 10, 2013, <http://www.reuters.com/article/us-egypt-interior-specialreport-idUSBRE99908D20131010>; Nathan J. Brown, “Egypt's Wide State Reassembles Itself,” *Foreign Policy*, July 17, 2013, <http://foreignpolicy.com/2013/07/17/egypts-wide-state-reassembles-itself/>.

²⁴³ “Egypt: Progress Report on the Implementation of the ENP (2013),” 6.

²⁴⁴ “Egypt: Progress Report on the Implementation of the ENP (2012),” 14.

In an attempt to break the deadlock, on November 22 Morsi issued a constitutional declaration giving the president near absolute power. Furthermore, in the hope of holding parliamentary elections as soon as possible, he anticipated a speedy constitutional referendum. The President thus abruptly interrupted the dialogues on drafting the new constitution, resulting in secular and liberal members walking out of the consultation and boycotting the referendum. Notwithstanding these protests, Morsi still instructed the Constituent Assembly to adopt the draft and put it to national referendum in December 2012. Whereas the new constitution was approved by 64 percent of the voters, the turnout rate was merely 33 percent.²⁴⁵

Morsi's expansion of presidential power and the rushed constitutional process triggered a highly divisive political crisis in Egypt, with the Islamist supporters of the president coming face to face with the secular and liberal opposition—mainly represented by the National Salvation Front. Until his dismissal in early July 2013, Morsi and the Muslim Brotherhood made little real effort toward political reconciliation. This relentless attitude resulted in ceaseless anti-government demonstrations and violent clashes across the country, starting from the end of 2012 until the overthrow of Morsi in July 2013.²⁴⁶

EU policy makers followed the escalation of clashes in Egypt with concern. Ashton repeatedly urged calm and restraint on all sides and called on all parties to engage urgently in inclusive dialogues.²⁴⁷ Meanwhile, civil society organizations and members of the European Parliament were more outspoken in their criticism of the Egyptian authorities. Denouncing the sweeping new powers conferred on Morsi, they pressed Brussels to stand by its more for more principle and to remind the Egyptian

²⁴⁵ Ibid., 3–4; “Egypt: Progress Report on the Implementation of the ENP (2013),” 2.

²⁴⁶ “Egypt: Progress Report on the Implementation of the ENP (2012),” 3–4; “Egypt: Progress Report on the Implementation of the ENP (2013),” 2.

²⁴⁷ “Statement by EU High Representative Catherine Ashton on the Situation in Egypt,” December 5, 2012, A 562/12, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/134065.pdf.

government of the normative conditions of EU aid.²⁴⁸ In March 2013, the European Parliament adopted a resolution urging the Union to withhold budget support to Egypt unless it makes significant progress with human rights, democracy and the rule of law.²⁴⁹

Ashton, however, understood the priorities of EU foreign policy differently. Speaking at the FAC in January 2013, the foreign policy chief asserted that restoring stability and economic development were the fundamental outcome the EU wanted to see happen in Egypt.²⁵⁰ Addressing the European Parliament in March, she further argued that the EU must show “strategic patience” with the political development in Egypt and mobilize existing financial assistance in a constructive and timely fashion because Europe could not afford the collapse of the Egyptian economy. Referring to a USD 14 billion funding gap for Egypt identified by the IMF, the High Representative insisted that the deteriorating economic situation in the country was the issue that required the EU’s immediate engagement above all, notwithstanding the political challenges faced by the country. As for the normative targets of the EU, Ashton admitted that building deep and sustainable democracy is a long process, and therefore the Union had to be patient with the political development on the ground.²⁵¹

²⁴⁸ “European Parliament Press Release: MEPs Worried about President Mursi’s Sweeping New Powers,” December 4, 2012, 20121203IPR04320, <http://www.europarl.europa.eu/news/en/news-room/content/20121203IPR04320/html/Egypt-MEPs-worried-about-President-Mursi’s-sweeping-new-powers>.

²⁴⁹ “European Parliament Press Release: No EU Financial Support If No Progress on Democracy, MEPs Say,” March 14, 2013, 20130308IPR06308, <http://www.europarl.europa.eu/news/en/news-room/content/20130308IPR06308/html/Egypt-no-EU-financial-support-if-no-progress-on-democracy-MEPs-say>.

²⁵⁰ “Remarks by EU High Representative Catherine Ashton upon Arrival at Foreign Affairs Council,” January 31, 2013, A 52/13, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/135134.pdf.

²⁵¹ “Remarks by EU High Representative Catherine Ashton on the Current Situation in Egypt,” March 13, 2013, A 132/13, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/136078.pdf.

4.4.3. Theoretical expectations and empirical results

During Morsi's year in office, the EU basically carried out the policy outlined by the ENP review during the transition period, trying to maintain a balance between the security and economic goals of restoring stability and rescuing the Egyptian economy, on the one hand, and the normative goal of defending democratic values and human rights, on the other hand. The results of testing theoretical expectations (see Table 4.3) are therefore similar to that reached in the previous section.

Table 4.2: Summary of empirical findings and testing of theoretical expectations (EU's Egypt policies, July 2012 - June 2013)

| Period | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|-------------------------------|------------------------|-----------------------|---------------------|--------------------------------|-------------------------|
| Morsi (July 2012 - June 2013) | Security vs. normative | Balance | Disconfirmed | Disconfirmed | Disconfirmed |
| | Economic vs. normative | Balance | Disconfirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |

The neorealist predictions are falsified by the EU's Egypt policy during this period. Although a large part of the task force meeting between Europe and Egypt was used to address economic and security matters, defending human rights, empowering civil society and building democracy still played an important role in the EU and member states' foreign policies towards Egypt. Moreover, whereas the EU and member states mobilized considerable financial resources through the task force mechanism, they emphasized that aid could only be delivered to Egypt under normative conditions, that is, based on the progress made by the Morsi government in implementing political and economic reforms. In short, normative goals were not proved irrelevant as what

was expected by neorealists. Instead, during this period, they still formed an important part of the EU's Egypt policy.

The constructivist approach to FPA correctly predicts to some extent that the EU will formulate foreign policies in Egypt in accordance with the norms it endorses.

Theoretically speaking, both the ENP review and the task force meeting asserted that EU-Egypt cooperation should be carried out according to the principle of more for more. In practice, however, the EU was undecided over whether to strictly adhere to the normative conditions in pressuring the Morsi government or allocate unconditional financial aid to Egypt to address the more urgent security and economic problems faced by the country. In the end, what the EU tried to do was to keep a precarious balance, urging Cairo to respect democratic principles and human rights, on the one hand, and on the other hand, allocating resources to help the country regain stability and economic growth. In this light, the constructivist prediction that normative goals would be prioritized over other pursuits of the EU can be generally disconfirmed by the empirical findings.

Lastly, the bureaucratic politics approach does not help much in explaining the EU's Egypt policy-making under Morsi's presidency. During this period, the EU foreign policy chief Ashton, backed by the European Commission and member states' foreign ministers, continued to instill her judgment and control over the management of the EU's relationship with Egypt. Ashton created the Task Force for the Southern Mediterranean to mobilize EU resources in response to the Arab uprisings. She hosted the task force meeting with the Egyptian government to transform the updated ENP into bilateral cooperation programs. During the crises leading to the June 30 uprisings, the foreign policy chief urged the major political blocs in Egypt to seek reconciliation and defended the priorities of the EU's policy at the European Parliament. Along these lines, the bureaucratic politics approach has proved to be misleading for arguing that

it is the EU bureaucracies, rather than the political leader, that have taken over the foreign policy process.

4.5. Egypt under Abdel Fattah al-Sisi (July 2013 - December 2015)

4.5.1. The removal of Morsi and crackdown on protesters

On June 30, 2013, millions of Egyptians took to the streets, calling for Morsi to step down and demonstrating their loyalty to the Egyptian army leader, Defense Minister Abdel Fattah al-Sisi. On July 3, Sisi, on behalf of the armed forces, deposed Morsi and put him under house arrest. The removal of Morsi exacerbated the political division in Egypt. The National Salvation Front, the Grand Imam of al-Azhar Mosque and the Coptic Pope backed Sisi's forceful approach, calling the overthrow of Morsi the "June 30 Revolution." Islamist parties and their supporters, meanwhile, denounced the army's intervention and condemned their act as a "military coup."

After unseating Morsi, Sisi and the military leaders chose not to run the country by themselves. Instead, they appointed Adly Mansour, the head of the Constitutional Court, as the interim president of Egypt. They also nominated a transitional government made up mainly of technocrats. The transitional authorities adopted a political road map, promising to revise the constitution, hold parliamentary elections and eventually elect a new president by mid-2014.²⁵²

The EU tried not to take sides in the army's takeover and refrained from calling Morsi's disposal a military coup.²⁵³ On the one hand, European governments were deeply concerned about the removal of a democratically-elected president through

²⁵² "Egypt: Progress Report on the Implementation of the ENP (2013)," 2.

²⁵³ "Speech by EU High Representative Catherine Ashton to the European Parliament on the Situation in Egypt," September 11, 2013, A 454/13, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/138727.pdf.

military intervention. On the other hand, they acknowledged that Sisi's interference finally brought to an end the political crisis that had paralyzed Egypt for months. Moreover, the fact that millions of Egyptians rallied in favor of Morsi's departure, and that Sisi put forward a roadmap backed by Egypt's Muslim and Christian clerics further prompted the EU not to condemn the reassertion of the military rule.²⁵⁴ When commenting on Morsi's removal, Ashton expressed in July 2013 that she was "fully aware of the deep divisions in society," the "popular demands for political change" and the "efforts at brokering a compromise." The High Representative therefore urged all sides to rapidly return to the democratic process and implement the transition roadmap in a fully inclusive manner.²⁵⁵

In the statement, Ashton revealed that the EU had no urgent plan to rethink its aid programs after the disposal of Morsi.²⁵⁶ However, she did reiterate the EU's approach of positive conditionality, namely, the more for more policy. According to the High Representative, the EU would continue its socio-economic support to Egypt as agreed at the joint task force meeting of November 2012. But in order to materialize the large-scale financial commitments from Europe, the interim government had to restore political stability and embark on the requested democratic and economic reforms, such as kick-starting the stalled negotiations with the IMF.²⁵⁷

²⁵⁴ Patricia Zengerle and Warren Strobel, "When Is a Coup Not a Coup? Obama Faces Tricky Call in Egypt," *Reuters*, (July 4, 2013), <http://www.reuters.com/article/2013/07/04/us-egypt-protests-usa-idUSBRE9621HH20130704#YKtUssKjGFEZfS1.97>.

²⁵⁵ "Statement by EU High Representative Catherine Ashton on Developments in Egypt," July 3, 2013, A 368/13, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/137704.pdf.

²⁵⁶ Croft Adrian, "EU Says Not Rethinking Egypt Aid after Mursi Ouster," *Reuters*, July 4, 2013, <http://www.reuters.com/article/2013/07/04/us-egypt-protests-eu-idUSBRE9630E920130704#T7xyEmqSdSy8ODiq.97>.

²⁵⁷ "Speech of Lithuanian Vice Minister for European Affairs Vytautas Leškevičius, on Behalf of EU High Representative Catherine Ashton on the Situation in Egypt," July 4, 2013, A 369/13, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/137706.pdf; "Council Conclusions on Egypt," July 22, 2013, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/138282.pdf.

That said, the situation on the ground did not unfold according to the expectation of EU policy makers. In response to Morsi's ousting, Islamist parties mobilized demonstrations across the country and staged sit-ins in Cairo. The transitional authorities, in this context, led several raids on the protesters. On July 8, soldiers opened fire on Morsi supporters in front of the Republican Guard Headquarters, killing more than 50. On July 27, security forces shot dead another 80 Brotherhood supporters after a day of mass rallies.²⁵⁸ In the wake of these tragedies, the EU deplored the violence, and reiterated its call for utmost restraint and inclusive dialogue.²⁵⁹

From June to July, Ashton and her special representatives travelled between Europe and Egypt, engaging closely with all political parties in a bid to negotiate reconciliation. The foreign policy chief tried to present herself as a partner trusted by all sides of the Egyptian conflict. She endeavored to overcome the political mistrust and polarization, and strived for a fully inclusive solution to the Egyptian stalemate.²⁶⁰

Nonetheless, in early August, the interim government declared that all international mediation efforts had collapsed. On August 14, security forces violently dispersed the pro-Morsi sit-ins in Cairo, resulting in more than a thousand deaths, including security personnel. The crackdown was followed by Morsi-supporters attacking Coptic churches and government buildings in a number of provinces. Consequently, the authorities reinstated the state of emergency and intensified the clampdown on the Brotherhood and its affiliates. In September, a court dissolved the Muslim

²⁵⁸ "Timeline: Egypt in Crisis," *Reuters*, August 14, 2013, <http://www.reuters.com/article/2013/08/14/us-egypt-protests-emergency-timeline-idUSBRE97D0TZ20130814#Z R2FvEs6CURGCBSV.97>.

²⁵⁹ "Statement by the Spokesperson of High Representative Catherine Ashton on the Situation in Egypt," July 8, 2013, A 376/13, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/137857.pdf.

²⁶⁰ "Remarks by EU High Representative Catherine Ashton at the End of Her Visit to Egypt," July 17, 2013, A 389/13, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/138135.pdf; "Egypt: Progress Report on the Implementation of the ENP (2013)," 2–3.

Brotherhood association and seized its assets. In December, the interim government officially designated the group as a terrorist organization.²⁶¹

After the August 14 crackdown, the EU asked member state governments to consider appropriate measures in response to the violence in Egypt.²⁶² European governments were broadly divided. Some recommended the EU taking a stronger stance in light of the severe violations of democratic principles and human rights. Others, in contrast, argued that the EU should maintain its impartiality and thereby preserve the ability to mediate between the different blocs of the Egyptian conflict. At the FAC, some foreign ministers proposed to cut the EU aid to Egypt. Others refuted that withholding funds would hurt the Egyptian people more than the government and shut the door to dialogue with the army rulers.²⁶³

In the end, member states decided not to impose economic sanctions on Egypt. Instead, they only agreed to review the arm sales to Egypt and suspend the exports of equipment that can be used for internal repression. But even in this regard, governments stopped short of explicitly agreeing to end such trade.²⁶⁴

²⁶¹ “Timeline: Egypt in Crisis”; “Egypt: Progress Report on the Implementation of the ENP (2013),” 2–3.

²⁶² “Statement by EU High Representative Catherine Ashton on the Situation in Egypt,” August 16, 2013, A 421/13, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/138587.pdf; “EU Urges Members to Consider Response to Egypt Violence,” *Reuters*, August 16, 2013, <http://www.reuters.com/article/2013/08/16/us-egypt-protests-germany-idUSBRE97F0VL20130816#80WVRIQ6UjqYFidm.97>.

²⁶³ Justyna Pawlak, “EU Foreign Ministers to Discuss How to Press Egypt over Bloodshed,” *Reuters*, August 19, 2013, <http://www.reuters.com/article/2013/08/19/us-egypt-protests-eu-idUSBRE97I0PU20130819#LTLzh1rrI2yocZHR.97>; Justyna Pawlak, “EU Weighs Aid, Commercial Links with Egypt,” *Reuters*, August 18, 2013, <http://www.reuters.com/article/2013/08/18/us-egypt-protests-eu-idUSBRE97H0AD20130818#WMmiC0g4xYwDYKxk.97>.

²⁶⁴ “Council Conclusions on Egypt,” August 21, 2013, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/138599.pdf; Justyna Pawlak and John O’Donnell, “Europe Shies Away from Cutting Aid for Egypt,” *Reuters*, August 21, 2013, <http://www.reuters.com/article/2013/08/21/us-egypt-protests-eu-idUSBRE97K0WE20130821#VUmKYsvl0g4EPHIR.97>.

In fact, the EU at that stage had limited motivation and capability to exert immediate economic pressure on Cairo. While it was true that the Union had in its hand a package of grants and loans worth EUR 5 billion, much of it had already been put on hold since 2012 due to the lack of progress made by the Morsi government on political and economic reforms. Furthermore, immediately after Morsi's departure, Saudi Arabia and some other Gulf Arab donors provided Egypt with USD 16 billion in support of the reassertion of military rule and pledged to fill in the gaps left by Western countries withdrawing aid from Egypt. Of course, the EU could threaten to suspend a broad deal with Egypt dating back to 2001, including the provisions for free trade in industrial goods and concessionary arrangements for trade in agricultural products. However, severing broader commercial ties would not only harm the EU's economic interests but also prolong the internal division and instability of this populous and influential Arab country.²⁶⁵ The persistent unrest in Egypt had already heightened the fear of illegal migration of some southern European states, especially Greece and Italy. According to an EU diplomat, Egypt is "a country of almost 90 million people on the EU's southern fringe. If things keep getting worse, where do you think that they will go?"²⁶⁶

4.5.2. EU's Egypt policies under President Sisi

In January 2014, Egypt approved a new Constitution, which allowed for changes to the electoral timetable sketched out by the army in the wake of Morsi's departure. The interim government, in this context, proposed to place the presidential election before the parliamentary elections. In June 2014, Sisi was elected president by garnering 97

²⁶⁵ Pawlak, "EU Foreign Ministers to Discuss How to Press Egypt over Bloodshed"; Pawlak, "EU Weighs Aid, Commercial Links with Egypt"; Ronald Meinardus, "Egypt, Europe and Realpolitik," *Daily News Egypt*, February 22, 2014, <http://www.dailynewsegypt.com/2014/02/22/egypt-europe-realpolitik/#sthash.gvK1Frjj.dpuf>.

²⁶⁶ "EU Fears Economic Migrants from Egypt," *EUObserver*, October 11, 2013, <http://euobserver.com/foreign/121757>, as cited in Dandashly, "The EU Response to Regime Change in the Wake of the Arab Revolt," 47.

percent of the votes.²⁶⁷ Until December 2015, Egypt remained without a parliament to enact legislation or implement the Constitution. During this period, Sisi was entitled to issue legislation by decree.²⁶⁸

Egypt eventually held two rounds of the parliamentary elections towards the end of 2015. "For the Love of Egypt," an electoral alliance loyal to the President swept both rounds of the elections and entered the House of Representatives with all of the 120 seats allocated to the winner-takes-all lists.²⁶⁹

Notwithstanding the completion of the transitional roadmap, European officials were concerned about the stalled democratic reform and deterioration of human rights under Sisi's rule. The European Commission concluded in the ENP progress report that after Sisi took office, the authorities paid little attention to the human rights and fundamental freedoms guaranteed by the Egyptian Constitution.²⁷⁰ Freedom of association was seriously restricted by the controversial protest law introduced in November 2013, based on which many activists were put on trial. The freedom of the press had also been reduced significantly. Many journalists were harassed by security agents and pro-regime mobs. Some were sentenced to years of imprisonment for assisting terrorist groups and spreading misinformation harmful to national security. Due to the stricter social control introduced by the government, there was less space for the activities of civil society organizations. In addition, Cairo had hardly made any progress in combating corruption and reforming the judicial sector. The jurisdiction of military courts in civilian cases had expanded, while the death sentences imposed on

²⁶⁷ "Egypt: Progress Report on the Implementation of the ENP (2014)," March 25, 2015, 4–5, SWD(2015) 65 final, http://eeas.europa.eu/enp/pdf/2015/egypt-enp-report-2015_en.pdf.

²⁶⁸ "Egypt: Progress Report on the Implementation of the ENP (2013)," 2.

²⁶⁹ "Sisi Loyalists Sweep List Seats in Egypt's Election," *Reuters*, November 25, 2015, <http://www.reuters.com/article/us-egypt-election-result-idUSKBN0TE2BB20151125#JcuKQy17mq6eSedj.97>.

²⁷⁰ "Egypt: Progress Report on the Implementation of the ENP (2014)," 2.

hundreds of people who took part in government opposition triggered worldwide criticism.²⁷¹

The EU criticized the degrading human rights situation but refrained from exerting any real pressure on Sisi for political reforms. During that period, the normative agenda of the EU, which used to lie at the center of the updated ENP, had already given way to the more pressing matters in the security realm. Under Sisi's presidency, the EU's Egypt policies had increasingly featured a defensive protection of the basic security interests in the southern Mediterranean, of which the core issues were regulating migration flows and enhancing counter-terrorism cooperation.²⁷²

Egypt had seen a great influx of Syrian refugees during the Arab insurgency. Until September 2014, about 140,000 Syrian nationals had been registered in Egypt. But according to estimates, the total population of Syrian refugees in the country was probably two to three times this number. After the disposal of Morsi, the military-backed authorities suspended the visa-free policy for Syrians, resulting in a significant reduction of the influx of refugees. In the meantime, the state started accusing Syrians of collaborating with the Muslim Brotherhood to jeopardize the Egyptian nation. Consequently, there was a dramatic drop in the level of public sympathy for the Syrian refugees, while the number of assaults, detentions and deportations increased significantly. The economic and social hardship motivated many Syrians to flee to other countries, including Europe. According to the European Commission, since June 2013, Egypt had become one of the main countries of origin for refugees attempting to reach Europe across the Mediterranean. From January to

²⁷¹ Ibid., 3, 6.

²⁷² Richard Youngs, "Egyptian Chimera," *Carnegie Europe*, November 21, 2014, http://carnegieeurope.eu/strategieurope/?fa=57285&mkt_tok=3RkMMJWWfF9wsRonvKXNZKXonjHpfX56eglXaWg38431UFwdcjKpmjr1YIGRcR0aPyQA gobGp5I5FEIQ7XYTLB2t60MWA%3D%3D.

August 2014, more than 3,000 asylum-seekers travelled by sea from Egypt to Italy alone, nearly half of them unaccompanied minors.²⁷³

In view of the inflows of refugees from North Africa and a growing number of tragedies involving migrant shipwrecks in the Mediterranean, European leaders were impelled to address the root causes of migration flows by strengthening cooperation with the countries of origin and transit.²⁷⁴ The Sisi authorities contributed to the EU's effort to solve the refugee crisis by imposing stricter border control in the southern Mediterranean. In 2014, for example, the government arrested more than 3,000 individuals attempting to depart Egypt by sea.²⁷⁵ In return, the European Commission increased development support to Egypt via the Regional Protection Programs to improve the protection of local refugees. Moreover, the EU enhanced diplomatic action in an attempt to persuade Egypt to enter in the Dialogues on Migration, Mobility and Security. It also tried to convince Egypt to participate in the Seahorse Mediterranean Network between the EU Mediterranean member states and North African countries. The network allowed participating states to directly exchange information on incidents and patrols in near-real time via satellite communication.²⁷⁶

Apart from the refugee crisis, European leaders also saw an urgent need to strengthen the security partnerships with Middle East governments on combating terrorism and radicalization. The Syrian civil war and the failure of the Muslim Brotherhood in Egypt intensified the radicalization of Islamists, putting the security of the whole region in jeopardy. When it came to combating the proliferation of terrorism, the EU

²⁷³ "Egypt: Progress Report on the Implementation of the ENP (2014)," 11–12; "Egypt: Progress Report on the Implementation of the ENP (2013)," 8–9.

²⁷⁴ "European Council Conclusions 24/25 October 2013," October 25, 2013, EUCO 169/13, https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/139197.pdf.

²⁷⁵ "Egypt: Progress Report on the Implementation of the ENP (2014)," 11–12; "Egypt: Progress Report on the Implementation of the ENP (2013)," 8–9.

²⁷⁶ "Communication on the Work of the Task Force Mediterranean," December 4, 2013, COM(2013) 869 final, http://ec.europa.eu/dgs/home-affairs/what-is-new/news/news/docs/20131204_communication_on_the_work_of_the_task_force_mediterranean_en.pdf.

and Egypt found each other on the same page. European governments were unsettled to see their own citizens fighting for the Islamic State and returning to Europe to perpetrate attacks and radicalize others.²⁷⁷ The deteriorating security situation in Egypt heightened the concerns of European officials. Since the reassertion of military rule, hundreds of Egyptian soldiers and policemen had been killed by militants affiliated with al-Qaeda and the Islamic State. Besides targeting security forces and government officials, attackers also caused significant loss of life among local civilians and tourists.²⁷⁸

The dire security threats prompted the EU to step up cooperation with Egypt. The consolidated security partnership started with Gilles de Kerchove, the EU Counter-Terrorism Coordinator, paying a three-day visit to Egypt in December 2014. During his meetings with Egyptian security officials, De Kerchove proposed to expand security cooperation in the fields of targeting foreign fighters, de-radicalization and counter-narratives. He also encouraged Egypt to strengthen law enforcement cooperation with Eurojust, the EU agency responsible for judicial cooperation in criminal matters, by nominating a Eurojust contact point in the country to help foster closer coordination in the fight against terrorism.²⁷⁹

In February 2015, the FAC meeting on counter-terrorism officially decided to mainstream counter-terrorism in the EU's political dialogue with third countries. With Egypt, the ministers agreed to upgrade security dialogues and deploy security experts in the EU delegation in Cairo to liaison more effectively with local authorities. They also planned to negotiate a counter-terrorism action plan with Egypt, especially on the measures of dissuading and disrupting the travel of foreign fighters.²⁸⁰

²⁷⁷ “Statement by Commissioner Avramopoulos at the End of His Visit to Egypt,” May 5, 2015, SPEECH/15/4923, http://europa.eu/rapid/press-release_SPEECH-15-4923_en.htm?locale=en.

²⁷⁸ “Egypt: Progress Report on the Implementation of the ENP (2014),” 2–3.

²⁷⁹ *Ibid.*, 12.

²⁸⁰ “Press Release: Council Conclusions on Counter-Terrorism,” February 9, 2015, <http://www.consilium.europa.eu/en/press/press-releases/2015/02/150209-council-conclusions-counter-terrorism/>.

Throughout 2015, security talks dominated high-level interactions between the EU and Egypt, a phenomenon unprecedented in bilateral relations since 2007. In the meantime, the European Commission embarked on a second review of its neighborhood policy. At the end of 2015, the Commission reported that in the next three to five years, stabilizing the neighborhood is identified as the single overriding priority; and that during public consultation on the ENP, a large number of stakeholders strongly recommended that the EU enhance its engagement with partner countries in the security sector.²⁸¹ Based on this judgment, it is expected that stability maintenance and security cooperation will continue to be the primary concern of the EU when formulating its policies towards Egypt.

4.5.3. Theoretical expectations and empirical results

After the Egyptian military ousted Morsi and regained control over the country, the EU largely abandoned its Egypt policy made during the Arab Spring, starting to prioritize security and economic goals in Egypt over the normative agenda of promoting democracy and human rights. Particularly in light of the deteriorating security situation after Morsi's departure, the EU and Egypt strengthened their security partnership to an unprecedented level despite the stalled democratic reform and human rights abuse under Sisi's presidency. Table 4.4 summarizes the empirical findings on the EU's Egypt policy-making from July 2013 to the end of 2015 and the results of testing the three theoretical approaches.

²⁸¹ "Review of the European Neighborhood Policy," November 18, 2015, 3–4, JOIN(2015) 50 final, http://eeas.europa.eu/enp/documents/2015/151118_joint-communication_review-of-the-enp_en.pdf; Stefan Lehne, "Toward a European Neighborhood Realpolitik?," *Carnegie Europe*, November 19, 2015, http://carnegieeurope.eu/strategieurope/?fa=62029&mkt_tok=3RkMMJWWfF9wsRonvKXNZKXonjHpfsX56eglXaWg38431UFwdcjKPMjr1YIGRcR0aPyQAgobGp5I5FEIQ7XYTLB2t60MWA%3D%3D.

Table 4.3: Summary of empirical findings and testing of theoretical expectations (EU's Egypt policies, July 2013 - December 2015)

| Period | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|----------------------------------|------------------------|---------------------------|---------------------|--------------------------------|-------------------------|
| Sisi (July 2013 - December 2015) | Security vs. normative | Prioritize security goals | Partly confirmed | Disconfirmed | Disconfirmed |
| | Economic vs. normative | Prioritize economic goals | Partly confirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |

The observations made above partly confirm the neorealist prediction that security and economic goals will take precedence over a state's normative interest. After Sisi took power, European states generally recognized the common interest between Europe and Egypt in terms of enhancing security cooperation on migration, border control and counter-terrorism. However, whereas nearly all member states acknowledged the necessity of forging closer security ties with Sisi, some argued that such cooperation should not be achieved at the expense of the EU's normative pursuits in terms of defending democratic principles and fundamental rights. As shown in the EU foreign ministers' debate on the response to Sisi's crackdown on protesters and the human rights violations under his rule, not all member states were ready to prioritize the security and economic aspects of their relationship with Cairo while abandoning the normative agenda. The neorealist approach, therefore, only correctly predicts the policies of some EU member states. Moreover, even for those "correct" cases, it should be noted again that the security matters emphasized by these states, be it managing migration or fighting terrorism, do not strictly belong to the security interests defined by neorealists.

The bureaucratic politics model is disconfirmed by the empirical observations. The EU's decision to prioritize security and economic cooperation with Egypt while sidelining its normative goals in the country did not result from rivalries among EU bureaucracies, but was due to the straightforward political decisions made by the office-holders of member states, who had a dominant say over security issues especially in urgent situations such as the European migrant crisis. In other words, it was the state and government leaders who decided to cooperate more closely with Sisi in order to address domestic security risks instead of some EU institutions promoting such cooperation for the sake of expanding bureaucratic influence.

Lastly, the constructivist prediction is also falsified by the empirical findings on the EU's Egypt policy-making under Sisi's rule. During this period, the EU not only failed to adhere to the normative agenda outlined by the updated ENP but also chose to considerably downsize its normative ambition in the 2015 ENP review. After Sisi took office, Ashton and other EU leaders did criticize Cairo's political mismanagement and its violation of human rights. However, except for those nominal statements, the Union had no intention of pressing Egypt hard on normative issues, let alone having those matters obstruct the urgent security cooperation between the two sides. The constructivist prediction that EU foreign policy should be norm-consistent is therefore disconfirmed.

4.6. Conclusion

This chapter investigates how the EU dealt with its conflicting foreign policy goals in Egypt from 2007 to 2015. Table 4.5 presents the empirical findings of this chapter and the explanatory power of neorealist, bureaucratic politics and constructivist approaches to FPA.

Table 4.4: Summary of empirical findings and testing of theoretical expectations
(EU's Egypt policies, January 2007 - December 2015)

| Periods | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|--|------------------------|---------------------------|---------------------|--------------------------------|-------------------------|
| Mubarak (January 2007 - December 2010) | Security vs. normative | Prioritize security goals | Partly confirmed | Disconfirmed | Disconfirmed |
| | Economic vs. normative | Prioritize economic goals | Partly confirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |
| Transition (January 2011 - June 2012) | Security vs. normative | Balance | Disconfirmed | Disconfirmed | Disconfirmed |
| | Economic vs. normative | Balance | Disconfirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |
| Morsi (July 2012 - June 2013) | Security vs. normative | Balance | Disconfirmed | Disconfirmed | Disconfirmed |
| | Economic vs. normative | Balance | Disconfirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |
| Sisi (July 2013 - December 2015) | Security vs. normative | Prioritize security goals | Partly confirmed | Disconfirmed | Disconfirmed |
| | Economic vs. normative | Prioritize economic goals | Partly confirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |

Before the upheavals of 2011 that toppled Mubarak, EU policy-making towards Egypt was characterized by the democratization-stabilization dilemma, which entailed two types of goal conflicts: the conflict between security and normative goals, and that between economic and normative goals. Notwithstanding the lack of democratic reform and violation of human rights under Mubarak's rule, the EU managed to consolidate its security and economic ties with Egypt without any intention of reducing or suspending the assistance it had offered to Cairo.

The Arab uprisings paved the way for the EU to refashion its role in Egypt from the defender of authoritarian stability to the promoter of deep democracy. In the ENP review of 2012, the Union pledged to strike a balance between its security and economic goals, on the one hand, and its normative ambitions, on the other hand. During the transition period, the EU stepped up the effort of advancing democracy and protecting human rights in Egypt. Meanwhile, in light of the emergence of Islamist parties, the increase of irregular migration and the severe deterioration of the Egyptian economy, the EU also sought to consolidate security and economic support to Egypt in the hope of helping the country regain stability as soon as possible. During Morsi's presidency, the EU continued this precarious balance, trying to restore stability and rescue the Egyptian economy, on the one hand, and to defend democratic values and human rights, on the other hand.

After the Egyptian military toppled Morsi and regained control of the government in July 2013, the EU refocused its Egypt policy on the security and economic goals of promoting stability, order and growth in the southern Mediterranean. Despite the stalled democratic reform and human rights abuse under Sisi's rule, the EU enhanced security cooperation with the Egyptian authorities to an unprecedented level, especially on migration, border control and counter-terrorism.

Considered together, except for the two years following the Arab uprisings when the EU managed to strike a balance between its conflicting foreign policy goals, for most periods examined by this chapter, the EU's Egypt policy featured a strong emphasis on maintaining or restoring stability and order in the southern Mediterranean. To a large extent, the economic goals of generating local economic growth and integrating the Egyptian economy to the European common market served the same purpose of preserving political and social stability in the country. Particularly since 2014, the EU's Egypt policy-making has become increasingly determined by the Union's security agenda in terms of regulating migration flows, strengthening border control and fighting against terrorism and radicalization.

The empirical observations provide interesting cases to test the predictions made by the neorealist, bureaucratic politics and constructivist approaches to FPA on how goal conflicts will be resolved by an international actor. The neorealist expectations are partly confirmed by the empirical findings. This approach sheds light on the risk-averse policies of southern European states, which tended to formulate Egypt policies from a security perspective and endeavored to contain the destabilizing factors in the southern Mediterranean, be it a potential regime change, the proliferation of terrorism or the outflow of refugees. However, neorealists cannot explain the Egypt policies of some northern EU member states, which had paid at least some, if not equal, attention to the normative goals of promoting democracy, good governance and human rights in Egypt. Moreover, strictly speaking, the security problems posed by Egypt to EU member states are essentially different from the security issues examined by neorealists, which interpret a state's foreign policy decisions according to the structure of the international system and the relative power of that state. The EU's Egypt policy-making, therefore, does not provide the most pertinent case for determining the explanatory power of the neorealist approach to FPA.

In contrast to neorealism, the bureaucratic politics approach assumes that foreign policy has its source not in the international structure and distribution of power but in the bureaucratic rivalries within the state apparatus. This approach, however, is disconfirmed by the empirical findings on the EU's Egypt policy-making. Whereas bureaucratic infightings certainly existed among EU institutions, such struggles had only a limited impact on the EU's Egypt policy-making from 2007 to 2015. The bureaucratic politics approach downplays the impact of political leaders on policy formulation and implementation. The office-holders of member states had a large say over the security aspect of the EU's foreign policy and on whether to prioritize such issues in the EU's relationship with Egypt. During the Arab uprisings, member state leaders invited the High Representative to draw up the EU's policies towards Egypt and reform the ENP in accordance with the political transition in the Arab world. Ashton, therefore, was able to demonstrate substantial authority and control over the EU bureaucracies in working out an upgraded program towards post-revolutionary Egypt. Dismissing the role played by political leaders, the bureaucratic politics approach proves to be wrong in assuming that EU institutions have manipulated the foreign policy-making process to align with their bureaucratic interests.

Lastly, empirical findings on the EU's Egypt policy-making also disconfirm the constructivist approach to FPA, which predicts that the EU will prioritize the goal of exporting the norms of good governance to Egypt, because these norms manifest the self-understanding of the EU and allow it to distinguish appropriate from inappropriate foreign policy behavior. Admittedly, the constructivist approach sheds light on the EU's ENP review of 2012 and its Egypt policy under Morsi's presidency. But even in such cases, the Union merely sought to strike a balance between its normative goals, on the one hand, and its security and economic goals, on the other hand. The constructivist assumption that the EU would prioritize its normative goals in Egypt at the expense of some security and economic interests largely exaggerates the EU's commitment to its normative agenda during the Arab Spring. Moreover, the

constructivist approach is severely challenged by the EU's policy towards Sisi's Egypt, for which the Union chose to considerably downsize its normative ambition in exchange for security cooperation with the Egyptian leader.

Now that I have presented the empirical observations and explored how the three theoretical approaches hold up in the case of the EU's Egypt policy-making, the next chapter will explore how China dealt with the problem of goal conflicts in its Egypt policy-making from 2009 to early 2016.

5. China's Egypt policy-making (January 2009 - January 2016)

5.1. Introduction

This chapter investigates China's Egypt policy-making from January 2009 to January 2016. It aims to determine how the Chinese government tried to reconcile conflicting foreign policy goals in Egypt amid the Arab uprisings.

In July 2009, Muslim insurgency broke out in Xinjiang and grew into deadly ethnic clashes. I take this year as the starting point of my analysis, given that the revolts have far-reaching influence on China's ethnic and religion policies as well as the government's external relations with Islamic countries such as Egypt. Section 5.2 probes into the development of the China-Egypt relationship from the Xinjiang revolts to the months leading to the Egyptian uprisings against Mubarak in January 2011. My analysis shows that during this period the security, economic and normative goals China aimed to advance in Egypt were compatible with each other.

I then evaluate China's initial reaction to the Arab uprisings and its Egypt policy-making during the transition period in Section 5.3. This section highlights two types of goal conflicts faced by Chinese foreign policy makers. For one thing, Beijing took a confrontational approach towards the Arab uprisings in order to maintain regime security and prevent a spillover of revolutions into China. However, this stance ran against the principle of non-interference in others' internal affairs, which the government had been promoting as a norm of international relations. For another thing, China's disapproving attitude towards the Arab uprisings deteriorated its relationship with the Egyptian Islamists and in turn risked the country's economic interests. In this context, decision makers saw the incompatibility between the goal of defending regime security and that of advancing economic cooperation with Egypt.

In Section 5.4 I continue to examine how China dealt with the two conflicts under Morsi's presidency, until he was deposed by the Egyptian military in early July 2013. After Morsi's departure, China regained the compatibility between its security, economic and normative goals. Section 5.5 looks at the new developments of China's Egypt policy-making under Sisi's rule. The empirical analysis of this chapter ends in January 2016, when President Xi paid a state visit to Egypt and agreed with Sisi on a plan to consolidate bilateral cooperation for the next five years.

Similar to the structure of Chapter 4, after analyzing China's Egypt policy-making in each period, I shall revisit the theoretical predictions developed by the neorealist, bureaucratic politics and constructivist approaches to FPA. These predictions will then be evaluated against the empirical findings on how China managed to resolve goal conflicts in Egypt.

5.2. Before the Arab uprisings (January 2009 - December 2010)

5.2.1. Muslim uprisings deepened China-Egypt political partnership

The year 2009 marked the tenth anniversary of the establishment of a strategic cooperative relationship between China and Egypt. To celebrate this event, the Chinese leadership planned for Premier Wen Jiabao to visit Egypt at the end of 2009. According to the original plan, Wen's trip to Egypt, although carefully arranged, was supposed to be more ceremonial than substantial. However, what happened in China in 2009—politically, the Muslim revolts in Xinjiang, and economically, the growing downward pressure on the Chinese economy—prompted Chinese leaders to recalibrate not only the agenda of Wen's visit but also China's foreign strategies towards Egypt and the Middle East.

On July 5, 2009, Muslim Uyghurs staged protests in Urumqi, the capital of Xinjiang Uyghur Autonomous Region, against the death of two Uyghur workers in a clash with their Han Chinese colleagues at a factory in southern China. The protests escalated into attacks targeting Han and the local police, resulting in a death toll of nearly 200, most of whom were Han. The incident was regarded as the deadliest unrest China had experienced since the 1989 military crackdown in Beijing. Aggrieved by the killings, thousands of Han Chinese organized armed demonstration in the following days to seek revenge on the Uyghurs.²⁸² In order to restore stability, the government blocked the streets of Urumqi and clamped down on the internet.²⁸³ Moreover, the authorities launched a massive crackdown on violence by mobilizing more than 20,000 armed police and detained hundreds for their suspected role in the clashes.²⁸⁴

The July 5 clashes shocked the Chinese leadership to the extent that President Hu Jintao suspended his attendance of the G8 summit in Italy and returned to Beijing on July 8 to monitor the situation. Upon his arrival, Hu convened a meeting of the PBSC, at which the leaders called the July 5 incident “a serious violent crime elaborately planned and organized by the religious extremists, separatists and terrorists at home and abroad.”²⁸⁵ While the leadership tried not to portray the clashes as either ethnic animosity or religious conflict, it is generally acknowledged that the unrest was inextricably linked to the decades of mismanagement of political, economic and social affairs in Xinjiang, especially for the Uyghur minority.

²⁸² Chris Buckley, “China Calls Xinjiang Riot a Plot against Rule,” *Reuters*, July 6, 2009, <http://www.reuters.com/article/us-china-xinjiang-idUSTRE56500R20090706>.

²⁸³ Ben Blanchard, “China Tightens Web Screws after Xinjiang Riot,” *Reuters*, July 6, 2009, <http://www.reuters.com/article/us-china-xinjiang-internet-sb-idUSTRE56513820090706>.

²⁸⁴ “Xinjiang Riot Toll Rises to 156, Unrest Spreads,” *Reuters*, July 6, 2009, <http://www.reuters.com/article/idUSL6491930>.

²⁸⁵ “Hu Jintao Chaired Meeting of Political Bureau Standing Committee on Stability Maintenance in Xinjiang,” *Central People’s Government of China*, July 9, 2009, http://www.gov.cn/lhdh/2009-07/09/content_1361228.htm.

Putting domestic matters aside, the July 5 revolts also created new problems for China's foreign relations. To start with, the leadership had to deal with Western governments, media and NGOs that tended to interpret the revolts as the outcome of continuous suppression of civil and minority rights in China. Additionally, a more daunting challenge was to face the governments and people of the Muslim world—especially Central Asia, the Middle East and North Africa. Foreign policy makers maintained that the July 7 uprisings might provide officials and activists in these regions an opportunity to deplore Beijing's religion and ethnic policies to the extent of targeting the Chinese government as Islamophobic.²⁸⁶

Their concern was not groundless. Five days after the revolt, Turkish Prime Minister Tayyip Erdogan told reporters that the incidents in Xinjiang were nothing but genocide, yet the Chinese government acted like a bystander. Meanwhile, the Industry Minister of Turkey called on people to boycott Chinese goods in an attempt to pressure Beijing.²⁸⁷ Whereas nationalist Turks condemned China's rule in Xinjiang because they see the region (according to them, East Turkestan) as the easternmost frontier of Turkic ethnicity, Islamist Turks (similar to Islamists elsewhere) clashed with Beijing as they consider Xinjiang an integral part of the transnational Islamic community (al-umma al-islamiya).²⁸⁸ Apart from Turkey, some Saudi and Iranian clerics also criticized Beijing's reaction of detaining Muslim Uyghurs indiscriminately in the wake of July 5. Last but not least, thanks to the reports of al-Jazeera from Urumqi, the situation of Xinjiang attracted the attention of regular people in the Arab world. People were at least worried about the difficulties faced by their Muslim brothers and sisters in China, if not taking Beijing as an enemy of Islam.

²⁸⁶ Interview no. 46, August 27, 2014, Beijing.

²⁸⁷ "Turkish Leader Calls Xinjiang Killings 'Genocide,'" *Reuters*, July 10, 2009, <http://www.reuters.com/article/us-turkey-china-sb-idUSTRE56957D20090710>.

²⁸⁸ See "East Turkestan" in "Map the Islamic world" in Mohammad Sayed Nasr et al., *World Atlas (Atlas al-Alam)* (Maktabat Lubnan/Librairie Du Liban Publishers, 2011), 1; Ben Blanchard and Benjamin Kang Lim, "China Dismisses Accusation of Xinjiang Genocide," *Reuters*, July 14, 2009, <http://www.reuters.com/article/us-china-xinjiang-idUSTRE56D0QJ20090714>.

In response to the criticism, the Chinese government launched a media campaign contributing the July 5 tragedy to the “three evils” of terrorism, separatism and extremism. Officials asserted that the incident was plotted by radical Uyghur dissidents and separatists seeking Xinjiang/East Turkistan independence; and the government, while protecting the civil rights of Muslim minorities, succeeded in suppressing the rebels and restoring security in the area.²⁸⁹ Instructed by the Foreign Ministry leadership, Chinese embassies around the Middle East invited local officials and reporters for news briefings, at which diplomats conveyed the official interpretation of the July 5 uprisings.²⁹⁰

Notwithstanding China’s public relations campaign, the Turkish government continued to make an issue out of Xinjiang. Ankara intensified its effort by proposing a special meeting on Xinjiang at the Organization of Islamic Cooperation, in which Turkish Ambassador Ekmeleddin Ihsanoglu served as secretary general. Ihsanoglu pushed the Organization to issue a joint statement condemning Beijing’s “genocide of Muslim minorities.” His suggestion, however, was rejected by the representatives of some other member states. When the Syrian and Egyptian delegations reported Turkey’s intention back to their countries, the two governments decided to help Beijing turn the tide back in China’s favor. In Damascus, a deputy foreign minister made immediate contact with the Chinese Ambassador in Syria, informing him of Turkey’s proposal. The Egyptian government, meanwhile, not only notified its Chinese counterpart but also joined forces with Syria and Pakistan to persuade other member states—especially Saudi Arabia—to discard the Turkish motion at the Organization of Islamic Cooperation.²⁹¹

²⁸⁹ “Hu Jintao Addressed Officials of Xinjiang Uyghur Autonomous Region,” *people.cn*, August 28, 2009, <http://cpc.people.com.cn/GB/165240/165241/9931007.html>.

²⁹⁰ In Egypt, for example, see “Wang Kejian, Charge d’affaires of the Chinese Embassy in Egypt Held Media Conference on Urumqi July 7 Incident,” *Chinese Embassy in Egypt*, July 14, 2009, <http://eg.china-embassy.org/chn/zxxx/2009nxw/t572910.htm>.

²⁹¹ Speech of Special Envoy Wu Sike on China’s foreign policy in the changing Arab world, Center of International and Strategic Studies, Peking University, April 6, 2012; “Turkish PM Ups Rhetoric over Violence in

Thanks to their effort, Beijing managed to calm down the Xinjiang situation within a couple of months and to prevent the conflict from escalating at the global level. The Chinese leadership was extremely grateful for the support of Syria and Egypt. Officials spoke highly of China's friendship with Bashar al-Assad and Hosni Mubarak and were determined to return the favor in the future.²⁹² In late July, the Chinese government sent Liu Guijin, China's special envoy on African Affairs, to visit Cairo and express its gratitude for Egypt's support during the July 5 crisis.²⁹³ Simultaneously, Wu Sike, the special envoy on Middle East affairs, flew to Syria to extend thanks to the Syrian government.²⁹⁴

After July 5, Xinjiang quickly dwarfed Taiwan and Tibet to become the most important political topic in China's relationship with Muslim governments of the Middle East. Concerning Egypt, the uprisings consolidated bilateral ties in religious, security and normative respects.

With regard to religious ties, Egypt has its profound and unique influence in the Muslim world (including Chinese Muslim communities) because the country's religious authorities—the al-Azhar Mosque and University—serves as the center of Sunni Islamic education. Since 1961, the reorganization of al-Azhar has brought the religious institution firmly under the control of the Egyptian state. The Mubarak government ensured that al-Azhar was guided by reliable anti-Salafi figures and interpreted Islamic teachings according to regime wishes. The Egyptian state had a clear interest in buttressing al-Azhar as a means of upholding the centralist

Xinjiang,” *Hürriyet Daily News*, July 11, 2009,

<http://www.hurriyet.com.tr/turkish-pm-ups-rhetoric-over-violence-in-xinjiang-12048159>.

²⁹² Speech of Wu Sike, April 6, 2012, Beijing.

²⁹³ “Special Envoy on African Affairs Liu Guijin Visited Egypt,” *Chinese Embassy in Egypt*, July 27, 2009, <http://eg.china-embassy.org/chn/zxxx/2009nxw/t575606.htm>.

²⁹⁴ “Special Envoy of Middle East Affairs Visited Syria,” *Ministry of Foreign Affairs*, July 31, 2009, http://www.fmprc.gov.cn/mfa_chn/wjbxw_602253/t576189.shtml.

(wasatiyya), reasonable and moderate approach to Islam, thereby strengthening the government's religious counterweight to various Islamist ideologies.²⁹⁵

Government-backed Chinese Muslim scholars have traditionally received religious education in Cairo, but since the 1980s, the centralist Islamic teachings of al-Azhar have been challenged in China by various “non-official” forms of Islam, such as Salafi and Wahhabi, propagated for example by Saudi Arabia. As instability and radicalization deepened in the Muslim regions of western China, Beijing pledged to bolster its traditional, pro-government religious institutions by forging closer cooperation with al-Azhar, in a bid to counter the appeal of radical ideologies and separatist movements.

In the wake of July 5, the Chinese government was keen on ensuring that the religious authorities of Egypt accounted for the uprisings in Xinjiang in accordance with the officially released narrative. On August 18, China hosted a symposium in Cairo on Xinjiang affairs, inviting representatives of al-Azhar, the Egyptian Ministry of Religious Endowment, the Ministry of Foreign Affairs, the League of Arab Nations, as well as Ambassadors of Arab countries. At the meeting, Egyptian officials and religious scholars from al-Azhar made speeches in favor of Beijing, asserting that what had happened in Xinjiang had nothing to do with Islam but boiled down to a group of terrorists trying to separate the region from China. They further criticized Western media's distortion of the incidents in Xinjiang, describing it as an attempt to impede the friendly connections between China and the Islamic world.²⁹⁶

Besides religious connections, the need to fight separatism and radicalization also deepened security cooperation between Beijing and Cairo. Egypt gave rise to various

²⁹⁵ Nathan J. Brown, “Post-Revolutionary Al-Azhar” (Carnegie Endowment for International Peace, September 2011).

²⁹⁶ “Symposium ‘China’s Friendly Ties with Egypt and the Islamic World’ held in Cairo,” *Chinese Embassy in Egypt*, August 20, 2009, <http://eg.china-embassy.org/chn/zxxx/2009nxw/t579645.htm>.

Islamist ideologies and movements. The country also hosts a large number of Chinese Muslims taking language and religious courses abroad. After July 5, the Chinese government started to pay more attention to Chinese Muslim communities based in the Middle East and Central Asia.²⁹⁷ Given that extremist organizations often use universities as recruiting stations, the government cooperated with the Egyptian authorities to keep an eye on the activities of Chinese Muslim overseas, especially by sharing intelligence on potential anti-government movements brewing in Egypt. In November 2009, Premier Wen held talks in Cairo with President Mubarak and Prime Minister Ahmed Nazif. The Chinese Premier noted with satisfaction that political and security cooperation had helped both countries safeguard their core interests of maintaining sovereignty and territorial integrity.²⁹⁸

In return for Cairo's political and security assistance, Beijing offered moral support for the autocratic rule of Mubarak. While the normative goals of EU foreign policy can be identified as promoting democratic change and defending the rule of law and human rights, Chinese foreign policy features a strong preference for authoritarian order and stability, and highlights the following principles: all countries should have the right to choose diversified political systems and development paths irrespective of Western pressure; different countries should respect each other's sovereignty and not interfere in others' domestic affairs; no matter big or small, weak or strong, countries should have equal participation in global affairs, instead of letting big powers dominate the fate of others.²⁹⁹

²⁹⁷ "Minister Counselor Wang Kejian Inspected the Summer Chinese Language Program for Uyghur Students in Egypt," *Chinese Embassy in Egypt*, August 30, 2010, <http://eg.china-embassy.org/chn/zxxx/123qwe/t736236.htm>.

²⁹⁸ "Wen Jiabao Met with Egyptian President Mubarak," *Xinhua*, November 7, 2009, http://news.xinhuanet.com/world/2009-11/07/content_12407645.htm.

²⁹⁹ "Vice President Hu Jintao Delivered Speech at the French Institute of International Relations," *Xinhua*, November 6, 2001, http://news.xinhuanet.com/world/2001-11/06/content_100783.htm; Chengde Yin, "Democratizing International Relations Is the Prerequisite for Building a Harmonious World," *people.cn*, September 27, 2005, <http://theory.people.com.cn/GB/49150/49152/3729667.html>.

Carrying out these principles in the Middle East, especially in Mubarak's Egypt, was of special importance to China. Chinese foreign policy makers clearly understood that if Mubarak was to be deposed by any of his opponents, be it the Islamists who yearn for a return to the transnational Islamic identity or the Egyptian liberals who advocate a shift to Western-style democracy, China would no longer get the same amount of ideological, religious and security support from Egypt as that offered by the current authorities.

Taking domestic Muslim revolts into account, Chinese officials saw the Islamization of Egypt as posing greater threat to China than democratization.³⁰⁰ In light of Mubarak designating the Muslim Brotherhood as an illegal organization, the Chinese leadership, based on the principle of non-interference in others' domestic affairs, forbade MoFA diplomats from liaising with Brotherhood officials. Instead, only the representatives of the CPC CCID were allowed to hold informal talks with Brotherhood officials once they were elected as members of the Egyptian People's Assembly. Preliminary contacts showed that the Brotherhood strongly disapproved of Beijing's religion and ethnic policies.³⁰¹

The unfriendly attitude of the Islamists only strengthened Beijing's determination to support Mubarak and the National Democratic Party of Egypt (NDP). In November 2009, Premier Wen held talks with Mubarak in Cairo, underlining that China and Egypt shared similar views on global affairs and that the bilateral relationship represented a role model for China-Arab, China-Africa and South-South cooperation.³⁰² Following Wen's visit, the Chinese leadership sent two high-level CPC delegations to Egypt in 2010 to forge closer political ties with NDP officials.

³⁰⁰ Hongjie Li, *National Interests and China's Middle East Policy (guojia liyi yu zhongguo de zhongdong zhengce)* (Beijing: Central Compilation and Translation Press, 2009), 89–94.

³⁰¹ Interviews no. 19, January 6, 2014, Cairo; no. 26, March 31, 2014, Cairo; no. 89, April 13, 2015, Cairo; in addition, Wu Sike also introduced the contacts between China and the Muslim Brotherhood MPs before the Arab uprisings at his speech made on April 6, 2012 at Peking University.

³⁰² “Wen Jiabao Met with Egyptian President Mubarak.”

During the visits, Political Bureau members praised the NDP and its leader, Mubarak, as a strategic partner of the Chinese Communist Party, and pledged to promote bilateral relations between the two parties and two governments to a higher level.³⁰³

5.2.2. Diplomacy in the service of domestic economic growth

The Chinese leadership understands the first two decades of the 21st century as an “important period of strategic opportunity” for China’s socio-economic development. Based on this assessment, President Hu stipulated at the Central Foreign Affairs Work Conference in 2006 that “diplomacy must adhere to the central task of economic construction.”³⁰⁴ Under the global economic recession, the Chinese economy had been facing unprecedented challenges since 2009.³⁰⁵ In this circumstance, the leadership further argued that the main theme of Chinese diplomacy should be to “ensure steady and rapid economic growth”³⁰⁶ by “fostering pragmatic cooperation” between China and foreign countries.³⁰⁷ In particular, at the annual Central Economic Work Conference of 2009, the leadership specified three economic targets for foreign policy makers: to boost exports by safeguarding traditional markets and exploring new ones; to enhance the quantity and quality of foreign investment; and to vigorously advance the “going out” strategy by supporting qualified Chinese enterprises to do business abroad.³⁰⁸

³⁰³ “Wang Gang Held Talks with Sherif, Secretary General of the National Democratic Party of Egypt,” *Xinhua*, June 6, 2010, http://news.xinhuanet.com/politics/2010-06/06/c_12188289.htm; “Wang Zhaoguo Met with Speaker of the Egyptian People’s Assembly,” *Xinhua*, March 24, 2010, http://news.xinhuanet.com/world/2010-03/24/content_13239055.htm.

³⁰⁴ “Hu Jintao Made Important Speech at the Central Foreign Affairs Work Conference in Beijing.”

³⁰⁵ “Hu Jintao and Wen Jiabao Made Important Speeches at the Central Economic Work Conference in Beijing,” *Xinhua*, December 7, 2009, http://news.xinhuanet.com/politics/2009-12/07/content_12605370.htm.

³⁰⁶ “Yang Jiechi Introduced the Four Key Points of This Year’s Diplomatic Work,” *Xinhua*, March 7, 2009, http://news.xinhuanet.com/misc/2009-03/07/content_10961185.htm.

³⁰⁷ “Hu Jintao and Other Leaders Attended the 11th Meeting of Ambassadors,” *Xinhua*, July 20, 2009, http://news.xinhuanet.com/politics/2009-07/20/content_11740850_1.htm.

³⁰⁸ “Hu Jintao and Wen Jiabao Made Important Speeches at the Central Economic Work Conference in Beijing.”

In light of these instructions, China's Middle East policy makers began to prioritize consolidating economic cooperation with regional countries, especially promoting Chinese exports and investment, in their daily policy-making. Both MoFA and MoC resolved to make progress in this regard so as to present their economic achievements to the leadership. Thanks to their joint efforts, China-Egypt economic relations witnessed substantial development in 2009-2010. Over the two years, MoC sent more than five economic delegations to Egypt exploring local investment opportunities and promoting bilateral trade. Other economic stakeholders—the People's Bank of China, the Ministry of Industry and Information Technology, the Ministry of Agricultural, and the State-owned Assets Supervision and Administration Commission (SASAC)—also increased interactions with their Egyptian counterparts. From 2009 to 2010, Egypt also received more than 30 Chinese provincial economic delegations. According to the Egyptian Ministry of Investment, by the end of 2010, there had been more than 1,100 Chinese companies registered in Egypt. In 2010 alone, new construction and labor service contracts signed between the two countries amounted to USD 570 million. In 2010, bilateral trade increased by 18.8 percent, reaching USD 6.96 billion, of which China exported USD 6.04 billion of goods to Egypt, indicating an 18.3 percent increase.³⁰⁹

In 2009, China Development Bank established its first overseas branch in Egypt. The immediate project was about negotiating with the Egyptian Ministry of Investment on speeding up the construction of the Suez Economic and Trade Cooperation Zone (SETCZ).³¹⁰ The SETCZ was the only cooperation zone supervised by the Chinese government in West Asia and North Africa. While Egypt might not be the ideal place

³⁰⁹ "China-Egypt Economic and Trade Relations," *Economic and Commercial Counselor's Office of China in Egypt*, August 17, 2011, <http://eg.mofcom.gov.cn/article/ddgk/zwjingji/201108/20110807699518.shtml>.

³¹⁰ "Deputy Minister of Commerce Fu Ziyang Inaugurated the Cairo Office of China Development Bank," *Economic and Commercial Counselor's Office of China in Egypt*, November 11, 2009, <http://eg.mofcom.gov.cn/article/i/200911/20091106612940.shtml>; "Ambassador Wu Chunhua Attended the Forum of China-Africa Development Fund," *Chinese Embassy in Egypt*, March 17, 2009, <http://eg.china-embassy.org/chn/zxxx/2009nxw/t543094.htm>.

for Chinese investment, SETCZ provided a service platform for Chinese companies attempting to expand their business to Africa and the Arab world.³¹¹ Proposed by Mubarak during his 2006 China visit, the first phase of SETCZ was jointly unveiled by the Chinese and Egyptian Premiers in November 2009. Yet the Chinese side wanted to expand the cooperation zone to a second phase, which was pending negotiation with the Egyptian authorities.

5.2.3. Summary of empirical results

Now that I have examined China's Egypt policy-making from early 2009 to the run-up to the Arab uprisings, this section concludes that before the uprisings, China formulated its Egypt policies based on three pillars. In the security sector, Beijing sought to preserve the stability of Xinjiang by deepening religious and security ties with Cairo. Economically, the government tried to generate domestic growth by boosting bilateral trade and investment. In the normative aspect, China helped defend the legitimacy of the Mubarak regime by promoting the foreign policy principles of respecting sovereign rights and opposing foreign interference in others' domestic affairs.

Under the rule of Mubarak, the security, economic and normative goals China aimed to achieve in Egypt were compatible with each other (see Table 5.1). Mubarak's precious support for China during the July 5 Uyghur revolts proved himself as a truly reliable security partner of Beijing. The Chinese leadership acknowledged that should Mubarak be replaced by any of his opponents, be it the Islamists or pro-Western liberals, China would no longer get the same amount of assistance offered by the current administration. In exchange for Cairo's favor, the Chinese government consolidated economic ties with Egypt on trade and investment. As a flagship project,

³¹¹ "Introduction of China-Egypt Suez Economic and Trade Cooperation Zone," *Economic and Commercial Counselor's Office of China in Egypt*, June 15, 2015, <http://eg.mofcom.gov.cn/article/zzjg/201506/20150601013130.shtml>.

the SETCZ was constructed and put to use in 2010, at the request of the Egyptian President. Moreover, China also offered normative support for the rule of Mubarak by advocating its foreign policy principles of non-interference in others' domestic affairs, as opposed to the Western agenda of encouraging domestic democratic change.

Table 5.1: Summary of empirical findings (China's Egypt policies, January 2009 - December 2010)

| Period | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|--|------------------------|-----------------------|---------------------|--------------------------------|-------------------------|
| Mubarak (January 2009 - December 2010) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |

5.3. The fall of Mubarak and transition period (January 2011 - June 2012)

5.3.1. Beijing's confrontational stance towards the "Arab Spring"

The popular protests sweeping across the Arab world provided a new context for China's Egypt policy-making. As events unfolded in the region, foreign policy makers realized China's security, economic and normative goals in Egypt were no longer compatible with one another.

When mass protests took place in Egypt in January 2011, the CPC leadership, which defends authoritarian order and opposes political insurgency, perceived the incident as jeopardizing regime security and domestic stability. Chinese leaders' initial response to the Arab Spring was driven by the concerns about a potential spillover of unrest in

their country.³¹² Moreover, it should be noted that the revolts happened at a critical time during the CPC's leadership transition. Since 2011, party leaders had gradually shifted their attention to the preparation of the 18th CPC National Congress, at which the authorities would nominate a new board of leaders for the next five years. The upcoming power transition further led Chinese leaders to highlight the importance of maintaining domestic stability and defending orthodox ideologies in 2011-12.³¹³

As an initial response to the Arab uprisings, Beijing took a disapproving attitude, which not only conflicted with Western powers but also ran against China's foreign policy principle of non-interference in other countries' domestic affairs. Whereas the United States and EU framed the Arab revolts as a protest against authoritarian rule and transformation to Western-style democracy, China only grudgingly accepted the political transition of Arab countries, arguing that developing countries should be allowed to take diversified political paths irrespective of Western pressure. In this vein, China did not take a purely neutral stance towards the Arab uprisings based on the norms of respecting sovereign rights and non-interference.

In the first few days of the Egyptian protests, the CPC Propaganda Department simply filtered out all news reports related to Egypt and the so-called "Arab revolution." On January 29, the authorities relaxed the publication ban, allowing state media to provide some initial coverage on the anti-government rallies in the Arab world. The reports, however, mainly focused on the chaos and destruction caused by the protests and clashes. It was only when the Arab uprisings drove more countries into chaos that the Propaganda Department substantially dropped its report ban and opened online discussion on the "lessons" of the Arab revolts, i.e., the severe cost and negative

³¹² Breslin Shaun, "China and the Arab Awakening," *ISPI Analysis*, no. 140 (October 2012).

³¹³ Speech of Qiu Yuanping (Deputy Director of the Central Foreign Affairs Office) on China's international environment and foreign policy, Center of International and Strategic Studies, Peking University, March 21, 2011; see also Jun Niu, "Inwardness, Ideology, and the Loss and Gain of China's Libya Policy," *21ccom.net (gongshi wang)*, September 5, 2011, http://www.21ccom.net/articles/qqsww/zlwj/article_2011090544702.html.

consequences brought by sudden political change and blind acceptance of Western democracy.³¹⁴

China's disapproving attitude towards the Arab uprisings was also reflected in the highly restrained comments made by MoFA in response to the Egyptian demonstrations (and later on, by Beijing's outright intervention in the domestic conflict of Syria). Six days after the January 25 demonstration took place in Cairo, a MoFA spokesman delivered the government's first message on the incident: "Egypt is a friendly country of China, and we hope it regains stability and order as soon as possible."³¹⁵ On February 11, in light of Mubarak's resignation and the military's takeover, MoFA left another one-sentence comment, reiterating that "China hopes the latest development can help Egypt regain stability and order as soon as possible."³¹⁶ Conforming to the domestic ban imposed by the propaganda authorities, MoFA ordered diplomats not to call the overthrow of Mubarak a "revolution" or to recognize any positive outcome led by the Arab revolts. Accordingly, when talking with their Egyptian counterparts, Chinese diplomats only used the word "change" to describe the popular protests and departure of Arab strongmen.

That said, whereas the Chinese leadership and propaganda sector took a dim view of the revolution in order to prevent a spillover, MoFA, MoC and MoSS worried about the negative repercussions of Beijing's disapproving stance towards the Arab uprisings. Officials of these ministries wanted to ensure that Egypt would retain its security and economic cooperation with China after the regime change. In view of the aspiration of Egyptians for political change and social justice, diplomats on the ground argued that to sustain existing cooperation between the two countries, China

³¹⁴ Interview no. 9, June 16, 2013, Beijing.

³¹⁵ "Foreign Ministry Spokesman Hong Lei Holds Press Conference on February 1, 2011," *Ministry of Foreign Affairs*, February 1, 2011, http://www.fmprc.gov.cn/mfa_chn/wjdt_611265/fyrbt_611275/t791885.shtml.

³¹⁶ "Foreign Ministry: China Hopes the Latest Development Would Help Egypt Regain Stability as Soon as Possible," *Xinhua*, February 12, 2012, http://news.xinhuanet.com/world/2011-02/12/c_121069262.htm.

should at least offer some positive comment on the political development in Egypt; if not, Beijing might be seen by the post-revolutionary government and the locals as a reactionary force suppressing people's demand for change and checking the progress of their glorious revolution.³¹⁷

As foreign policy makers worried that China's unsupportive attitude towards the revolution could trigger fresh problems between Beijing and Cairo, much to their relief, it was the Egyptian military leaders who replaced Mubarak to run the country in the transition period. After SCAF dissolved the People's Assembly, field marshal Tantawi appointed himself as the de facto leader of Egypt. Based on years of interaction, Chinese officials saw Tantawi as an old friend and reliable partner. In particular, Chinese leaders were grateful to the field marshal when he ordered the Egyptian army in February and March 2011 to help Beijing evacuate nearly 40,000 Chinese citizens out of the Libyan civil war to Egypt via the land border and from Egypt to third countries.³¹⁸

Ideologically, China and the interim government under SCAF empathized with one another. Tantawi and other military leaders had a good understanding of Beijing's unease when commenting on the anti-government insurgencies in Egypt and other Arab countries. The Chinese leadership, in return, firmly backed SCAF in its effort to restore stability in Egypt, irrespective of the criticism made by domestic opposition and Western capitals on the army's abuse of power and violation of human rights. On May 2, Foreign Minister Yang Jiechi travelled to Egypt to convey the Chinese President's message to Tantawi about strengthening bilateral economic partnership and political coordination.³¹⁹ Yang confirmed China's support for the transitional

³¹⁷ Interview no. 14, August 17, 2013, Cairo.

³¹⁸ Interview no. 10, July 22, 2013, Cairo; "Central Leadership Granted Egyptian Embassy Third-Class Merit," *Ministry of Foreign Affairs*, January 31, 2011, http://www.fmprc.gov.cn/mfa_chn/zyxw_602251/t792122.shtml; "Motherland Takes Me Home: on the Libyan Evacuation," *people.cn*, February 2011, <http://world.people.com.cn/GB/8212/191606/214871/>.

³¹⁹ "Tantawi Met with Chinese Foreign Minister," *Chinese Embassy in Egypt*, May 4, 2011,

leadership by delivering annual grants to Egypt ahead of schedule. Moreover, in view of the intensified demonstrations against SCAF and the police forces, China was to offer 700 police vehicles and equipment at the request of the Egyptian authorities.³²⁰

Whereas Beijing quickly resumed friendship with new Egyptian leadership, Chinese foreign policy makers still followed the situation in the country with concern as the Islamists and liberals waged daily clashes against the transitional military rule. In June 2011, opposition parties demanded an immediate power transfer to a democratically-elected president, threatening to launch a second revolution targeting SCAF. From the Chinese perspective, once the opposition gained the upper hand, Beijing's lukewarm attitude towards the Arab uprisings would become a more troublesome issue in China-Egypt relations.³²¹ To China, the pressure came particularly from the Egyptian Islamists, who were working together with their Libyan and Syrian counterparts to achieve an "Islamic revolution" in the Arab world. China's domestic Muslim affairs and its skeptical attitude towards the regime change in Egypt had already cast a shadow over its relationship with the Islamists. Beijing's intervention in Syria only increased tensions between the two sides.

The Syrian uprisings erupted in Damascus and Aleppo on March 15 and quickly spread to other parts of the country. Shortly after the revolts, China abstained on March 17 from the Security Council Resolution 1973, which proposed to impose a no-fly zone in Libya to protect civilians under the threat of Gaddafi's attacks. Once the resolution was passed, Beijing was shocked to see the North Atlantic Treaty Organization (NATO), in the name of implementing the resolution, undertake air

<http://eg.china-embassy.org/chn/zxxx/t820221.htm>.

³²⁰ Speech of Wu Sike, April 6, 2012, Beijing; see also "Biggest Chinese Donation after January 25—Police Cars to Be Delivered," *Economic and Commercial Counselor's Office of China in Egypt*, September 29, 2011, <http://eg.mofcom.gov.cn/article/i/201109/20110907763355.shtml>.

³²¹ Jon B. Alterman, "China and the Middle East: Prepared Statement of Dr. Jon B. Alterman Delivered to the US-China Economic and Security Review Commission" (US-China Economic and Security Review Commission, June 6, 2013).

strikes in Libya to support the opposition. Western military intervention in Libya in support of one side of the conflict was perceived by the Chinese leadership as a threat to its core national interest of preserving regime security.³²² After Resolution 1973, Beijing was determined to prevent the Libyan scenario from being reproduced in Syria, not to mention Damascus once offered precious support to China during the Uyghur uprisings.³²³ In late March, Special Envoy Wu Sike met with Syrian Foreign Minister Walid al-Muallem in Damascus, confirming China's support to al-Assad to get through the current crisis.³²⁴ On October 4, China interfered in the Syria crisis by vetoing the Western-sponsored Security Council resolution that threatened sanctions against the Syrian government.³²⁵ On February 4, 2012, China exercised its veto again for the protection of the Syrian regime.³²⁶

In the days leading up to the Security Council meetings, the Chinese Foreign Ministry sent officials to Cairo for policy coordination with the Egyptian interim government. The military-backed transitional authorities, despite pressure from Gulf Arab states, had formulated a Syria policy similar to that of China.³²⁷ The real problem was about how to approach and persuade the Islamists, who took Syria as one of the main points of contention between China and Egypt. In this context, when MoFA was negotiating

³²² Kuangyi Yao, "The Middle Eastern Upheaval and China's Middle East Policy (zhongdong xingshi jubian yu zhongguo zhongdong zhengce)," *Arab World Studies*, no. 4 (July 2011): 3–7.

³²³ Speech of Wu Sike, April 6, 2012, Beijing; Niu, "Inwardness, Ideology, and the Loss and Gain of China's Libya Policy"; Fuchang Yang (former Deputy Foreign Minister and Ambassador to Egypt), "Middle East Situation and China's Policy Response: In View of the Development in Egypt and Syria (cong aiji xuliya xingshi fazhan kan zhongdong jushi ji zhongguo yingdui zhengce)," *Journal of Northwest University for Nationalities*, no. 1 (2013): 37–41.

³²⁴ "Special Envoy of Middle East Affairs Wu Sike Met with Syrian Foreign Minister," *Ministry of Foreign Affairs*, March 27, 2011, http://www.fmprc.gov.cn/mfa_chn/wjbxw_602253/t809961.shtml.

³²⁵ "UN Security Council Failed to Adopt Resolution on Syria," *Xinhua*, October 5, 2011, http://news.xinhuanet.com/world/2011-10/05/c_122120248.htm.

³²⁶ "Syria: Ban Voices Deep Regret after Security Council Fails to Agree on Resolution," *UN News Center*, February 4, 2012, <http://www.un.org/apps/news/story.asp?NewsID=41144&Kw1=china&Kw2=veto&Kw3=syria#.VwKZp5x97rd>.

³²⁷ "Ambassador Li Huaxin Met with Egyptian Deputy Foreign Minister Fatahla," *Chinese Embassy in Egypt*, February 13, 2012, <http://eg.china-embassy.org/chn/zxxx/t904131.htm>.

with the interim government, the CPC CCID was instructed by the leadership to engage with the Egyptian Islamists, who were expected to win the upcoming parliamentary elections in a landslide victory. This engagement is to be examined in detail in the next section.

To summarize the observations I have made so far, the Arab uprisings were seen by the Chinese leadership as a threat to regime security. The government, although claiming its support for sovereign rights and non-interference in others' domestic affairs, was not a bystander in the developments in the Arab world. China was not shy to indicate its dislike of the political transition in Egypt, and in Syria the government intervened directly to prop up the authoritarian rule of al-Assad. However, Beijing's approach of abandoning the norm of non-interference for the sake of preserving regime security did not come without a price. In Sections 5.3.2 and 5.3.3, I will examine the security and economic repercussions of China's intervention policy and investigate how decision makers tried to reconcile China's competing goals in Egypt.

5.3.2. New security problems created by the rise of Islamists

In the wake of Mubarak's departure, the Chinese leadership feared that the instability of the Arab world would generate insurgencies in other parts of the Muslim world—Iran, Central Asia and finally western China. Leaders of the CFAO argued from the very start of the Egyptian uprisings that thanks to social media, the emergence of Islamists and religious extremists in the Middle East would pose an immediate threat to regional and global security.³²⁸

For China, the security problem brought by the regime change in Egypt was twofold. To start with, Islamist parties that were expected to gain more political influence after

³²⁸ Speech of Qiu Yuanping, March 21, 2011, Beijing; see also Yao, "The Middle Eastern Upheaval and China's Middle East Policy."

the fall of Mubarak were prone to taking a hard line on “liberating” Xinjiang and China’s Muslim regions, to the extent of even backing separatist and extremist movements to challenge the CPC’s rule. China’s lukewarm stance towards the Arab uprisings might lead to a further cooling of relations between Beijing and the Egyptian Islamists, thus making the situation of Xinjiang more precarious. In addition to that, the Chinese leadership feared that some extremist organizations could take advantage of the overthrow of authoritarian leaders and the resulting security vacuum in the Middle East to penetrate Central Asia and western China, thereby amplifying the risks of terrorist attacks and “Islamization” of Chinese Muslim communities.

The abovementioned security challenges prompted Beijing to embark on two simultaneous campaigns in the wake of the Arab uprisings: first, to reinforce the control imposed on Chinese Muslim communities both at home and abroad; and second, to engage with the Egyptian Islamists and soften China’s tone on the “revolution” in an attempt to scale down the hostility between Beijing and the succeeding Egyptian government that would probably run by the Muslim Brotherhood. Since this thesis focuses on foreign policy-making, I mainly look at the second aspect of China’s behavior.

On May 17, 2011, the Muslim Brotherhood founded the FJP in order to join in the coming parliamentary elections. The establishment of the FJP helped the CCID, on behalf of the CPC leadership, to approach the Brotherhood via the inter-party diplomatic channel. In light of the Brotherhood’s growing political weight following the ouster of Mubarak, Beijing decided to soften its tone on the Egyptian revolts, in a way to return to its claimed foreign policy norm of non-interference in other states’ internal affairs. Along these lines, the government gradually accepted the merit of the Egyptian revolts, albeit to a limited extent, instead of focusing solely on the social chaos and economic repercussions resulting from the protests. Commenting on the regime change in May 2011, Foreign Minister Yang stated that China “respects the

choice made by the Egyptian people, and believes the Egyptian government and people have enough wisdom and capability to work through the transition period.”³²⁹ Since then, Yang’s statement had become the standardized talking point of Chinese officials commenting on the regime change of Egypt. By rolling back some of its negative judgments on the Egyptian uprisings and shifting back to the principle of non-interference, foreign policy makers sought to secure a more favorable China policy from the Islamists, especially the Egyptian Muslim Brotherhood.

The first meeting that was made public between China and the Muslim Brotherhood took place on September 27, when the Chinese Ambassador visited the FJP headquarters and was received by the party’s General Secretary Saad al-Katatni.³³⁰ Two issues stood out in the Chinese Ambassador’s talks. First, China wanted to confirm the dedication and capability of the Brotherhood to improve Egypt’s business environment and carry on with bilateral economic ties. Furthermore, the Ambassador asked about the Brotherhood’s standpoint on Xinjiang and on China’s ethnic and religious affairs. Al-Katatni maintained that the FJP was keen to develop economic relations with China and learn from the Chinese experience of economic management.³³¹ However, he raised the concerns about China’s religion policies and the restrictions Beijing imposed on Muslim minorities.³³²

Despite some disagreements, officials of the CCID mentioned after the meeting that there was still time for China to persuade the Muslim Brotherhood and change its perceptions before the presidential elections. Moreover, in case Brotherhood leaders won the elections and ran the government, they would need the economic support

³²⁹ “Chinese and Egyptian Foreign Ministers Held Talks,” *Xinhua*, May 3, 2011, http://news.xinhuanet.com/world/2011-05/03/c_121370258.htm.

³³⁰ “Ambassador Song Aiguo Met with General Secretary of the Freedom and Justice Party,” *Chinese Embassy in Egypt*, September 27, 2011, <http://eg.china-embassy.org/chn/zxxx/t862717.htm>.

³³¹ *Ibid.*

³³² Interview no. 19, January 6, 2014, Cairo.

from Beijing and were therefore unlikely to provoke big problems relating to Xinjiang.³³³

Based on this assessment, the CPC began to invite Muslim Brotherhood /FJP delegations to China for further negotiations and field trips. Meanwhile, the leadership instructed the CCID to continue its networking with Brotherhood leaders in Cairo. From late 2011 to June 2012, Chinese diplomats held talks with the FJP President Mohammed Morsi, Brotherhood Supreme Guide Mohammed Badie, Speaker of the People's Assembly Saad al-Katatni (who was later appointed as the FJP President after Morsi took the Egyptian presidency), Speaker of the Shura Council Ahmed Fahmy, and FJP Senior Foreign Policy Advisor Gihad al-Haddad.

In March 2012, the first Muslim Brotherhood delegation, headed by Ahmed Diab of the FJP Executive Office, arrived in China. Ethnic and religious issues were on the top of the agenda of bilateral discussions. The International Department and the Department of United Front Work of the CPC Central Committee welcomed the Brotherhood delegation in Beijing and in the Ningxia Hui Autonomous Region, where the delegation met with local Muslim governors and students of religious schools.³³⁴ On June 12-21, the CPC invited another delegation of young Brotherhood members for talks in Beijing and field trips in western China. The visit aimed to strengthen the CPC's relationship with the FJP future leaders, and improve their understanding of China's ethnic and religion policies.³³⁵ In addition to these visits, the CCID even sent an invitation to Mohammed Badie, the Supreme Guide of the Brotherhood, for negotiations in Beijing. The initiative, however, was not realized due to Badie's heavy workload amid the presidential elections and Morsi's inauguration.³³⁶

³³³ Ibid.

³³⁴ "Ma Sangang Met with Egypt's Freedom and Justice Party Delegation," *Ningxia Television Station*, September 3, 2012, <http://gd.nxtv.cn/zt/jmlt3/html/201209031815.html>.

³³⁵ "Delegation of Arab Political Parties to Visit China," *International Department of the CPC Central Committee*, June 8, 2012, <http://www.idcpc.org.cn/xwb/120608-2.htm>.

³³⁶ Interview no. 19, January 6, 2014, Cairo.

Referring to the engagement with Brotherhood officials, the CCID concluded that among the Egyptian Islamists the Muslim Brotherhood was more open-minded and relatively easy to make contact with.³³⁷ Admittedly, Brotherhood leaders held different views from Beijing on Xinjiang and the restrictions imposed on Chinese Muslims. Moreover, they disliked China's lukewarm judgment of the January 25 revolution and its unyielding aversion to regime change in Syria. After Morsi took office, the Muslim Brotherhood and the Egyptian authorities were unlikely to help Beijing defend its security interests in Xinjiang as had been done by Mubarak. Despite all this, China's Egypt policy makers still believed the Brotherhood, which represented the moderate segment of Islamism, was a political force China could bargain with, if not rely on.³³⁸

In contrast to the Brotherhood, China's attempt to approach the Egyptian Salafi leaders turned out to be unsuccessful from the very start. During the transition period, the CCID met with officials of the Salafi Nour Party, the second most popular Islamist group in the parliament. The two sides could barely converge on any issue on the bilateral agenda, ranging from the situation of Xinjiang to the conflict in Syria, and from China's religion policies to its attitude towards the Egyptian revolution. Whereas Salafi leaders claimed that they would not impose religious rule on Egypt or export it to other countries, Chinese diplomats cast doubt on their statements, especially in view of the growing influence of Salafi discourse and its conservative religious practice in China's Muslim regions. Diplomats found the prospect of China-Egypt relations worrisome should the Nour Party continue to build up its political clout in the country, given that the party and Egyptian Salafists were "extremely conservative" and "staunch antagonists" of the atheist government led by the CPC.³³⁹ Consequently,

³³⁷ Speech of Wu Sike, April 6, 2012, Beijing.

³³⁸ Interview no. 19, January 6, 2014, Cairo; no. 26, March 31, 2014, Cairo; no. 89, April 13, 2015, Cairo; Gang Yin, "Egypt's Constitutional Development and the Advancement of the Muslim Brotherhood (aiji xianzheng fazhan yu muxionghui de yushijujin)," *Contemporary World (academic journal run by the CCID)*, no. 10 (2012): 27–31.

³³⁹ Interview no. 26, March 31, 2014, Cairo.

aside from some initial talks between the two sides during the transition period, neither MoFA nor the CCID sustained any contact with the Nour Party in the coming years, even though the latter grew into the second largest political party after the FJP during Morsi's year in office and was later designated by Sisi as one of the few legal representatives of the Egyptian Islamists.³⁴⁰

5.3.3. Doing business with the opposition?

Shortly after Mubarak's departure, the Egypt policy makers of MoFA and MoC investigated the economic situation on the ground, arguing that the Arab uprisings, despite generating instability for the business environment, could also offer China an opportunity to consolidate economic cooperation with Egypt. As the military-backed government pledged to shift its focus to economic development, diplomats from the two ministries wanted to take advantage of the regime change to restart some bilateral dialogues which had ended up in deadlock during Mubarak's era, such as the negotiation on the second phase land use of the SETCZ. In addition, MoFA and MoC tried to persuade Egypt's transitional authorities to facilitate investment and improve the business environment for Chinese companies. In exchange, China promised to work on existing projects without delay and expand Chinese investment to the country.³⁴¹

In March 2011, the MoC representative office in Cairo gathered for its first meeting after the revolts to analyze Egypt's political and economic situation in the post-Mubarak era. The Economic and Commercial Counselor and representatives of Chinese enterprises concluded the meeting by sketching out the goals for Chinese

³⁴⁰ Ibid.

³⁴¹ "Work Briefing of the Suez Economic and Trade Cooperation Zone in Egypt" (Suez Economic and Trade Cooperation Zone, February 2011), 3; "Ambassador Song Aiguo Analyzed Egypt's Situation for Local Chinese Companies," *Economic and Commercial Counselor's Office of China in Egypt*, April 11, 2011, <http://eg.mofcom.gov.cn/article/i/201104/20110407494865.shtml>.

economic stakeholders in Egypt during the transitional phase: to steadily implement existing projects without delay; to conduct industrial surveys in light of the changing situation; and to seek fresh business opportunities in the new era.³⁴²

In April, Deputy Minister of Commerce Fu Ziyang became the first Chinese ministerial official to visit Egypt after the January 25 uprisings. Fu led an economic delegation consisting of the representatives of the China Development Bank, the China-Africa Development Fund, the Industrial and Commercial Bank of China, and business leaders from 17 companies. The Minister delivered the message of the Chinese leadership to the interim government, stressing that China would not wind down its commitment to developing economic and trade relations with Egypt despite the latter's recent political change. During the talks with his Egyptian counterparts, Fu also mentioned that China expected the recent political change would help Egypt overcome some existing barriers to domestic economic development and foreign investment.³⁴³

During the transition period, Beijing continued to encourage Chinese enterprises to explore commercial opportunities and expand business ties with Egypt.³⁴⁴ Towards the end of 2011, China-Egypt trade volume increased by 26.5 percent, reaching USD 8.8 billion. Notwithstanding the political instability, China's direct investment flow to Egypt reached USD 83 million in 2011, indicating an increase of 60 percent compared to the year before.³⁴⁵ From January 2011 to June 2012, Chinese enterprises embarked

³⁴² "The Chinese Chamber of Commerce Held its Annual Meeting," *Economic and Commercial Counselor's Office of China in Egypt*, April 11, 2011, <http://eg.mofcom.gov.cn/article/i/201104/20110407494863.shtml>.

³⁴³ "Deputy Minister of Commerce Fu Ziyang Visited Egypt," *Economic and Commercial Counselor's Office of China in Egypt*, April 22, 2011, <http://eg.china-embassy.org/chn/zxxx/t817472.htm>; "Chinese and Egyptian Entrepreneurs Held Luncheon Meeting," *Economic and Commercial Counselor's Office of China in Egypt*, April 22, 2011, <http://eg.china-embassy.org/chn/zxxx/t817311.htm>.

³⁴⁴ "Chinese Companies Actively Participated in Egypt's First International Exhibition after the Riots," *Economic and Commercial Counselor's Office of China in Egypt*, March 5, 2011, <http://eg.mofcom.gov.cn/article/i/201103/20110307431885.shtml>.

³⁴⁵ "Chinese Embassy in Egypt Held Press Conference on the Situation of the Chinese Economy and China-Egypt

on new projects in Egypt covering fishery, telecommunication, power generation and glass fiber manufacturing. Moreover, in accordance with existing contracts, China delivered most of its engineering and energy projects on time, mainly to the Egyptian government and military.

To highlight the importance attached to bilateral economic cooperation, the Egyptian transitional leadership sent high-level officials to attend the completion ceremonies of Chinese projects. On April 30, 2012, Tantawi travelled to Sinai in person to open the China-built cement factory in Aresh. The Chinese Ambassador delivered an enthusiastic speech at the presence of the Egyptian army leaders, complimenting the remarkable progress made in China-Egypt pragmatic cooperation and mutual support between the two governments.³⁴⁶

Economic success notwithstanding, looking ahead to the post-transitional period, Chinese officials were by no means optimistic. In contrast to the mutual understanding with the Egyptian military leaders, Beijing's relationship with the Egyptian oppositional groups was troublesome. The Chinese government was skeptical and unenthusiastic about the January 25 revolution that deposed Mubarak. Moreover, it was staunchly opposed to the similar rebellions against al-Assad in Syria. Both MoFA and MoC feared that China's nearly hostile approach to the Arab uprisings could put its economic interests in the Middle East at risk, particularly in light of the revolution fanning nationalist flames in Arab countries.³⁴⁷

Economic and Trade Cooperation," *Chinese Embassy in Egypt*, April 19, 2012, <http://eg.china-embassy.org/chn/zxxx/t924453.htm>.

³⁴⁶ "Ambassador Song Aiguo and Wife Attended the Completion Ceremony of the Aresh Cement Factory," *Chinese Embassy in Egypt*, May 1, 2012, <http://eg.china-embassy.org/chn/zxxx/t927893.htm>.

³⁴⁷ Yang, "Middle East Situation and China's Policy Response: In View of the Development in Egypt and Syria," 40–41; Alterman, "China and the Middle East: Prepared Statement of Dr. Jon B. Alterman to the US-China Economic and Security Review Commission."

Worrying about the economic repercussions of its foreign policy, the Chinese government had been circumspect since the very start of the Arab insurgency. When the Mubarak authorities ordered the suspension of internet access on January 28 to obstruct the anti-government demonstration, Egyptian protesters accused Vodafone—one of the three local internet providers—of collaborating with the regime to suppress the revolution, and in turn smashed Vodafone stores around the capital. The CPC CFAO, upon hearing the news, immediately asked the Foreign Ministry to confirm if Chinese telecommunication companies played a role in Egypt's internet shut down and if they were also targeted by angry protesters.³⁴⁸

Then in the Libyan civil war, because of Beijing's rejection of removing Qaddafi through foreign military intervention, Chinese companies and their oil, railway and telecommunication projects in Libya were attacked by opposition militants, impelling the government to call for an emergency evacuation of nearly 36,000 Chinese citizens from the country. After the disposal of Qaddafi, the interim government refused to grant any economic deals to China, citing Beijing's hostile attitude towards the Libyan revolution.³⁴⁹

In light of the huge economic loss in Libya, Chinese diplomats kept a careful watch on the development of Egypt's political transition and the possible danger it might bring to Chinese businesses. They followed the interim government's raid on foreign NGOs with deep concern and were shocked to see angry protesters storming the Israeli embassy in September 2011. Diplomats feared that China's disapproval of and interference in the Arab uprisings might lead to attacks on its institutions and companies based in Egypt once the army ceded power to the opposition.

³⁴⁸ Speech of Qiu Yuanping, March 21, 2011, Beijing.

³⁴⁹ Speech of Wu Sike, April 6, 2012, Beijing; Svetlana Kovalyova and Emma Farge, "ENI Leads Libya Oil Race; Russia, China May Lose Out," *Reuters*, August 22, 2011, <http://www.reuters.com/article/us-libya-oil-idUSTRE77L1QU20110822>; Yao, "The Middle Eastern Upheaval and China's Middle East Policy," 6.

Partly for the purpose of protecting economic interests, the Chinese government gradually rolled back some of its negative judgments of the Arab uprisings, declaring instead that China respected the political choice made by the local people and had confidence in the future of Egypt.³⁵⁰ More in line with the principle of non-interference, the adjusted position of the government was conveyed by MoFA and MoC officials to their Egyptian counterparts in mid-2011 (see Section 5.3.2).

Taking note of this adjustment, Chinese diplomats on the ground became even more courageous to speak in favor of the Egyptian uprisings and Beijing's de-facto "support" of the political change, in a bid to improve China's image in the eyes of the Egyptian oppositional forces and forge closer economic partnership with the succeeding government. Addressing Egyptian officials, academics and entrepreneurs in June 2012, for example, the Chinese Ambassador described China's role in the Egyptian "revolution" as follows: unlike Western governments, China did not talk much about its support for the political change in Egypt. Nonetheless, it had taken concrete measures to contribute to the transition. During the revolts, not a single Chinese firm withdrew business from Egypt. After Mubarak's departure, the Chinese were the first to resume their business. Chinese companies managed to deliver joint projects without delay. Last but not least, despite instability, bilateral trade volume and Chinese investment to Egypt continued to reach new highs.³⁵¹

5.3.4. Theoretical expectations and empirical results

To summarize the observations I have made for this period, when protesters took to the streets across the Arab world in early 2011, the Chinese leadership saw the

³⁵⁰ "Chinese and Egyptian Foreign Ministers Held Talks"; Alterman, "China and the Middle East: Prepared Statement of Dr. Jon B. Alterman to the US-China Economic and Security Review Commission."

³⁵¹ "The Changing Middle East and Unchanged China-Egypt and China-Arab Friendships: Speech of Ambassador Song at the Symposium 'China-Arab Cooperation in a Changing Middle East'," *Chinese Embassy in Egypt*, June 10, 2012, <http://eg.china-embassy.org/chn/zxxx/t940004.htm>.

uprisings as a threat to regime security and resolved to prevent a spillover. In order to maintain domestic stability and defend the CPC's authoritarian rule, Beijing adopted a disapproving stance towards the Egyptian revolts and relentlessly resisted a similar regime change in Syria. By prioritizing regime security, however, China largely abandoned the principles of respecting sovereign rights and non-interference in others' internal affairs, which the government had long promoted as the norms of international relations. In other words, if the Chinese authorities truly acted according to the norms it had endorsed, it should not have demonstrated a skeptical view of the Egyptian uprisings, let alone intervening directly to prop up the Syrian regime.

China's disapproving attitude and its interference in the Arab revolts did not come without costs. From a security perspective, the Egyptian Islamists, who emerged as a powerful bloc in the elections, clashed with Beijing over its rule in Xinjiang and other Muslim regions. China's confrontational approach to the Arab uprisings further cooled its relationship with the Islamist parties of Egypt and in turn risked Xinjiang's stability. In the meantime, Beijing's negative reaction to the Arab political transition also put China's economic interests in danger. Bearing in mind the great loss faced by Chinese companies in the Libyan civil war, foreign and economic policy makers were concerned about the safety of Chinese businesses in Egypt and the prospect of bilateral economic cooperation once the army transferred power to the democratically-elected Islamists.

In light of these security and economic repercussions, starting from mid-2011, the Chinese government tried to scale down the hostility with the Egyptian Islamists. Beijing held back some of its critical judgments of the Egyptian uprisings, declaring that China respected the political choice made by the local people and had confidence in the future of Egypt. (Despite this change, Beijing still refused to make concessions on Syria.) In this way, the government somehow returned to the practice of non-interference, trying to strike a balance between its normative goal and that of

preserving regime security. In addition, by softening its tone on Egypt, Beijing also sought to square the pursuits of regime stability with economic interests. In other words, it aimed to keep a balance between preventing a spillover of insurgencies into China, on the one hand, and on the other hand, improving China's image in the eyes of Egyptians and thus paving the way for continued economic cooperation.

Overall, China's Egypt policy-making during the transitional period was characterized by three types of goal conflicts as shown in Table 5.2. First, the goal of maintaining regime security clashed with the normative goal of promoting non-interference in international relations. In the first few months of the uprisings, the Chinese government prioritized regime security and abandoned its normative agenda. Then in light of the security and economic repercussions of its interference policy, Beijing struck a balance between the two goals by softening its tone on the Egyptian revolts.

Second, China's goal of maintaining regime security conflicted with that of protecting and expanding economic interests in Egypt. The government initially prioritized the former but decided after a few months to keep a balance between the two. By doing this, China rolled back some negative judgments made on the Egyptian uprisings in exchange for sustained economic cooperation with the Islamists.

Third, although it does not fall into the three types of goal conflicts identified by this study, it is worth mentioning that the security goals China aimed to achieve had internal conflict in themselves: Beijing took an overall hostile approach to the Arab uprisings in order to preserve regime security, but this policy deteriorated China's relationship with the Islamists, from whom the government wanted to secure support, or at least non-intervention, in Xinjiang.

Table 5.2: Summary of empirical findings and testing of theoretical expectations (China's Egypt policies, January 2011 - June 2012)

| Period | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|---------------------------------------|------------------------|--------------------------------------|---------------------|--------------------------------|-------------------------|
| Transition (January 2011 - June 2012) | Security vs. normative | Prioritize regime security → balance | Inapplicable | Disconfirmed | Disconfirmed |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | Prioritize regime security → balance | Inapplicable | Disconfirmed | Disconfirmed |

Neorealism predicts China will deal with goal conflicts in Egypt by prioritizing the security goals over the economic and normative aspects of its foreign policy. At first glance, the empirical findings seem to confirm the neorealist prediction: when the Arab uprisings disrupted China's security, economic and normative cooperation with Mubarak and brought internal conflicts to its Egypt policy, China's immediate reaction was to defend regime security at the expense of some economic and normative interests.

A second look at the case, however, reveals the incompatibility between the neorealist assumption and the empirical findings presented in this section. Neorealism takes the state as the unitary actor and pays no attention to its regime type or domestic affairs. A state's security goal is defined by neorealists according to its relative capability vis-à-vis others in the external environment. Egypt, in this vein, did not challenge China's power position in the international system, nor did it pose a threat to China's state survival. Whereas the Arab uprisings and emergence of Islamists did jeopardize China's regime security and the CPC's rule in Xinjiang, such matters belong to the category of domestic politics rather than the issue of state survival examined by

neorealists. In this light, the neorealist approach is largely inapplicable for analyzing China's approach to goal conflicts in Egypt during this period.

The bureaucratic politics approach depicts a state's competing foreign policy goals as a reflection of its internal bureaucratic rivalry. As a result, the solution to goal conflicts depends largely on the outcome of bureaucratic infighting among different ministries, departments and offices involved in foreign policy-making. The analysis of China's Egypt policy-making during the transition period reveals that MoFA, MoC, the security apparatus and the CPC Propaganda Department all intended to interpret the implications of the Arab uprisings in their own prism, and might have presented different foreign policy alternatives for the leadership to choose from. Specifically, the Propaganda Department was prone to take a confrontational stance towards the uprisings in the hope of defending the CPC's orthodox ideologies and preserving domestic stability before the leadership transition of 2012. In contrast, foreign, security and economic policy makers focused on how to maintain China's cooperative ties with Egypt after Mubarak's departure. They preferred leaving at least some positive judgments on Egypt's political transition in exchange for a more favorable China policy from the Islamists, who were likely to succeed the military leaders in the elections.

Whereas different administrative units indeed indicated some competing interests in the face of the Egyptian uprisings, the bureaucratic politics model proves to be flawed for two reasons. First, it downplays the role played by the top leadership in foreign policy-making. The Chinese government initially responded negatively to the Arab revolts. This decision resulted less from the bureaucratic infighting among domestic players but from the commitment and responsibility of the leadership to secure regime survival. Although this aggressive attitude to the uprisings went not in line with the bureaucratic interests of some players, the leadership seemed to encounter little resistance from MoFA, MoC or the security sector. These players adhered to the

official talking points issued by the leadership until the latter decided to roll back some negative judgments on the Arab uprisings and strike a balance between conflicting goals. This policy change could be interpreted as the success of some ministries in persuading the leadership to adopt a more favorable attitude to the Egyptian revolution in exchange for security and economic benefits. However, even in this case, the leadership should not be understood as a passive receiver of the policy suggestions presented by separate bureaucracies. In fact, this study found that leaders of the CFAO were aware of the security and economic repercussions of China's aggressive stance towards the Arab uprisings at the very beginning of 2011, and had thus instructed MoFA, the CCID and relevant security agencies to investigate and take preventive actions. The bureaucratic politics model, in this light, is wrong to depict the role played by the top leadership as nominal while taking departmental rivalries as the determining factor of China's foreign policy output.

Second, the bureaucratic politics approach takes competing interests of separate bureaucracies for granted but omits that, in the face of serious external challenge, they may make collective efforts in the service of some of the state's more fundamental goals. The reason why MoFA and MoC refrained from challenging the leadership's initial position on the Arab revolts even though it conflicted with their departmental interests may be that in the Chinese political system, the CPC leadership has overriding authority over these administrative players. But it could also be that different ministries, despite the competing preferences they have, share the consensus that defending regime security is the fundamental prerequisite for the protection and advancement of their organizational interests. To put it differently, as the Arab uprisings posed a threat to the CPC's rule, few ministries tended to oppose the leadership's decision by placing their individual interests in front of the government's fundamental goal of sustaining the party's rule.

Lastly, the constructivist approach to FPA expects China to resolve goal conflicts by prioritizing the goal that is most productive in advancing its foreign policy norms, namely, respecting sovereign rights and resisting foreign interference in others' domestic affairs. The constructivist prediction is disconfirmed by the empirical findings presented in this section. In the wake of the Arab uprisings, the Chinese government basically abandoned the principle of non-interference in order to defend regime security and avert the spillover of revolutions. In this context, it responded negatively to the aspiration of the Egyptian people in terminating Mubarak's authoritarian rule. Furthermore, when the Syrian crisis broke out, China used its veto power at the UN Security Council to prop up al-Assad and prevent a Libya-style regime change from being reproduced in the country. This policy, in turn, induced direct conflict between Beijing and the Egyptian Islamists.

Whereas China did try to shift back to the practice of non-interference in mid-2011 by announcing respect for the choice made by the Egyptian people, this policy change was not really driven by the instinct to act in accordance with the norms endorsed by the government, but more by the impulse to minimize the security and economic repercussions brought by Beijing's confrontational stance towards the Arab uprisings. Along these lines, regardless of whether China was abandoning or partly adhering to the norm of non-interference, Chinese policy makers always followed the logic of consequences during the transition period rather than the logic of appropriateness assumed by the constructivist approach.

5.4. Egypt under Mohammed Morsi (July 2012 - June 2013)

5.4.1. Morsi's unexpected China visit

On June 24, 2012, Mohammed Morsi of the FJP won the Egyptian presidential election. On the next day, President Hu congratulated Morsi for winning the

presidency, reiterating that China respected the choice made by the Egyptian people and that Beijing would support the new government in promoting stability and economic development.³⁵²

China took a positive view of Morsi's electoral victory given that the Muslim Brotherhood represented a more moderate version of the Egyptian Islamists. Diplomats believed that once a Brotherhood leader took presidency, it would be easier for Beijing to engage with the organization via the intergovernmental channel in seek of a more favorable China policy from Cairo. Moreover, the Brotherhood, bearing in mind the common interests shared by the two countries, would be more hesitant to openly disapprove Beijing's ethnic and religion policies. Admittedly, when it came to Xinjiang and domestic Muslim affairs, Beijing could not count on the Brotherhood as a reliable partner as Mubarak or the Egyptian military leaders had been. Should another Uyghur uprising take place in Xinjiang, the Chinese government should not expect the Morsi administration to back it in the same way as had been done by previous Egyptian leaders.³⁵³

Out of this concern, shortly after Morsi assumed presidency, the Chinese leadership was eager to confirm the new government's position on Xinjiang and Chinese Muslim affairs. Carrying on with mutual political support was thus the focus of Hu's discussion with Egyptian Foreign Minister Mohamed Kamel Amr on July 20, 2012. Receiving Amr in Beijing, Hu stated that China attached great importance to the relationship with Egypt; notwithstanding the changes of global and regional circumstances, China still considered Egypt as one of its most important strategic partners; due to the complex and volatile situation in the Middle East, China hoped to

³⁵² "President Hu Jintao Sent Congratulatory Message to Morsi for His Electoral Victory," *Xinhua*, June 25, 2012, http://news.xinhuanet.com/politics/2012-06/25/c_112286804.htm.

³⁵³ Interview no. 12, August 3, 2013, Cairo; no. 26, March 31, 2014, Cairo.

step up political contacts with the Egyptian leadership, so that the two governments could continue their support for each other's core interests and major concerns.³⁵⁴

After Amr returned to Cairo and conveyed Hu's message to the Egyptian leaders, Chinese policy makers were surprised to see Morsi respond to Hu's suggestion by proposing a state visit to China. In early August, the Egyptian Presidential Office formally notified Beijing that Morsi decided to pick China as the first non-Arab country he would visit at the end of the month. Chinese leaders grasped the significance and symbolic meaning of Morsi's decision.³⁵⁵ Policy makers from various ministries also found it encouraging that a post-revolution democratically-elected Islamist president would opt for rebalancing Egypt's foreign strategy by enhancing ties with China.³⁵⁶ In this context, upon receiving Morsi's request, the leadership immediately approved the proposal even though allowing less than one month (not to mention it was during Ramadan) for the preparation of a state visit was extremely unusual in China's foreign policy practice.³⁵⁷

On August 28, Morsi arrived in Beijing and was received over the next three days by four out of the nine members of the PBSC: President Hu, Premier Wen, Chairman of the National People's Congress Wu Bangguo and Vice President Xi Jinping. Morsi's delegation mainly consisted of economic officials, including the Minister of Electricity and Energy, Minister of Tourism, Minister of Communications and Information Technology, Minister of Transportation, and Minister of Planning and International Cooperation.³⁵⁸ Politically, the Egyptian government pushed Beijing to

³⁵⁴ "Hu Jintao Met with Envoy of the Egyptian President, Foreign Minister Amr," *Ministry of Foreign Affairs*, July 23, 2012, <http://www.mfa.gov.cn/zflt/chn/lda/dwjbzjzh/t954263.htm>.

³⁵⁵ "Xi Jinping: China Attaches Great Importance to Morsi's China Visit," *Ifeng (fenghuang wang)*, August 29, 2012, http://news.ifeng.com/mainland/detail_2012_08/29/17183663_0.shtml.

³⁵⁶ Interview no. 14, August 17, 2013, Cairo.

³⁵⁷ Aiguo Song (Chinese Ambassador to Egypt), "Egypt, China and the Future of the East," *Al-Ahram*, January 24, 2013, <http://www.ahram.org.eg/archive/Issues-Views/News/196419.aspx>.

³⁵⁸ "China-Egypt Business Forum Took Place in Beijing," *Economic and Commercial Counselor's Office of China in Egypt*, August 31, 2012, <http://eg.mofcom.gov.cn/article/i/201208/20120808314020.shtml>.

take a more positive stance towards the Arab and Egyptian uprisings and roll back its partisan policy on Syria. Economically, Morsi hoped to consolidate business ties with China by boosting bilateral trade and attracting Chinese investment.

That said, from China's perspective, Beijing asked the Brotherhood-based Egyptian authorities to declare its support for China's territorial integrity and the CPC's rule in Xinjiang. Economically, it called on the new leadership to take effective measures to protect Chinese business interests and deepen bilateral cooperation by accelerating the negotiations on flagship projects such as the SETCZ.³⁵⁹

In search of security guarantees and economic benefits from Cairo, the Chinese government agreed to curtail its negative judgment on the Arab insurgency. For the first time after the uprisings, Beijing stated in the joint press release with an Arab state that it respected the aspiration of the people in West Asia and North Africa for change and development, and supported their pursuit of democracy and prosperity. Moreover, although China still refrained from calling the ouster of Mubarak a revolution, the government welcomed and congratulated Egypt for the progress it had made since January 25, 2011.³⁶⁰ In return for the policy change made by China, Morsi asserted that Egypt would firmly adhere to the One China policy and support Beijing's positions in Taiwan, Xinjiang and Tibet. In addition, he affirmed Cairo's commitment to protecting and advancing Chinese investments.³⁶¹

Political compromise notwithstanding, during Morsi's China visit neither side was willing to give ground on Syria. Morsi and the Egyptian Muslim Brotherhood took it as their religious mission and natural responsibility to assist the Syrian Muslim

³⁵⁹ "Joint Press Release of the People's Republic of China (PRC) and Arab Republic of Egypt (ARE)" (Xinhua, August 30, 2012), http://news.xinhuanet.com/world/2012-08/30/c_112902646.htm; "Foreign Media: Closer China-Egypt Ties Benefit Long-Term Strategies of the Two Countries," *Xinhua*, August 30, 2012, http://news.xinhuanet.com/world/2012-08/30/c_123647918.htm.

³⁶⁰ "Joint Press Release of the PRC and ARE."

³⁶¹ *Ibid.*

Brotherhood and other opposition groups to overthrow the “non-Islamic” al-Assad regime. Chinese leaders, in contrast, saw a potential Western-sponsored regime change in Syria as a threat to China’s regime security. In light of the intense power struggle and Western support for the opposition, the leadership would by no means reduce its backing of Damascus. Shortly before Morsi’s visit, China used its veto power for the third time on Syria, dropping a Security Council resolution that threatened to sanction the al-Assad regime. In Beijing, Morsi and Chinese leaders agreed in principle to respect the sovereignty, independence and territorial integrity of Syria, and oppose military intervention from other countries. However, sharp disagreement remained between the two sides over the destiny of al-Assad.³⁶² Once leaving China, Morsi made inflammatory remarks during his stay in Tehran, urging an immediate departure of the Syrian President.

Later, when Morsi met with his Chinese counterpart (i.e., President Xi) again in South Africa on March 27, 2013, the two leaders found their views on Syria conflicting to a further degree. Xi took a hard line on Syria, asserting that political dialogue is the only solution to the crisis and that China would only accept agreements approved by both sides of the Syrian conflict. Noting China’s unyielding position, Morsi merely mentioned that Egypt had paid attention to China’s active role in the conflict, which it hoped could end as soon as possible.³⁶³ On June 15, Egypt hosted the National Conference for the Support of the Syrian Revolution, at which Morsi announced it would completely sever ties with Syria and urged the UN Security Council to implement a no-fly zone over Syrian airspace.³⁶⁴

³⁶² Ibid.

³⁶³ “Xi Jinping Met with Egyptian President Morsi,” *Xinhua*, March 28, 2013, http://news.xinhuanet.com/world/2013-03/28/c_115191211.htm.

³⁶⁴ Manar Mohsen, “Egypt to Aid Syrian Rebels,” *Daily News Egypt*, June 15, 2013, <http://www.dailynewsegyp.com/2013/06/15/egypt-to-aid-syrian-rebels/>.

Aside from political talks, when it came to economic cooperation, Chinese leaders asked Morsi during his visit to formulate new policies that could facilitate bilateral trade and investment. They also suggested the Egyptian side coordinate more closely with Chinese economic policy makers to ensure ongoing projects could proceed smoothly and yield economic and social benefits in the short run. The Chinese government promised to encourage competent and reputable companies to invest in Egypt, especially in the fields of infrastructure development, agriculture, transportation, energy and finance.³⁶⁵ In addition, China Development Bank agreed to grant USD 200 million to the Egyptian Central Bank.³⁶⁶ Morsi presented to Chinese leaders the FJP's long-term strategy for economic recovery. The President also promised to protect Chinese business interests and to promote bilateral economic cooperation as best as he could. That said, Morsi confessed to Chinese leaders that his party lacked the mandate, especially legislative power, to revise the investment law so as to fundamentally improve Egypt's business environment.³⁶⁷

5.4.2. A short-lived economic spring

Egypt's democratization and some initial economic reforms put forward by the Morsi administration brought about a more relaxed and liberal business environment in the country. Thanks to the new government's special attention to bilateral cooperation, Chinese enterprises experienced a short-lived economic spring in Egypt from the second half of 2012 to mid-2013. Many firms, such as engineering company China Harbor, networking and telecommunications provider Huawei, web service company Baidu, automobile manufacturer Geely, investment company Teda, agricultural company New Hope, and fiberglass and yeast producers Jushi and Angel Yeast, took

³⁶⁵ "Hu Jintao Held Talks with Egyptian President Morsi," *Xinhua*, August 28, 2012, http://news.xinhuanet.com/politics/2012-08/28/c_112875456.htm; "Wen Jiabao Met with Egyptian President Morsi," *people.cn*, August 30, 2012, <http://cpc.people.com.cn/n/2012/0830/c64094-18870364.html>.

³⁶⁶ "Joint Press Release of the PRC and ARE."

³⁶⁷ "Hu Jintao Held Talks with Egyptian President Morsi."; interview no. 19, January 6, 2014, Cairo.

the opportunity to either set up new branches or expand existing business in Egypt. Some chose Egypt as their operational center for North Africa and the Middle East. Others, who took advantage of the EU-Egypt free trade agreement, built production lines in the country in order to export the final products to the EU market.³⁶⁸ In view of Morsi's China visit and the improved security situation in Egypt, economic officials and businesspeople from the two countries started to explore new areas of cooperation, particularly in the fields of green energy and transportation infrastructure.³⁶⁹

At the end of 2012, China-Egypt trade volume increased from USD 8.8 billion in 2011 to nearly USD 10 billion. The number further climbed to 10.2 billion in 2013.³⁷⁰ In 2012, China's direct investment flow to Egypt almost doubled the figure of 2011, reaching USD 119 million. However, due to constant domestic unrest, investment reduced sharply in 2013, recording only USD 23 million.³⁷¹

At the governmental level, Chinese officials were particularly grateful for Morsi's commitment to accelerating bilateral negotiations for the upgrade of the SETCZ—the flagship project of China-Egypt economic cooperation. The second phase development of the cooperation zone, once approved by the Egyptian government,

³⁶⁸ Interview no. 54, September 19, 2014, Cairo; no. 55, September 19, 2014, Cairo; no. 83, February 10, 2015, Berlin.

³⁶⁹ "Counselor Ma Jianchun Met with (Egyptian) Minister of Transportation," *Economic and Commercial Counselor's Office of China in Egypt*, September 5, 2012, <http://eg.mofcom.gov.cn/article/i/201209/20120908340711.shtml>; "Counselor Ma Jianchun Met with (Egyptian) Minister of Petroleum Kamal," *Economic and Commercial Counselor's Office of China in Egypt*, September 28, 2012, <http://eg.mofcom.gov.cn/article/i/201209/20120908364998.shtml>.

³⁷⁰ "Ambassador Song Aiguo Attended New Year Reception for Chinese and Egyptian Entrepreneurs," *Chinese Embassy in Egypt*, February 25, 2013, <http://eg.china-embassy.org/chn/zxxx/t1016218.htm>; "China's Relationship with Egypt (Updated January 2017)," *Ministry of Foreign Affairs*, January 2017, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/fz_677316/1206_677342/sbgx_677346/.

³⁷¹ "2014 Statistical Bulletin of China's Outward Foreign Direct Investment for Arab Countries" (Greenovation Hub, November 2015), <http://www.ghub.org/wp-content/uploads/2015/11/2014-Statistical-Bulletin-of-China%E2%80%99s-Outward-Foreign-Direct-Investment-for-Arab-Countries.pdf>.

was to be completed in five years and could host another 150-180 companies. Despite the vision, the negotiation on land use, which started as early as 2009, was impeded time and again by Egypt's overstuffed and inefficient bureaucratic system. Chinese leaders raised the issue during Morsi's visit and got a quick response from the Egyptian government. After returning to Cairo, Morsi asked Prime Minister Hesham Qandil to convene a special meeting in September 2012 with relevant Egyptian ministers, Chinese officials and the representatives of Chinese companies to investigate the obstacles impeding the two sides from reaching an agreement.³⁷² In March 2013, the two governments founded a high-level coordination committee to speed up negotiation.³⁷³ One month later, the Chinese Ministry of Commerce and Egyptian Investment Ministry finally inked the deal on transferring the land use right for the second phase development of the cooperation zone. On 27 April, Qandil led a team of several ministers to attend the signing ceremony in Ain Sokhna.³⁷⁴ Thanks to Morsi's support, the negotiation that lasted nearly five years finally yielded positive results towards the end of the president's first year in office.

However, the economic spring that consolidated China-Egypt economic ties did not last long. Since Morsi's inauguration, Chinese diplomats had been unsure whether this democratically-elected president had real control over the Egyptian state apparatus. When preparing for Morsi's China visit, they were surprised by the non-cooperative attitude of the Egyptian Foreign Ministry officials and in the end had to rely on the Muslim Brotherhood headquarters to arrange protocol for the Egyptian President.³⁷⁵

³⁷² "Prime Minister Gandil Listened to Report on the China-Egypt Suez Economic and Trade Cooperation Zone," *Economic and Commercial Counselor's Office of China in Egypt*, September 14, 2012, <http://eg.mofcom.gov.cn/article/i/201209/20120908340713.shtml>.

³⁷³ "Counselor Ma Jianchun Met with Director of Suez Northwest Economic Zone," *Economic and Commercial Counselor's Office of China in Egypt*, March 13, 2013, <http://eg.mofcom.gov.cn/article/i/201303/20130300053217.shtml>.

³⁷⁴ "Signing Ceremony of Land Use Agreement Took Place at the Suez Economic and Trade Cooperation Zone," *Economic and Commercial Counselor's Office of China in Egypt*, May 5, 2013, <http://eg.mofcom.gov.cn/article/i/201305/20130500112513.shtml>.

³⁷⁵ Interview no. 12, August 3, 2013, Cairo; no. 19, January 6, 2014, Cairo.

Moreover, during Morsi's stay in Beijing, there was an obvious lack of coordination, or even communication, between the President and his ministers, most of whom were technocrats not affiliated with the Brotherhood.³⁷⁶ As the power struggle between the Brotherhood and the Egyptian "deep state" continued to unfold in 2013, clashes and unrest deteriorated the local business environment and ruined Morsi's economic reform plans.

5.4.3. Theoretical expectations and empirical results

During Morsi's year in office, the Chinese government affirmed the trade-off it had made between conflicting foreign policy goals during the transition period. Facing an Islamist-led government in Cairo, Beijing sought to secure Morsi's support for China's core interests, especially Xinjiang. Moreover, it expected the new administration to help protect and augment China's economic interests. In exchange for Cairo's support on Xinjiang and a more favorable treatment of Chinese businesses, Beijing admitted the legitimacy and merits of the Arab Spring, particularly the Egyptian uprisings, which it previously perceived as a threat to regime security. By doing this, China managed to re-adhere to the foreign policy principle of non-interference in other countries' domestic affairs.

Despite the concession, during Morsi's presidency, Syria remained a source of contention between China and the Islamist government of Egypt. Morsi and the Muslim Brotherhood took supporting the Syrian opposition in its fight against al-Assad as their natural responsibility. The security-minded Chinese leaders, meanwhile, perceived a potential Western-backed regime change in Syria as a threat to China's political security. Consequently, regardless of Morsi's requests, the Chinese leadership refused to give ground on Syria and continued to intervene in the conflict using its veto power at the Security Council to prop up al-Assad.

³⁷⁶ Interview no. 19, January 6, 2014, Cairo.

Overall, during Morsi’s year in office, China managed to keep a balance between the goal of protecting regime security and that of promoting non-interference as a norm of international relations. In addition, by recognizing some legitimacy of the Arab revolts in exchange for closer economic ties with Morsi, the government also squared the security goal of preserving regime stability with its economic pursuits in Egypt. Table 5.3 summarizes the empirical findings presented by this section and the testing of theoretical predictions.

Table 5.3: Summary of empirical findings and testing of theoretical expectations (China’s Egypt policies, July 2012 - June 2013)

| Period | Goal conflicts | Solution | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|-------------------------------|------------------------|-----------------------|---------------------|--------------------------------|-------------------------|
| Morsi (July 2012 - June 2013) | Security vs. normative | Balance | Inapplicable | Disconfirmed | Disconfirmed |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | Balance | Inapplicable | Disconfirmed | Disconfirmed |

Similar to the theoretical analysis made in Section 5.3.4, the neorealist approach to FPA is largely inapplicable for interpreting the way China dealt with goal conflicts because the security goals China aimed to achieve in Egypt had nothing to do with strengthening its relative power position in the international system but were rather about securing domestic stability and regime survival—issues neorealists deem unrelated to their theoretical assumption.

The bureaucratic politics approach is also unable to explain the trade-off made by the Chinese government between its conflicting goals in Egypt. This model portrays foreign policy-making as a process of bureaucratic infighting, in which bureaucratic considerations tend to override national interest. Admittedly, during this period,

economic decision makers, for the propose of fulfilling their missions, might suggest the leadership recognize the legitimacy and achievement of the Egyptian uprisings in exchange for Morsi's better treatment of Chinese business interests. Meanwhile, MoFA, in order to prove to the leadership its capability of stabilizing and improving the China-Egypt relationship, could also be in favor of making concessions over China's official reading of the Arab revolts and re-adhering to the principle of non-interference. However, notwithstanding the suggestions made by different administrative units, it was the top leaders who would determine whether and to what extent China should recognize the legitimacy of the Arab uprisings, particularly since they still considered the developments to be jeopardizing the security of the CPC regime. The bureaucratic politics approach, in this regard, obscured the power of top leaders in foreign policy-making. On the Syria issue, for example, the leaders' decision to continue backing al-Assad and blocking a possible regime change might not go in accordance with the preferences of the Foreign Ministry and economic policy makers. But neither dared resist the policy issued by the top leadership. This was partly because party leaders had strong control over foreign policy bureaucracies, and partly because these bureaucracies, despite having divergent departmental interests, agreed with one another on the necessity of acting jointly to defend the core national interest of preserving regime security.

Finally, the constructivist approach predicts that when dealing with goal conflicts, an actor will prioritize the goal that conforms to its foreign policy norms. Therefore, facing the conflict between defending regime security and promoting the norm of non-interference, China is expected to prioritize the latter goal. As for the conflict between regime security and economic interests, constructivists predict China would put economic goals first, since it required the government to take a non-interference position towards the Arab uprisings, instead of thwarting political change in the region. At first sight, the constructivist prediction seems to be partly confirmed by the empirical findings, as China managed to balance its security and normative goals in

Egypt, and its security and economic goals. However, a second look at China's Egypt policy-making during this period reveals a different interpretation. Similar to its Egypt policies made for the transition period, the main reason why China decided to act in line with the norms it had endorsed was not because decision makers found it necessary to stick to the appropriate behavior of international relations, but because this option could best help the government advance its security and economic interests, namely, to stabilize the situation of Xinjiang and step up Chinese exports and investment. The constructivist prediction that norms have a constitutive influence on defining the identity and interest of a state, and thereby influence the way it arranges conflicting goals is therefore falsified by the empirical findings.

5.5. Egypt under Abdel Fattah al-Sisi (July 2013 - December 2014)

5.5.1. Security threat became propaganda opportunity

In early July 2013, Defense Minister Abdel Fattah al-Sisi, backed by millions of supporters protesting the Muslim Brotherhood, deposed Morsi and initiated a new transitional roadmap. In view of a military leader—supported by a majority of Egyptians—getting rid of a democratically elected president and restoring authoritarian rule over the country, Chinese leaders realized the Arab Spring had evolved from a threat to regime security to a propaganda opportunity China could take advantage of in order to strengthen the CPC's legitimacy domestically and internationally.

After Sisi became Egypt's de-facto leader, Beijing expressed support for the army's takeover and highlighted its opposition to Western interference in Egypt's domestic affairs in the name of defending democratic values and human rights. On July 28, Nabil Fahmy, Egypt's newly-appointed Foreign Minister, called his Chinese counterpart Wang Yi, asserting that the June 30 uprisings were another great

revolution waged by the Egyptian people instead of a military coup as distorted by the Islamists and Western media. On behalf of the Chinese government, Wang stated that China appreciated Sisi's effort to arbitrate in the disputes as well as the hard work done by the transitional authorities to restore social order. Referring to the mass demonstrations in support of Sisi, the Foreign Minister declared that China had confidence in the Egyptian people, who would soon find "a development path truly in line with their national conditions."³⁷⁷

In August 2013, the Egyptian security forces raided two camps of Muslim Brotherhood supporters in Cairo, resulting in hundreds of deaths. Western capitals condemned the military-backed interim government and its crackdown on protesters. The Chinese Foreign Ministry, in this circumstance, stepped up its moral support for Cairo, defending the notion that the Egyptian leadership had already been committed to reconciliation and unity.³⁷⁸ Furthermore, the Ministry underscored China's resolute opposition to the "internationalization of Egypt's domestic affairs," hinting that it was Western interference that had been the real cause of various conflicts in the Middle East.³⁷⁹ On the Egyptian media, Chinese diplomats published articles showing that in contrast to Western governments that threatened to reconsider economic assistance after the raid, the friendly ties between China and Egypt would by no means be affected by the recent incidents.³⁸⁰

³⁷⁷ "Foreign Minister Wang Yi Talked with Egyptian Foreign Minister Fahmy on the Phone," *Ministry of Foreign Affairs*, July 28, 2013.

³⁷⁸ "Wang Yi Met with Egyptian Foreign Minister Fahmy," *Chinese Embassy in the United States*, September 24, 2013, <http://www.china-embassy.org/chn/zt/wangyifangmei/t1079969.htm>.

³⁷⁹ "China's Middle East Envoy Wu Sike Called on All Parties to Resolve Egypt's Problem through Political Dialogue," *Xinhua*, December 4, 2013, http://news.xinhuanet.com/world/2013-12/04/c_125802603.htm.

³⁸⁰ "Feng Biao, Charge D'affaires of the Chinese Embassy in Cairo, Interviewed by al-Ahram," *Chinese Embassy in Egypt*, September 18, 2013, <http://eg.china-embassy.org/chn/zxxx/t1078061.htm>; see also "Deputy Ambassador in Cairo to al-Ahram: Friendly Ties between Egypt and China Will Not Change," *Al-Ahram*, September 18, 2013, <http://www.ahram.org.eg/NewsQ/232477.aspx>.

The interim government of Egypt was grateful for China's political backing during the army's takeover, especially Beijing's policy of opposing Western interference and "firmly supporting the Egyptian people to explore the political system and development path in line with their national conditions."³⁸¹ On December 16, Fahmy travelled to Beijing and was received by Wang Yi and Vice President Li Yuanchao. The talks highlighted the common standpoints shared by the two governments on Egypt's political transition. First, in light of the current problems faced by the country, restoring stability should outweigh all other issues, such as protecting individual freedoms. Second, international society needed to respect the choice made by the Egyptian people regarding the reassertion of military rule. Third, other countries were encouraged to help Cairo address the urgent needs of restoring domestic stability, rescuing the economy and feeding the poor.³⁸²

The military's takeover in Egypt not only reduced China's concern about the spillover of revolutions but also put an end to the political tension between Beijing and Cairo on the Syria crisis. After Morsi's ouster, the Chinese and Egyptian authorities quickly reinstated political coordination on Syria. Sisi's Syria policy was more aligned with Russia and nearly identical to that of China. Interviewed by Xinhua News Agency in August 2013, Fahmy criticized Morsi's approach to the Syria crisis as "reckless" and "futile to solve the problem," revealing that the interim government was to mend ties with Damascus.³⁸³ Meanwhile, in light of the opposition accusing al-Assad of using chemical weapons and calling for international intervention, Fahmy further announced that Egypt strongly opposed—and would not participate in—any attacks

³⁸¹ "Special Envoy of Middle East Affairs Wu Sike Met with Egyptian Foreign Minister Fahmy," *Chinese Embassy in Egypt*, December 4, 2013, <http://eg.china-embassy.org/chn/zxxx/t1105378.htm>.

³⁸² "Vice President Li Yuanchao Received Egyptian Foreign Minister Fahmy in Beijing," *Central People's Government of China*, December 16, 2013, http://www.gov.cn/ldhd/2013-12/16/content_2548847.htm; "Wang Yi Held Talks with Egyptian Foreign Minister Fahmy," *people.cn*, December 16, 2013, <http://politics.people.com.cn/n/2013/1216/c70731-23856807.html>.

³⁸³ "Egypt Will Pay More Attention to Its Relationships with African and Arab Countries: Interview with Egyptian Foreign Minister Fahmy," *Xinhua*, September 2, 2013, <http://world.xinhua08.com/a/20130902/1240890.shtml>.

on Syria.³⁸⁴ In May 2014, China used its veto power again at the UN Security Council, blocking a proposal aiming to refer the Syrian civil war to the International Criminal Court.³⁸⁵

The reestablishment of authoritarian rule in Egypt and bilateral coordination on Syria prompted Chinese foreign policy makers and propaganda officials to celebrate Beijing's eventual political victory in the Arab uprisings. Taking the June 30 demonstrations and huge public support for Sisi as an example, the propaganda sector pointed out to domestic and foreign audiences that developing countries must not implant Western democracy without consideration for their own circumstances: after living through the chaos and hardship brought by the Egyptian upheavals, the Libyan civil war and the Syrian conflict, the Arabs finally realized the danger of copying Western models and abandoning their own political paths.³⁸⁶ In this vein, the reassertion of military rule in Egypt was portrayed by Chinese state media as a positive development, namely, after more than two years' trial and error, the Egyptian people decided in the end to return to the old days when stability and order was guaranteed by a strong leadership.³⁸⁷

On June 4, 2014, President Xi congratulated Sisi on his electoral victory. In the next few days, the Chinese government hosted the ministerial conference of the Sixth China-Arab States Cooperation Forum in Beijing. Xi addressed participating ministers

³⁸⁴ "Foreign Minister: Egypt Won't Participate in an Attack on Syria," *Mada Masr*, August 29, 2013, <http://www.madamasr.com/en/2013/08/29/news/u/foreign-minister-egypt-wont-participate-in-an-attack-on-syria/>.

³⁸⁵ "China and Russia Blocked UN Draft Resolution Referring the Syria Issue to the International Criminal Court," *people.cn*, May 23, 2014, <http://world.people.com.cn/n/2014/0523/c1002-25053414.html>.

³⁸⁶ Chinese state media published a number of reports and comments to propagate this message. The most influential ones appeared on *Qiushi*, the official journal of the CPC Central Committee, and the party's official newspaper, the *People's Daily*. See Ji Guo, "The Lessons Brought by the Constitutional Change of Egypt," *Qiushi Journal*, no. 2 (2014), http://www.qstheory.cn/zxdk/2014/201402/201401/t20140114_312581.htm; Wen Lin, "Egypt Poured Cold Water to the Arab Spring," *People's Daily (Overseas)*, July 5, 2013, 1.

³⁸⁷ Guo, "The Lessons of Egypt's Constitutional Change"; "Egypt: Ankh Cross Rejuvenates the Ancient Country," *People's Daily*, April 27, 2015; "Wang Yi Comments on the Situation of West Asia and North Africa over the Past Five Years," *Ministry of Foreign Affairs*, May 14, 2016, <http://www.mfa.gov.cn/web/wjzbzd/t1363357.shtml>.

at the opening ceremony, emphasizing that Western governments should not impose a standardized model of development on other countries; since the Arab uprisings, regional countries have been exploring development paths that are suitable for their cultural, historical and national circumstances; Arab people should judge on their own whether a political system is suitable for them or not, instead of blindly following the view of others.³⁸⁸

5.5.2. Consolidating security and economic ties with Sisi

After Sisi took the presidency, the Chinese Foreign Ministry maintained that Beijing should take advantage of the mutual political trust between the two governments to step up economic cooperation with Egypt. It therefore proposed to the leadership to invite Sisi for state visit—the sooner the better—so as to highlight Beijing’s steady support for the Egyptian leader while he was still rejected by most of the Western capitals. The leadership approved the proposal. In early August 2014, Foreign Minister Wang Yi brought Xi’s invitation to Sisi. Motivated by China’s economic support, the Egyptian government paid great attention to Wang’s visit. In Cairo, he was received by Sisi and seven ministers of the Egyptian cabinet, to whom the Chinese Foreign Minister proclaimed that the purpose of his visit was to demonstrate Beijing’s staunch support for the political transition of Egypt and pave way for closer economic cooperation between the two countries.³⁸⁹ Wang was satisfied with his Cairo visit, especially given that he was warmly welcomed by Egyptian economic stakeholders aspiring to deepen business ties with China. Returning to Beijing, the Foreign Minister described Sisi to the Chinese leadership as a truly reliable, diligent

³⁸⁸ “Xi Jinping’s Speech at the Ministerial Conference of the 6th China-Arab States Cooperation Forum,” *China-Arab States Cooperation Forum*, June 6, 2014, <http://www.cascf.org/chn/dljbjzjhy/t1162906.htm>.

³⁸⁹ “Wang Yi Held Talks with Several Egyptian Ministers on Promoting Pragmatic Cooperation,” *chinanews.com*, August 3, 2014, <http://www.chinanews.com/gn/2014/08-03/6453300.shtml>.

and charismatic leader committed to the welfare of the Egyptian people and China-Egypt economic relations.³⁹⁰

The key reason behind MoFA's enthusiasm for promoting economic cooperation with Egypt was the Xi Jinping leadership's ambitious economic initiative of building the Silk Road Economic Belt and 21st Century Maritime Silk Road (namely, One Belt One Road). Since 2010, China had been confronted with a growing number of tensions with the United States in the Western Pacific, especially after the Obama administration launched the "pivot to Asia" initiative in 2012, which was later called the "rebalancing strategy." Although the Arab revolts benefited China by slowing down the US disengagement in the Middle East, the Chinese leadership still believed China-US geopolitical competition would become increasingly zero-sum in the Asia-Pacific. In 2012, IR scholar Wang Jisi advised the Hu Jintao leadership to adopt a foreign policy of "marching westward" by shifting China's attention away from the heated competition in East Asia and enhancing the country's political and economic presence in Central and West Asia, Southeast Asia, North Africa, and Central and Eastern Europe.³⁹¹ Economically, marching westward serves the goal of stimulating market reform and accelerating growth in China's underdeveloped inland region by opening up western provinces to the global market. Politically, the rebalancing would help stabilize China-US relations, since Beijing and Washington share more common interests in Central Asia and the Middle East in terms of promoting local development, maintaining social stability and fighting against terrorism and extremism.³⁹²

³⁹⁰ Interview no. 46, August 27, 2014, Beijing; no. 47, August 28, 2014, Beijing.

³⁹¹ Yun Sun, "March West: China's Response to the U.S. Rebalancing," *Brookings Institution*, January 31, 2013, <http://www.brookings.edu/blogs/up-front/posts/2013/01/31-china-us-sun>.

³⁹² Jisi Wang, "March West: China's Geostrategic Rebalancing," *Huanqiu.com*, October 17, 2012, http://opinion.huanqiu.com/opinion_world/2012-10/3193760.html; Sun, "March West: China's Response to the U.S. Rebalancing"; Shaoshi Xu (Chairman of the National Development and Reform Commission), "A Strategic Choice Coordinating Internal and External Affairs—In-Depth Study of Xi Jinping's Strategic Vision of One Belt One Road," *Qiushi Journal* 19 (2015), http://www.qstheory.cn/dukan/qs/2015-09/30/c_1116696846.htm.

The initiative of marching westward was adopted by the CFAO for feasibility study towards the end of Hu's presidency. After Xi took office in March 2013, the leadership took the initiative as the linchpin of China's foreign and economic policy for the next few decades. In September 2013, Xi presented the proposal of building a Silk Road Economic Belt during his visit to Central Asia. One month later, the President revealed the initiative of building the 21st Century Maritime Silk Road. Since then, the One Belt One Road (OBOR) has been placed on the top of China's foreign policy agenda.³⁹³

Backed by hundreds of billions of dollars in potential funding, OBOR focuses primarily on upgrading transportation, communications and energy links between China and the regions to its south and west.³⁹⁴ In relation to the Arab world, in 2014 the leadership sketched out a ten-year 1+2+3 cooperation framework, namely, taking energy cooperation as the axis, infrastructure construction and trade facilitation as two wings, while striking new breakthroughs in the fields of nuclear power, space science and renewable energy. China pledged to increase trade volume with Arab countries from USD 240 billion in 2013 to USD 600 billion in 2024, and expand non-financial investment to the Arab world from USD 10 billion to more than USD 60 billion.³⁹⁵

Both MoFA and MoC were enthusiastic about carrying out the OBOR initiative in Egypt. Since early 2014, Chinese diplomats had been engaging with Egyptian officials, economic stakeholders and local think tanks, raising awareness of the Silk

³⁹³ "Wang Yi on 2015 Chinese Diplomacy: Comprehensively Promoting the One Belt One Road is of Crucial Importance," *people.cn*, March 8, 2015, <http://lianghui.people.com.cn/2015npc/n/2015/0308/c394292-26656109.html>; "Xi Jinping: Accelerate the Construction of the Silk Road Economic Belt and 21st Century Maritime Silk Road," *Xinhua*, November 6, 2014, http://news.xinhuanet.com/politics/2014-11/06/c_1113146840.htm.

³⁹⁴ Shannon Tiezzi, Yuan Xunhui, and Zhang Juan, "Evaluating the 'Rebalance to Asia': Interview with J. Stapleton Roy," *The Diplomat*, November 2, 2016, <http://thediplomat.com/2016/11/evaluating-the-rebalance-to-asia-interview-with-j-stapleton-roy/>.

³⁹⁵ "Xi Jinping's Speech at the Ministerial Conference of the 6th China-Arab States Cooperation Forum."

Road initiatives.³⁹⁶ By publishing articles in local newspapers and presenting at press conferences, diplomats indicated to Egyptians China's intention of increasing investment in the fields of electric power, transportation, agriculture, space science and renewable energy.³⁹⁷

The Egyptian government welcomed China's participation in the development of domestic infrastructure, which aligned with Sisi's strategy of attracting foreign investment and restructuring the economy. In particular, Cairo held that the OBOR initiative would contribute to Sisi's mega-projects such as upgrading the Suez Canal and building a new administrative capital.³⁹⁸ In August 2014, Sisi announced that in order to generate national income and consolidate Egypt's role as a world shipping center, the army would start digging a new 72 km Suez Canal, broadening the existing one and constructing six tunnels connecting the two banks. Once completed, the USD 8 billion project would stimulate economic growth in the Suez region, in which the government planned to build a logistics center and industrial parks.³⁹⁹

During Sisi's visit to Beijing in December 2014, the President announced that Egypt would join in China's OBOR initiative. Addressing Chinese officials and businesspeople, Sisi proclaimed that Egypt was safe and secure under his leadership, and ready to welcome Chinese investment.⁴⁰⁰ In 2014, China's direct investment flow

³⁹⁶ For example, "Ambassador Song Aiguo Met with Egyptian Minister of Transportation," *Chinese Embassy in Egypt*, March 20, 2014, <http://eg.china-embassy.org/chn/zxxx/t1139193.htm>; "Ambassador Song Aiguo Attended Symposium at the Afro-Asian People's Solidarity Organization" *Chinese Embassy in Egypt*, March 20, 2014, <http://eg.china-embassy.org/chn/zxxx/t1139201.htm>.

³⁹⁷ For example, "Chinese Embassy in Egypt Organized Symposium on the One Belt One Road initiative," *Chinese Embassy in Egypt*, May 9, 2014, <http://eg.china-embassy.org/chn/zxxx/t1154085.htm>; "Al-Ahram Published Special Issue on China-Egypt Relations," *Chinese Embassy in Egypt*, December 22, 2014, <http://eg.china-embassy.org/chn/zxxx/t1221662.htm>.

³⁹⁸ "Ambassador Song Aiguo: China and Egypt Will Seize the Opportunity to Realize a Common Dream," *People's Daily*, December 22, 2014.

³⁹⁹ Deya Abaza, "Suez Canal Mega Projects to Drive Economic Growth in Egypt: Minister," *Ahramonline*, September 16, 2014, <http://english.ahram.org.eg/News/110894.aspx>.

⁴⁰⁰ "Egyptian President Sisi: Strongly Support Chinese Enterprises that Have Fulfilled Three Basic Criteria to

to Egypt achieved a record high since the Arab uprisings, reaching USD 163 million.⁴⁰¹ One year later, the Egyptian President travelled to China again. During this time, the Chinese MoC and the National Development and Reform Commission agreed with their Egyptian counterparts on a capacity cooperation framework, under which the two governments outlined 18 projects of priority, covering industry, electricity, transportation, housing and information communications. In January 2016, Xi paid a state visit to Egypt, during which a memorandum of understanding was signed by the two governments on jointly promoting the OBOR. In addition, the two leaders approved an implementation guideline for strengthening bilateral partnership over the next five years.⁴⁰²

Apart from enhancing economic cooperation under the OBOR framework, the precarious security situation in Xinjiang prompted China to develop closer security ties with Sisi. Since Xi took the presidency in spring 2013, China had witnessed a new wave of Muslim revolts in Xinjiang.⁴⁰³ Meanwhile, intelligence showed that a growing number of Uyghur insurgents had traveled to Turkey via Central and Southeast Asia to join in the Syrian civil war. In Syria, they received training from al-Qaeda and the Islamic State, which claimed Xinjiang as part of its territory.⁴⁰⁴

In summer 2013, the CPC Central Political and Legal Affairs Commission decided to upgrade the counter-terrorism campaign in Xinjiang.⁴⁰⁵ Despite the effort,

Invest in Egypt,” *people.cn*, December 24, 2014, <http://world.people.com.cn/n/2014/1224/c1002-26269846.html>.

⁴⁰¹ “2014 Statistical Bulletin of China’s Outward Foreign Direct Investment for Arab Countries.”

⁴⁰² Aiguo Song (Chinese Ambassador to Egypt), “One Belt One Road Promotes China-Egypt Cooperation,” *Study Times*, May 22, 2017, <http://www.studytimes.cn/zydx/GCFT/2017-05-21/9382.html>.

⁴⁰³ Jianying Xu, “New Developments in Xinjiang Counter-Terrorism Campaign,” *guanacha.cn*, January 26, 2014, http://www.guanacha.cn/XuJianYing/2014_01_26_202338.shtml.

⁴⁰⁴ “East Turkestan Militants Sneaked into Xinjiang from Syrian War Zone,” *huanqiu.com*, July 1, 2013, http://world.huanqiu.com/depth_report/2013-07/4077848.html; “‘East Turkestan Unit’ used by Islamic State as Cannon Fodder,” *huanqiu.com*, December 10, 2014, <http://world.huanqiu.com/exclusive/2014-12/5233566.html>; interview no. 49, September 1, 2014, Beijing.

⁴⁰⁵ “Meng Jianzhu (Secretary of the Central Political and Legal Affairs Commission): Crack down on Violence and Terrorist Crimes According to Law and Make Sure All Ethnicities Live and Work in Peace,” *Xinhua*, June 30,

insurgencies and deadly attacks only increased in 2013-14. In October 2013, members of the Turkestan Islamic Party carried out a vehicle-ramming attack and suicide bombing at Beijing's Tiananmen Square.⁴⁰⁶ In March 2014, Uyghur militants killed 29 people in the city of Kunming of southwestern China.⁴⁰⁷ During Xi's visit to Xinjiang in April 2014, insurgents launched a couple of attacks targeting local officials and civilians, and detonated bombs at the Urumqi railway station.⁴⁰⁸ One month later, assailants rammed a car into a busy street market in Urumqi, crashing into shoppers and throwing explosives from the windows, killing 43.⁴⁰⁹ In July, extremists in Kashgar, Xinjiang killed the renowned state-backed mullah with whom Xi had engaged in conversation months ago.⁴¹⁰

The Egyptian government closely followed the proliferation of terrorist attacks in China. In the Arab world, Cairo was among the first to condemn the Uyghur assailants, asserting that the Egyptian government and people would give their complete support to China in its fight against terrorism and extremism.⁴¹¹ In addition, noting that Egypt was suffering from similar insurgencies sponsored by the Muslim Brotherhood and other terrorist organizations, Cairo called for Beijing to bolster bilateral security cooperation.

2013, http://news.xinhuanet.com/legal/2013-06/30/c_116340070.htm.

⁴⁰⁶ "Turkestan Islamic Party Claimed Responsibility for Terrorist Attack at Tiananmen Golden Water Bridge," *guancha.cn*, November 24, 2013, http://www.guancha.cn/strategy/2013_11_24_187868.shtml.

⁴⁰⁷ "Suspects of Kunming Railway Station Terrorist Attack Captured," *guancha.cn*, March 29, 2014, http://www.guancha.cn/FaZhi/2014_03_29_217935.shtml.

⁴⁰⁸ "Xi Jinping Issued Instruction on the Bomb Attack at Urumqi South Railway Station," *guancha.cn*, May 1, 2014, http://www.guancha.cn/local/2014_05_01_225881.shtml.

⁴⁰⁹ "Police Solved the Case of May 22 Urumqi Terrorist Attack," *people.cn*, May 23, 2014, <http://legal.people.com.cn/n/2014/0523/c42510-25058732.html>.

⁴¹⁰ Michael Martina, "Imam's Killing in China May Be Aimed at Making Muslim Uighurs Choose Sides," *Reuters*, August 1, 2014, <http://www.reuters.com/article/us-china-xinjiang-idUSKBN0G13QY20140801>.

⁴¹¹ "Egyptian Foreign Ministry Issued Statement Condemning Kunming March 1 Terrorist Attack," *Chinese Embassy in Egypt*, March 4, 2014, <http://eg.china-embassy.org/chn/zxxx/t1133988.htm>.

The Chinese leadership was also in need of Sisi to strengthen control over the country's western territories and protect China's oversea interests. In November 2014, Beijing sent its top security official, Meng Jianzhu, to Cairo to negotiate a security cooperation deal with his Egyptian counterpart. The two sides agreed on stepping up security cooperation in terms of intelligence sharing, technical assistance, criminal transfer and sending counter-terrorism representatives to each other's country.⁴¹² The security pact was officially endorsed by the two governments during Sisi's China visit in December 2014. During the visit, Xi and Sisi also approved a joint statement on establishing comprehensive strategic partnership, in which the two leaders strongly condemned the terrorist attacks that had happened in each other's country and firmly backed each other's efforts to safeguard national security and domestic stability. Xi and Sisi also highlighted their joint opposition to the double standards applied to counter-terrorism, since both Beijing and Cairo had been accused by Western governments and media of using the counter-terrorism campaign to suppress domestic opponents.⁴¹³

⁴¹² "Egyptian President Sisi and Prime Minister Mahlab Met with Meng Jianzhu," *people.cn*, November 23, 2014, <http://politics.people.com.cn/n/2014/1123/c1001-26077268.html>.

⁴¹³ "Joint Statement on the Establishment of Comprehensive Strategic Partnership between the People's Republic of China and Arab Republic of Egypt" (Xinhua, December 23, 2014), http://news.xinhuanet.com/world/2014-12/23/c_1113752333.htm.

5.5.3. Summary of empirical results

After Sisi overthrew the Islamist government run by Morsi with the support of millions of Egyptians, the Chinese leadership realized the Arab Spring had transformed from a threat to its regime security to the opportunity China could make use of to uphold the CPC's authoritarian rule. The government therefore provided political and normative support to the military's takeover and resolutely opposed to Western interference in Egypt's domestic affairs. In light of the reassertion of authoritarianism in Egypt, China no longer saw the conflict between its security goal of preserving regime stability and the normative goal of promoting non-interference in others' internal affairs. Moreover, the Xi leadership's ambitious economic initiative of OBOR and the rise of terrorist attacks it faced in Xinjiang further prompted the Chinese government to forge closer economic and security ties with Sisi. Overall, under the rule of Sisi, China restored the compatibility between its security, economic and normative goals in Egypt, as shown in Table 5.4.

Table 5.4: Summary of empirical findings (China's Egypt policies, July 2013 - January 2016)

| Period | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|---------------------------------|------------------------|-----------------------|---------------------|--------------------------------|-------------------------|
| Sisi (July 2013 - January 2016) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |

5.6. Conclusion

This chapter explored how China arranged its security, economic and normative goals in Egypt from 2009 to early 2016. Table 5.5 summarizes the empirical findings presented in this chapter and the results of testing neorealist, bureaucratic politics and constructivist predictions.

Before the Arab uprisings, the security, economic and normative goals China aimed to achieve in Egypt were compatible with one another. Under the authoritarian rule of Mubarak, China found Egypt a reliable security partner to help it overpower domestic Muslim insurgents and keep Xinjiang under control. Economically, Mubarak supported China's effort to boost bilateral trade and promote overseas investment. In the normative aspect, the two governments shared a common view on international relations, especially regarding the norms of respecting sovereign rights and opposing foreign interference in domestic affairs.

The Arab revolts made China realize the internal conflicts of its Egypt policy. The Chinese authorities saw the uprisings as a threat to regime security. In order to prevent a spillover of revolutions from the Arab world to China, Beijing took a disapproving stance towards the Egyptian uprisings and endeavored to obstruct a similar regime change in Syria. However, by putting regime security first, China largely abandoned the principles of respecting sovereignty and non-interference, which it sought to promote as the norms of international relations. In addition, Beijing's negative reaction to the Arab uprisings also endangered China's economic interests in Egypt as the transitional military authorities were to transfer power to the democratically-elected Islamists. In light of these repercussions, the Chinese government softened its tone on the Egyptian revolts from mid-2011, trying to strike a balance between the goal of defending regime security, on the one hand, and the normative and economic interests, on the other hand.

Table 5.5: Summary of empirical findings and testing of theoretical expectations
(China's Egypt policies, January 2009 - January 2016)

| Periods | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|--|------------------------|--------------------------------------|---------------------|--------------------------------|-------------------------|
| Mubarak (January 2009 - December 2010) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |
| Transition (January 2011 - June 2012) | Security vs. normative | Prioritize regime security → balance | Inapplicable | Disconfirmed | Disconfirmed |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | Prioritize regime security → balance | Inapplicable | Disconfirmed | Disconfirmed |
| Morsi (July 2012 - June 2013) | Security vs. normative | Balance | Inapplicable | Disconfirmed | Disconfirmed |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | Balance | Inapplicable | Disconfirmed | Disconfirmed |
| Sisi (July 2013 - January 2016) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | N/A; compatible goals | -- | -- | -- |

During Morsi's year in office, China affirmed the trade-offs it had made between conflicting goals in the transition period, keeping a balance between protecting regime security and promoting non-interference, and between protecting regime security and

extending economic interests. Facing an Islamist-led government in Cairo, Beijing sought to secure Morsi's support for China's core interests, especially Xinjiang, and expected the new administration to protect and support Chinese businesses. As a result, the government agreed to recognize the legitimacy and merits of the Egyptian uprisings and thus returned to some extent to the principle of non-interference. That said, China and Egypt still clashed over the Syria crisis. The Chinese leadership considered a potential Western-sponsored regime change in Syria as a threat to regime security and therefore refused to make concessions over its intervention policy.

After the military deposed Morsi and regained control over Egypt, China restored the compatibility between its security, economic and normative goals in the country. Beijing backed the military's takeover and Sisi's authoritarian rule by preventing foreign interference in Egypt's internal affairs. Amid growing insurgencies in Xinjiang and the Islamist attacks against the Sisi government, China and Egypt strengthened cooperation on counter-terrorism and supported each other's effort to maintain regime security. Economically, the two governments stepped up cooperation by connecting Xi's One Belt One Road initiative to Sisi's mega projects such as digging the New Suez Canal and developing its neighboring areas.

In light of the empirical observations outlined in this chapter on how China dealt with goal conflicts in Egypt, I tested the theoretical predictions developed by the neorealist, bureaucratic politics and constructivist approaches to FPA and reached the following conclusions. The neorealist approach proves to be overall inappropriate for analyzing China's reactions to goal conflicts in its Egypt policy-making. This is because from a neorealist perspective, Egypt did not challenge China's power position in the international system, nor did it pose threat to its state survival. Whereas China certainly had security interests in Egypt and often placed them on top of its foreign policy agenda, the security issues China aimed to address—no matter in terms of preserving regime stability amid the Arab uprisings or quelling ethnic or religious

insurgencies in Xinjiang—were mainly issues of domestic politics, to which neorealists pay little attention. Therefore, a distinction has to be made between state security, which neorealists measure according to a state's relative capability against others in its external environment, and regime security, which focuses on how to bolster authoritarian rule within a state and contain the negative foreign impact on domestic stability. Since the neorealist approach treats domestic politics as irrelevant, it fails to shed light on one of the main drivers of China's Egypt policy decisions.

The bureaucratic politics approach gives insight on the preferences of different administrative units and how their bureaucratic interests could shape China's foreign policy. It assumes that the way China resolved goal conflicts in Egypt would depend mainly on the outcome of bureaucratic rivalries among central government institutions. The bureaucratic politics model is falsified by the empirical findings of this chapter for two reasons. First, it downplays the decision-making power of the CPC leadership, which enjoys unquestionable authority over the appointment of foreign policy officials and can order subordinate ministries to act in line with the judgment of top leaders. Particularly in crisis situations such as the Arab revolts, the party leadership perceived the incident as a threat to its core interests and thereby actively intervened in China's Middle East policy-making. In this circumstance, bureaucratic politics only played a minor role in comparison to the dominant influence of executive leaders.

Second, the bureaucratic politics approach assumes that government agencies responsible for foreign relations tend to naturally compete with one another for bureaucratic influence and financial gains, thus impeding the state from developing a coherent interpretation of its national interests. This assumption leaves out the possibility of bureaucracies acting collectively to defend some fundamental interests of the state. The analysis of China's Egypt policy-making shows that when the Arab uprisings posed a threat to the CPC's rule, different ministries seemed to share the

consensus that defending regime security was the fundamental prerequisite for the protection and advancement of their organizational interests. In important foreign policy decisions, therefore, the considerations of government institutions prove to be more serious and prudent than what has been predicted by the bureaucratic politics model.

Lastly, the constructivist prediction that China would resolve goal conflicts by prioritizing the goal conforming to its foreign policy norms is also disconfirmed by the empirical findings. An examination of China's Egypt policy decisions shows that the main drive behind China's promotion of non-interference as the norm of international relations was to protect regime security. In other words, by opposing foreign intervention in other countries' domestic affairs, China's ultimate goal is to prevent an externally-imposed regime change from being applied to itself. Following this logic, when Egypt was run by authoritarian leaders such as Mubarak and Sisi, China upheld the norm of non-interference to help them stabilize domestic rules. In contrast, when Egypt's domestic developments jeopardized China's regime security—as shown by the Arab uprisings and emergence of Islamists—the government was not shy to abandon its normative goals for the purpose of maintaining domestic stability. Although during the uprisings China did try to shift back to the practice of non-interference by announcing its respect for the political change, the adjustment was made mainly to reduce the security and economic repercussions brought by Beijing's hostile stance towards the revolts rather than regulating China's foreign policy behavior according to the norms endorsed by the government. Overall, the way China deals with the norm of non-interference—whether to observe, abandon or partly fulfill—is conditioned by the security and economic interests it aims to advance in a given country. Refuting the constructivist assumption, the empirical analysis presented in this chapter indicates that the norm itself does not play a major role in shaping China's recognition of the appropriate way to behave.

Having probed into the way China arranged conflicting goals in Egypt, I shall now shift my attention to Iran in the next two chapters, investigating how the EU and China resolved goal conflicts in the Iran nuclear crisis. Chapter 6 will look at the EU's Iran policy-making from 2009 to early 2016.

6. The EU's Iran policy-making (January 2009 - January 2016)

6.1. Introduction

This chapter examines the goal conflicts confronted by the EU in its Iran policy-making from early 2009 to early 2016. The main issue under investigation is the disharmony between the EU's security and economic goals. On the one hand, Iran's uranium enrichment posed a security threat to the EU, prompting member states to suppress the government's nuclear ambition via sanctions; on the other hand, EU member states maintained significant economic ties with Iran and were reluctant to abandon too many economic interests for the sake of drying up the financial resources underlying Iran's nuclear program.

In addition to this conflict, this chapter also looks into the incompatibility between the EU's economic and normative goals in Iran, asking if and to what extent the Union was willing to advance its normative targets in terms of defending democratic values and human rights at the expense of economic cooperation with the Islamic Republic.

My analysis starts from January 2009, when Obama took office in the United States and vowed to resolve the Iranian nuclear dispute through diplomacy. Section 6.2 analyzes the impact of Obama's offer of talks on the EU's Iran policy-making. It examines the EU's response to Iran's controversial presidential election of 2009 and the Union's effort to reconcile member states' economic and security goals in Iran during the second term of Ahmadinejad's presidency. Section 6.3 provides an account of how the EU managed to advance its economic and security goals in Iran after Rouhani replaced Ahmadinejad as the new president. The empirical analysis of this chapter ends in January 2016, when Rouhani paid a state visit to France and Italy, motivating more member states to restore and improve their political and economic relations with Iran.

6.2. Iran under Mahmoud Ahmadinejad (January 2009 - July 2013)

6.2.1. The olive branch

The Iranian nuclear crisis first emerged in August 2002, when an exiled opposition group of the Islamic Republic reported the existence of a uranium enrichment facility near Natanz in central Iran and a heavy water plant near Arak in the same region. In 2007, the International Atomic Energy Agency (IAEA) confirmed that Iran had started up more than 1,300 centrifuge machines in Natanz in an accelerated campaign to lay a basis for industrial scale enrichment.⁴¹⁴

Although the Iranian government claimed that it needed nuclear power to generate electricity, many doubted why a country rich in oil and gas was in need of nuclear energy. Western governments accused Iran of trying to acquire nuclear weapons under the cover of a civilian nuclear energy program. The immediate fear was that once Iran had the bomb, it could use it against Israel or transfer nuclear arms to Hamas and Hezbollah. Moreover, Western capitals worried that the Iranian nuclear development would kick off a nuclear arms race in the Middle East, prompting Saudi Arabia, Egypt and the United Arab Emirates, let alone Israel, to enhance nuclear capabilities.⁴¹⁵

Before January 2009, the UN Security Council had introduced three packages of sanctions on Iran. In December 2006, the Council decided to freeze the assets of some Iranian individuals and companies linked with the nuclear program and gave the

⁴¹⁴ "Timeline: Iran's Nuclear Program," *Reuters*, April 9, 2009,

<http://www.reuters.com/article/us-iran-nuclear-plant-events-sb-idUSTRE5383QI20090409>.

⁴¹⁵ Mark Trevelyan, "Uranium Nations Urged Not to Sell to Iran," *Reuters*, January 24, 2009,

<http://www.reuters.com/article/us-iran-nuclear-uranium-idUSTRE50N19U20090124>; Bernd Debusmann, "Obama, Iran and Richard Nixon," *Reuters*, January 22, 2009,

<http://www.reuters.com/article/columns-us-column-usa-iran-idUSTRE50L4BT20090122>; David Brunnstrom, "NATO Warns of Iran Nuclear Domino, Says Back Obama," *Reuters*, January 26, 2009,

<http://in.reuters.com/article/idINIndia-37664720090126>.

government 60 days to suspend uranium enrichment. The resolution, however, was ignored by Tehran. Consequently, the Council stiffened the arms and financial restrictions on Iran in March 2007 by extending the asset freeze to more groups, companies and individuals engaged in either the nuclear work or the development of ballistic missiles. But the demand for halting enrichment again fell on deaf ears in the Iranian government. In response, in March 2008, the Security Council issued more stringent travel and financial curbs on relevant Iranians and imposed a ban on trade in nuclear technology.⁴¹⁶

In light of the efforts made by the UN, the EU imposed a visa ban on senior Iranian officials and the nuclear and ballistic experts of the Islamic Republic. The Union also froze the assets of Iran's biggest bank—Bank Melli—and asked member states to be vigilant about other Iranian financial institutions.⁴¹⁷ Within the EU, foreign policy makers of France and Britain were among the toughest towards Iran. They jointly pushed for the Union to broaden its sanctions by not only expanding the list of Iranian organizations being targeted but also banning the activities of more Iranian banks on EU territory. The immediate goal behind this proposal was to prevent Iran from obtaining in Europe the equipment and technology it needed for its domestic oil industry, and thereby dry up the financial resources enabling nuclear activities.⁴¹⁸

Despite the push of French and British officials, the two governments failed to impose more forceful sanctions on Iran at both domestic and EU levels due to the lack of consensus among domestic players and EU member states. Motivated by economic gains, the business communities of Britain, France and other European countries were either opposed to or undecided about passing new sanctions on Iran.⁴¹⁹ Economic

⁴¹⁶ David Sheppard, "Factbox: Sanctions against Iran," *Reuters*, May 26, 2009, <http://www.reuters.com/article/us-iran-election-sanctions-factbox-sb-idUSTRE54P37720090526>.

⁴¹⁷ *Ibid.*

⁴¹⁸ Francois Murphy, "France, UK Push for EU Sanctions on Iran," *Reuters*, January 19, 2009, <http://www.reuters.com/article/iran-nuclear-eu-idUSLJ70145220090119>.

⁴¹⁹ *Ibid.*

stakeholders in Germany, the UK, France, Italy and Austria disliked the idea of ramping up sanctions, especially without UN approval, since they maintained substantial commercial ties with the Islamic Republic. Germany, in particular, was the biggest exporter to Iran before 2009. Although the government had significantly cut the value of new credit guarantees granted to German companies dealing with Iran from EUR 503.4 million in 2007 to EUR 133 million in 2008, German exports to the Islamic Republic still rose from EUR 3.6 billion to EUR 3.92 billion, indicating the business sector preferred to take the risk of dealing with Iran without the safety net of state export guarantees.⁴²⁰ In the meantime, as the second largest economy in the eurozone, France also saw its exports to Iran increase from EUR 1.5 billion to EUR 1.8 billion in 2007-8.⁴²¹

In addition to trade, many European energy giants—Total, Shell, Repsol, the OMV, Eni and Edison, to name but a few—were either developing oil and gas fields in Iran or negotiating with the country on new exploration contracts. In January 2008, Italian power utility company Edison signed a USD 107 million exploration contract with the National Iranian Oil Company to develop the Dayyer offshore block in the Persian Gulf. At the same time, Italian energy giant Eni led a USD 1 billion project on developing the second phase of Darkhovin oil field and was ready to extend the project to its third phase.⁴²² That being said, although most European energy companies carried out business activities in Iran as usual, they feared Washington and their home governments imposing energy sanctions on the Islamic Republic, and in turn forcing them to scale back existing operations or put new investments on hold.⁴²³

⁴²⁰ Kerstin Gehmlich, “Germany Cuts Iran Guarantees but Exports Rise,” *Reuters*, February 24, 2009, <http://www.reuters.com/article/germany-iran-exports-idUSLO42511220090224>.

⁴²¹ *Ibid.*

⁴²² Carl Bagh, “Factbox: Recent Oil and Gas Deals Signed by Iran,” *Reuters*, February 10, 2009, <http://www.reuters.com/article/iran-oil-deals-idUSLT15972320090210>.

⁴²³ Simon Webb and Fredrik Dahl, “Q+A: Iran’s Oil Supply and Potential for Disruption,” *Reuters*, June 15, 2009, <http://www.reuters.com/article/iran-oil-idUSLF36739220090615>.

In this context, when Barack Obama assumed the US presidency on January 20, 2009 and pledged to review America's Iran policy, EU foreign policy makers and businesspeople were encouraged by the possibility of resuming dialogues between the two countries. Unlike his predecessor, President George W. Bush, who opposed direct talk with Iran and always put military action on the table, Obama signaled his openness to dialogue in his inauguration speech, asserting that the United States was ready to "extend a hand" should Iran "unclench its fist."⁴²⁴

Washington's offer of direct talk was welcomed by other powers of the P5+1⁴²⁵. In February, the six powers met in Germany for the first time after Obama took office in a bid to sketch out a diplomatic solution to the Iran nuclear issue in light of the olive branch extended by Obama. European officials were encouraged by the US policy adjustment, which, as some argued, marked a new beginning for the nuclear talks.⁴²⁶ Javier Solana, the EU High Representative for the CFSP who led Western negotiation efforts with Iran, called Washington's offer of talk an important change and urged the Iranian side to think carefully about this signal and reciprocate with a positive response.⁴²⁷

In March, Obama sent a videotaped Nowruz (Persian New Year) message to the government and people of Iran. The President reiterated in the message that his

⁴²⁴ "President Barack Obama's Inaugural Address," *The White House*, January 21, 2009, <https://www.whitehouse.gov/blog/2009/01/21/president-barack-obamas-inaugural-address>; Arshad Mohammed, "Clinton Signals U.S. Openness on Iran Dialogue," *Reuters*, January 27, 2009, <http://www.reuters.com/article/us-usa-iran-clinton-idUSTRE50Q4W720090127>.

⁴²⁵ The P5+1 refers to the five permanent members of the UN Security Council—China, France, Russia, the United Kingdom and the United States—plus Germany working together in search of a diplomatic solution to the Iran nuclear crisis. The EU often calls this combination the E3+3 or EU+3, namely, the EU three—France, Germany and the United Kingdom—plus the United States, Russia and China, with the EU High Representative chairing their joint negotiations with Iran.

⁴²⁶ Marilyn Gerlach, "World Powers Welcome Obama's Talk Offer to Iran," *Reuters*, February 4, 2009, <http://www.reuters.com/article/us-iran-nuclear-idUSTRE5131IK20090204>.

⁴²⁷ Noah Barkin and Kerstin Gehmlich, "West Threatens Iran Sanctions, Offers Talks," *Reuters*, February 7, 2009, <http://www.reuters.com/article/us-security-iran-sb-idUSTRE5161MJ20090207>.

administration was committed to diplomacy to address a full range of issues between the two countries, and sought to build constructive ties among the United States, Iran and the international community based on engagement that was honest and grounded in mutual respect.⁴²⁸ Following Obama's offer to improve ties, Secretary of State Hillary Clinton reopened relations with Iran by inviting the latter to a UN conference on Afghanistan.

The EU welcomed Washington's move, hoping that Obama's overture would open a new chapter in Iran's relationship with the West.⁴²⁹ German Chancellor Angela Merkel called for Iran to take the offer, stressing that Obama's message reflected exactly what the Europeans had always wanted.⁴³⁰ Meanwhile, British Foreign Secretary David Miliband maintained that "there would never be a better opportunity" to solve the nuclear crisis than what had been created by Obama's recent outreach to Iran, whose nuclear activities posed a threat to the security of the Middle East and the rest of the world.⁴³¹

In addition to Obama extending the olive branch, European leaders also hoped the coming Iranian presidential elections of June 2009 could help facilitate the nuclear talks. At the elections, incumbent President Ahmadinejad would compete with the moderate reformist candidate, former Prime Minister Mirhossein Mousavi. The issues discussed during the election campaign—the nuclear program, Iran's relations with the West, and domestic economic hardship— attracted heated debates between the two candidates. Ahmadinejad pledged to carry on with his uncompromising stance

⁴²⁸ "Videotaped Remarks by The President in Celebration of Nowruz," *The White House*, March 20, 2009, <https://www.whitehouse.gov/the-press-office/videotaped-remarks-president-celebration-nowruz>.

⁴²⁹ David Brunnstrom, "EU Hopes Obama Appeal Creates New Start with Iran," *Reuters*, March 20, 2009, <http://www.reuters.com/article/us-obama-iran-eu-sb-idUSTRE52J1N020090320>.

⁴³⁰ Kerstin Gehmlich, "Germany's Merkel Welcomes Obama's Iran Message," *Reuters*, March 20, 2009, <http://www.reuters.com/article/us-usa-iran-germany-sb-idUSTRE52J3CL20090320>.

⁴³¹ Frank Prenesti, "Obama Iran Offer Best Chance of Restoring Ties: UK," *Reuters*, March 26, 2009, <http://www.reuters.com/article/us-britain-iran-sb-idUSTRE52P3ZV20090326>.

towards the West and rule out any concessions on the nuclear issue. Mousavi, in contrast, called for a conciliatory approach to Western powers and vowed to resume dialogues with the P5+1. Although the reformist leader also refused to halt Iran's sensitive uranium enrichment—such an issue could only be determined by the Supreme Leader Ali Khamenei—he promised to make more efforts to assure the West that Iran's nuclear work was not for bomb-making.⁴³²

Amid the election campaign, the Iranian government continued to boost its centrifuge production capacity by expanding the stockpile of enriched uranium that has no obvious civilian application.⁴³³ The IAEA inspectors, who predicted that Iran understated one third of its uranium stocks, were barred access by the government to the plants developing new centrifuges.⁴³⁴ Notwithstanding these violations, the EU three (i.e., France, Germany and Britain) held that the Union should not rush to impose new sanctions before the presidential elections.⁴³⁵ The three governments, which were still hopeful to see Ahmadinejad replaced by a moderate figure in June, chose to wait and see the election result before taking further steps. Any substantial actions taken by the EU at this stage—be it piling on more stringent sanctions or making overtures to Tehran—would run the risk of backfiring, boosting the chance for Ahmadinejad, the hardliner, to win the election.⁴³⁶

⁴³² Parisa Hafezi, "Penpix: Main Figures in Iran's Presidential Election," *Reuters*, May 28, 2009, <http://www.reuters.com/article/us-iran-election-idUSTRE54R5FD20090528>; Parisa Hafezi, "Iran Candidate Backs Nuclear Talks with the West," *Reuters*, May 29, 2009, <http://www.reuters.com/article/us-iran-nuclear-election-sb-idUSTRE54S1WW20090529>.

⁴³³ Mark Heinrich, "Six Powers Commit to 'Direct Diplomacy' with Iran," *Reuters*, March 3, 2009, <http://www.reuters.com/article/us-nuclear-iaea-iran-idUSTRE52256Q20090303>.

⁴³⁴ Mark Heinrich, "Iran Understates Uranium Stocks to IAEA: Diplomats," *Reuters*, February 20, 2009, <http://www.reuters.com/article/us-nuclear-iaea-iran-idUSTRE51I47X20090220>.

⁴³⁵ Kerstin Gehmlich and Hans-Edzard Busemann, "Interview: Steinmeier Says Must Watch Russia's Rhetoric," *Reuters*, April 1, 2009, <http://www.reuters.com/article/idUSBAT002823>; Adrian Croft, "Not the Time to Rush for More Iran Sanctions: UK," *Reuters*, March 31, 2009, <http://www.reuters.com/article/us-iran-britain-sb-idUSTRE52U72D20090331>.

⁴³⁶ Emmanuel Jarry, "France's Sarkozy Wants 'Firmness' in US-Iran Talks," *Reuters*, February 11, 2009, <http://www.reuters.com/article/iran-nuclear-usa-sarkozy-idUSLB44336320090211>; Sue Pleming, "US Takes Small Steps in Ties with Iran," *Reuters*, March 27, 2009,

While foreign policy makers were waiting for the dust to settle, a potential thaw in the US-Iran relationship motivated European companies to cautiously reassess the risk of doing business with Iran. In view of the reduced global demand amid the financial crisis, European exporters were eager to hold the Iranian market. Oil companies, meanwhile, had long assumed that Iran, which sits on the world's second-largest oil and gas reserves, was too big to ignore.

Attracted by the lucrative business opportunities, on the one hand, and pressed by their home governments to keep their distance from Iran, on the other hand, big European energy firms had no choice but to play a tricky “holding game”—trying to look keen and prolonging the negotiations on new projects, but in fact refraining from taking substantial actions.⁴³⁷ Take France’s Total as an example, in the first half of 2009, the company continued its negotiations with Iran on a USD 5 billion deal to develop the second phase of the South Pars gas field. But in light of Tehran’s steadfast commitment to its nuclear program, Total had considerably slowed down the talks. Similarly, Royal Dutch Shell and Spain's Repsol, waiting for the political conditions to improve, also delayed decisions on some multi-billion dollar investments in the Iranian liquefied natural gas (LNG) industry.⁴³⁸

The holding game, however, did not work for long. Asian energy companies, particularly the Chinese, had long hoped to step into the vacuum in Iran left by their European competitors. In March 2009, the Iranian government held Total responsible for intentionally delaying the South Pars projects and eventually replaced the company with China National Petroleum Corporation. At around the same time, the

<http://www.reuters.com/article/us-iran-usa-relations-idUSTRE52Q2ZZ20090327>.

⁴³⁷ Luke Pachymuthu and Simon Webb, “Big Oil Watches Iran Vote, but Investment Distant,” *Reuters*, June 5, 2009, <http://www.reuters.com/article/us-iran-energy-analysis-idUSTRE5544ED20090605>.

⁴³⁸ Zahra Hosseinian, “Iran Criticises Total, Sees New South Pars Partner,” *Reuters*, March 11, 2009, <http://www.reuters.com/article/iran-total-pars-idUSDAH14431320090311>; Fredrik Dahl, Hashem Kalantari, and Jonathan Gleave, “Iran Gives Shell/Repsol Deadline on LNG Project,” *Reuters*, April 13, 2009, <http://www.reuters.com/article/iran-gas-deadline-idUSDAH35089920090413>.

government also set deadline for Royal Dutch Shell and Repsol to decide whether to participate in gas projects in the Persian Gulf, threatening to replace them with Chinese developers.⁴³⁹

6.2.2. The Green Movement and EU “comprehensive” sanctions

On June 13, the Iranian authorities announced that Ahmadinejad had won the presidential election with nearly 63 percent of vote, while his reformist challenger, Mousavi, had garnered 34 percent. The scale of Ahmadinejad's triumph upset Mousavi supporters, who expected the presidential race would at least go for a second round. In Tehran, Mousavi asked the Guardian Council of the Constitution⁴⁴⁰ to annul the election for its “obvious violations” and called on supporters to protest against the polling result. The post-election protest, coined by Mousavi supporters as the “Green Movement,” was hampered by the defenders of Ahmadinejad, who also mobilized in thousands to boost the President’s legitimacy. The two camps clashed in Tehran, while the regime ordered the Revolutionary Guard Corps to be prepared to clamp down on further unrest. On June 23, the Guardian Council ruled out Mousavi’s appeal for annulling the poll, explaining that there had been no major irregularities during the elections. The statement was followed by riot police and Basij militia dispersing demonstrators in the capital. On August 3, Khamenei formally approved the election result, which marked the beginning of Ahmadinejad’s second term.⁴⁴¹

Days after the announcement of Ahmadinejad’s controversial victory, the EU pressed the Iranian authorities to investigate the election process and meet the opposition’s

⁴³⁹ Hosseinian, “Iran Criticises Total, Sees New South Pars Partner”; Dahl, Kalantari, and Gleave, “Iran Gives Shell/Repsol Deadline on LNG Project.”

⁴⁴⁰ The Guardian Council of the Constitution is a 12-member body charged of interpreting the Constitution of Iran, supervising elections, and approving candidates of the Assembly of Experts, the President and the parliament, see Article 99 of the Iranian Constitution.

⁴⁴¹ David Cutler, “Timeline: Political Events in Iran since June Elections,” *Reuters*, August 8, 2009, <http://www.reuters.com/article/us-iran-events-sb-idUSTRE57718O20090808>.

demands. Whereas the Obama administration muted its comments in order not to meddle in an internal Iranian debate and thereby jeopardize a diplomatic solution to the nuclear crisis, France, Germany and Britain led an EU campaign to condemn the arrests of protesters and urge the authorities not to use violence against the opposition.⁴⁴² On June 14 and 15, the EU three summoned the Iranian ambassadors to their countries, pressuring Tehran to look into the complaints of irregularities and refrain from exercising violence. Meanwhile, the External Relations Commissioner Benita Ferrero-Waldner expressed the EU's "thorough respect for all the Iranian citizens who have shown their discontent."⁴⁴³

After Khamenei made the speech on upholding the election result and rebuking foreign interference in Iran's domestic affairs, EU leaders stepped up their criticism. On June 18, the European Council issued a joint declaration, stating that the EU observed the Iranian government's response to the protests with serious concern and firmly condemned the use of violence against the opposition.⁴⁴⁴ In response to Iran accusing Western powers of supporting the rebels during the unrest, the Czech presidency of the EU rejected the claim, asserting that the Union has the right to question, in any country, whether the objective criteria of a transparent and democratic electoral process have been upheld. Moreover, the Czech government invited other member states to consider summoning the heads of Iranian missions in all EU countries to step up the pressure.⁴⁴⁵ In addition, the Italian government,

⁴⁴² Palmer Doug, "US Backs Iran Protest Right, Won't Meddle: White House," *Reuters*, June 17, 2009, <http://www.reuters.com/article/us-obama-iran-sb-idUSTRE55G5KJ20090617>.

⁴⁴³ Dave Graham, "Germany Summons Iranian Ambassador over Election," *Reuters*, June 14, 2009, <http://www.reuters.com/article/us-iran-election-germany-sb-idUSTRE55D1Z820090615>; "France Summons Iranian Ambassador over Vote Concern," *Reuters*, June 15, 2009, <http://www.reuters.com/article/idUSLF552369>; Mark John and David Brunnstrom, "EU Urges Iran Not to Use Violence against Protests," *Reuters*, June 15, 2009, <http://www.reuters.com/article/us-iran-election-eu-sb-idUSTRE55E18K20090615>.

⁴⁴⁴ "Presidency Conclusions of the Brussels European Council of 18-19 June 2009," July 10, 2009, 11225/2/09 REV 2, https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/108622.pdf.

⁴⁴⁵ "Iranian CDA Was Summoned by Czech Ministry of Foreign Affairs," *Czech Presidency of the European Union*, June 22, 2009, <http://www.eu2009.cz/en/news-and-documents/press-releases/iranian-cda-was-summoned-by-czech-ministry-of-fo>

hosting a meeting of G8 foreign ministers at the end of June, also encouraged participants to issue a joint declaration condemning Iran's post-election violence.⁴⁴⁶

In the wake of the Green Movement, the EU, while trying to advance its normative goals in Iran, was also cautious not to let the tensions over human rights block the way to the nuclear talks. Nevertheless, despite the cautiousness, during Ahmadinejad's second term, Iran took a path that put both the normative and security interests of the EU in serious jeopardy. In the normative aspect, the Iranian government under Ahmadinejad detained and filed lawsuit against a number of European journalists, academics and embassy staffs, reproaching them for instigating unrest during and after the 2009 election. The EU and its member states resolutely rejected such accusations. They also denounced the Iranian authorities for its mass and arbitrary executions, the crackdown on dissidents and violations of other human rights. Moreover, the EU found Ahmadinejad's recurring anti-Israel rhetoric unacceptable, especially in regard to his repeated denial of the Holocaust as a historical fact.

When it came to security, Ahmadinejad's insistence on boosting Iran's nuclear capability set back the hope of European leaders for nuclear talks. Immediately after winning the elections, the President declared that the nuclear issue "belongs to the past" and that there would be no change in Iran's nuclear policy during his second term.⁴⁴⁷ Echoing Ahmadinejad's view, Ali Akbar Velayati, Khamenei's senior adviser on international affairs, argued that Britain and France wanted Iran to curb nuclear activities in order to weaken its stance at the negotiating table; however, the Islamic Republic would not retreat even one step from its nuclear work.⁴⁴⁸

reign-affair-25611/index.html.

⁴⁴⁶ Roberto Landucci, "Italy Aims for G8 Condemnation of Iran Violence," *Reuters*, June 25, 2009, <http://www.reuters.com/article/us-g8-italy-iran-idUSTRE55O56P20090625>.

⁴⁴⁷ "President Signals No Change in Iran's Nuclear Policy," *Reuters*, June 14, 2009, <http://www.reuters.com/article/uk-iran-election-nuclear-sb-idUSTRE55DOKT20090614>.

⁴⁴⁸ "Iran Won't Back Down 'One Step' in Atom Row," *Reuters*, July 9, 2009,

In light of Iran's steadfast nuclear ambition, Obama warned that the world would not wait indefinitely for Tehran to end its nuclear defiance. In this light, the President set a September deadline for Iran to respond to the US offer of talk. Should the authorities fail to make concessions on the nuclear issue, America and the EU three would consider imposing a fourth round of UN sanctions against Iran, possibly targeting the energy sector.⁴⁴⁹

In spite of warning Iran of further punishments, Western governments acknowledged the difficulty of winning over Russia and China at the UN Security Council for intensifying sanctions, particularly in view of the considerable economic ties maintained by the two countries with the Islamic Republic. Moreover, the latest IAEA report of early September 2009, although confirming Iran's increased enrichment capacity and criticizing its denial of IAEA inspection, concluded that there was no concrete evidence manifesting that Tehran had tried to "weaponize" its nuclear program. After the report was issued, France and Israel accused the IAEA of trying to cover up the military aspect of Iran's nuclear activities by not revealing all the information acquired by the Agency. However, Mohamed ElBaradei, the IAEA's Director General, denied such allegations.⁴⁵⁰

Eventually, abiding by the deadline set by Obama, Iran did present a proposal on September 9, stating that it was ready to resume dialogues with the six powers. According to the proposal, the dialogue between Iran and the P5+1 would cover a range of political, security and economic issues. That said, the proposal gave no response to the six powers' demand that Iran should suspend its uranium enrichment

<http://www.reuters.com/article/us-iran-nuclear-sb-idUSTRE5681D720090709>.

⁴⁴⁹ Matt Spetalnick, "Obama Uses G8 Debut to Issue Warning to Iran," *Reuters*, July 10, 2009,

<http://www.reuters.com/article/us-g8-summit-obama-iran-idUSTRE56938J20090710>; Louis Charbonneau, "West Wants Russia, China to Back Tough Iran Steps," *Reuters*, August 28, 2009,

<http://www.reuters.com/article/us-nuclear-iran-un-analysis-sb-idUSTRE57S03P20090829>.

⁴⁵⁰ Mark Heinrich, "IAEA Says in Stalemate with Iran, Denies 'Cover-Up,'" *Reuters*, September 7, 2009,

<http://www.reuters.com/article/us-nuclear-iaea-sb-idUSTRE58622K20090907>.

program. The government, in fact, still ruled out any negotiations on its nuclear activities, arguing that Iran would not bargain with any country over the legitimate right of acquiring nuclear energy.⁴⁵¹

In the hope of at least entering into some kind of negotiations, the US and EU accepted Iran's offer of wide-ranging talks but insisted that the dialogue must focus on the nuclear issue.⁴⁵² Along these lines, after being suspended for almost one year, a new round of nuclear talks took place in Geneva on October 1, 2009. The negotiation started in a confrontational atmosphere as one of Iran's hidden nuclear facilities based in the Fordow village near Qom was recently exposed to the public. The US and EU three condemned Iran at the negotiations for concealing its second uranium enrichment plant. Citing this violation, Britain, France and the United States threatened to immediately pile on new sanctions.⁴⁵³

Under this circumstance, Iran gave ground to Western powers by granting IAEA inspectors unrestricted access to the newly disclosed Fordow facility. Moreover, the government agreed in principle with the P5+1 to send about 80 percent of its declared stockpile of low-enriched uranium to Russia for further refinement. The refined material would then be transported to France for fabrication into fuel assemblies that could be used in a Tehran-based research reactor to make nuclear medicine.⁴⁵⁴

The US and EU welcomed the concessions made by Iran. Diplomats believed once implemented, the initial deal could help alleviate Western security concerns in several

⁴⁵¹ "Iran Ready for 'All-Encompassing' Talks: Website," *Reuters*, September 10, 2009, <http://www.reuters.com/article/us-iran-nuclear-document-sb-idUSTRE58979520090911>; Hossein Jaseb and Fredrik Dahl, "Iran Signals No Compromise on Nuclear Issue," *Reuters*, September 12, 2009, <http://www.reuters.com/article/us-iran-nuclear-sb-idUSTRE58B1HX20090912>.

⁴⁵² David Brunstrom, "Iran Nuclear Talks Likely in Turkey: EU's Solana," *Reuters*, September 15, 2009, <http://www.reuters.com/article/us-iran-nuclear-solana-sb-idUSTRE58E1TA20090915>.

⁴⁵³ Louis Charbonneau, "Q+A: What's behind Geneva Agreement on Iran's Enriched Uranium?," *Reuters*, October 2, 2009, <http://www.reuters.com/article/us-nuclear-iran-qa-sb-idUSTRE59129F20091002>.

⁴⁵⁴ *Ibid.*

ways. First, by reducing enriched uranium stocks to nearly zero, the Iranians would have to spend more time rebuilding new stocks should they start working on a secret nuclear weapon program. Second, by moving most of the enriched uranium out of Iran, the deal could help reduce the tensions in the Middle East, where many countries were unsettled by Iran's continued enrichment process. Third, the deal would also serve as a test case and confidence-building gesture for negotiating a more fundamental nuclear agreement between Iran and the six powers.⁴⁵⁵

The P5+1 were encouraged by the productive results of the Geneva talks. However, when they began to finalize the agreement with Iran, the latter went back on its word, saying that it preferred buying fuel directly from foreign suppliers instead of shipping enriched uranium abroad for conversion into fuel assemblies. Iran's attempt to rewrite the nuclear deal was turned down by Western powers straight away because the new suggestion failed to meet the fundamental security goal set by the US and EU for the negotiations, namely, to prevent Iran from keeping hold of enough enriched uranium in its territory to fuel a nuclear weapon.⁴⁵⁶

Aside from rejecting the nuclear fuel swap deal, the Ahmadinejad government aggravated the tension between Iran and Western powers by approving a plan to build ten new uranium enrichment facilities across the country. The announcement substantially eroded the patience of Western leaders, who decided to let Tehran reconsider the original deal until December before proposing fresh sanctions at the UN Security Council.

Iran showed no intention of changing its stance. Consequently, the US and EU three agreed in January 2010 to push for new punitive measures at the UN. France and the United States took the lead by drafting documents outlining the potential types of

⁴⁵⁵ Ibid.

⁴⁵⁶ Parisa Hafezi, "Iran Rejects Sending Uranium Abroad," *Reuters*, November 18, 2009, <http://www.reuters.com/article/us-iran-nuclear-fuel-idUSTRE5AH2H820091118>.

sanctions to be imposed on Iran. The two governments then discussed these options with their British and German counterparts. Apart from negotiating at the Security Council, the EU three also indicated that the Union would consider imposing more forceful unilateral sanctions on Iran should China and Russia try to veto the EU-backed draft resolution.⁴⁵⁷

Regarding the UN sanctions proposal, the measures advocated by France and the United States consisted of three main points. First, the two governments sought to consolidate previous UN sanctions, for example, by extending the ban on arms trade with Iran and expanding the lists of Iranian individuals and companies under travel bans and asset freezes. Second, they proposed to cut the financial links between Iran and the outside world by blacklisting the Iranian Central Bank and other big banks related to the country's nuclear and missile programs. Third and most importantly, heavy restrictions should be placed on the energy sector: the UN should prevent the sale of equipment that could help Iran increase its oil and LNG output; moreover, it should curb gasoline sales to Iran, prohibit new investments in the country's energy industry and blacklist major Iranian shipping companies.⁴⁵⁸

Not surprisingly, the harsh punitive measures proposed by France and the United States were rejected by some other members of the P5+1, especially China and Russia. After three months of debates, the six governments eventually agreed on a draft resolution to step up sanctions on Iran. But in order to secure the support of other powers, France and the US discarded some key points of their original proposal. First, due to the opposition from Russia, China and Germany, the proposal to blacklist Iran's Central Bank and other financial institutions was dropped from the resolution. The three governments feared that such restrictions, once applied, would severely impede domestic companies doing business with Iran. Moreover, in light of the rejection of

⁴⁵⁷ Louis Charbonneau, "Q+A: Western Powers Discuss Possible New Iran Sanctions," *Reuters*, February 12, 2010, <http://www.reuters.com/article/us-iran-nuclear-qanda-idUSTRE61C00H20100213>.

⁴⁵⁸ *Ibid.*

Russia and China, the draft resolution also excluded the French initiative of curbing oil and gas trade with Iran and Washington's proposal of banning new investments in Iran's energy sector. In the end, the document only noted in its preamble that there was a "potential connection" between Iran's energy revenues and the funding of its proliferation-sensitive nuclear activities.⁴⁵⁹ On June 9, 2010, the Security Council adopted the draft resolution (i.e., Resolution 1929) by a vote of 12 in favor, two against (Brazil and Turkey) and one abstention (Lebanon).

Since the UN sanctions package was watered down by China and Russia, the EU foreign ministers gathered in Luxembourg in mid-June 2010 to consider applying additional restrictions against Iran. On June 17, the European Council issued a declaration inviting the FAC to consolidate existing sanctions and adopt additional ones that would go substantially beyond Resolution 1929. In particular, EU leaders called for a prohibition of new investment, technical assistance and transfers of technologies, equipment and services related to Iran's gas and oil industries.⁴⁶⁰ On July 26, the FAC approved a "comprehensive package" of EU sanctions against Iran, requiring member states to stop the sale, supply and transfer of key equipment and technical assistance that could be used in Iran's oil and gas industries. In addition, member states should also prohibit new investments in the Iranian energy sector and stop granting financial loans to relevant Iranian companies.⁴⁶¹

⁴⁵⁹ "Security Council Imposes Additional Sanctions on Iran, Voting 12 in Favour to 2 Against, with 1 Abstention" (United Nations, June 9, 2010), <http://www.un.org/press/en/2010/sc9948.doc.htm>; Louis Charbonneau, "Q+A: What's in and behind the Iran Sanctions Draft?," *Reuters*, May 20, 2010,

<http://www.reuters.com/article/us-iran-nuclear-draft-idUSTRE64J5R920100520>.

⁴⁶⁰ "European Council Conclusions 17 June 2010," June 17, 2010, 13–14, EUCO 13/10, http://ec.europa.eu/eu2020/pdf/council_conclusion_17_june_en.pdf.

⁴⁶¹ "Press Release of 3029th Council Meeting—Foreign Affairs," July 26, 2010, 12560/10, https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/115976.pdf; Daniel Fineren, "Factbox: EU Clamps down on Iran's Energy Interests," *Reuters*, July 27, 2010, <http://www.reuters.com/article/us-iran-energy-eusanctions-factbox-idUSTRE66Q2LX20100727>.

The EU's new sanctions policy, although claimed as comprehensive, in fact demonstrated the Union's lack of intention to sacrifice economic interests for the sake of curbing Iran's nuclear ambition. Whereas the EU had threatened to take more forceful unilateral measures after China and Russia watered down the France and US-sponsored UN sanctions plan, its comprehensive package failed to incorporate two key points originally proposed therein. First, EU foreign ministers, as a whole, refrained from blacklisting the Iranian Central Bank and other financial institutions since they worried about the economic consequence of cutting off the financial links between the EU and the Islamic Republic. Second, some member states, in light of the energy ties they shared with Iran, refused to adopt the French proposal of holding back gasoline sales and sanctioning Iranian shipping companies involved in energy trade. In short, as member states aimed to strictly confine the economic consequence of EU sanctions, the so-called comprehensive package in the end looked more like Resolution 1929 than the stringent punishments entailed in the French and US sanctions proposal.

Admittedly, the EU comprehensive package did advance the Security Council resolution by preventing the sale of equipment and technologies that could be used in the Iranian energy industries. Furthermore, it prohibited EU member states from making new investments in Iran's oil and gas sectors. However, as presented in the previous section, since 2009 or even earlier, European energy majors had already prolonged the negotiations on new projects in Iran and refrained from approving new investments. The holding game they played had, in the same year, induced the Iranian government to replace some European companies with Chinese ones. In this context, the comprehensive package issued by the EU in July 2010 had limited impact on member states' ongoing energy trade with Iran as well as the existing energy projects they were working on in the country. Since energy sanctions formed the main feature of the comprehensive package, the overall impact of EU sanctions on bilateral economic relations was also restricted. Taken together, notwithstanding the insistence

of France (and Britain to some degree) on imposing severe economic punishments to dry up the financial resources to Iran's nuclear program, the EU as a whole chose to prioritize the goal of protecting economic interests over that of immediately addressing the nuclear threat with more stringent sanctions.

Despite the limited impact of the EU's comprehensive sanctions on bilateral economic relations, in 2010 European companies did try to either curb or suspend business ties with Iran. The main reason behind these moves, however, was not the EU restrictions, but the harsh punishments imposed by the United States on foreign companies dealing with the Islamic Republic.

European banks were among the first to experience the increasing pressure from Washington, which forced them to eventually abandon nearly all Iran-related services. Towards the end of 2010, European financial institutions were burdened with an expanding list of US sanctions that they must keep track of in order to avoid paying fines of hundreds of millions of dollars to the US government. Initially, bank executives chose to continue their profitable business with Iran, not taking American sanctions rules seriously. But ever since the Lloyds TSB, Credit Suisse, Barclays, ABN Amro, Standard Chartered and ING were fined by the US authorities a total amount of USD 2.3 billion for dealing with Iran, a mindset shift has taken place within the industry. Eventually, European banks had no choice but to pay the fines and suspend financial ties with the Islamic Republic so as to secure access to the US market and keep executives out of court or even jail.⁴⁶²

European banks' suspension of Iran-related services had widespread impact on bilateral economic exchange in other sectors. Partly due to the severing of financial ties and growing US pressure, German companies, which had played a pivotal role in

⁴⁶² Douwe Miedema and Edward Taylor, "Years of U.S. Fines over Iran Loom for Foreign Banks," *Reuters*, September 2, 2012, <http://www.reuters.com/article/us-banks-iran-idUSBRE88103O20120902>.

EU-Iran economic relations, substantially reduced their operations in the Islamic Republic. Siemens, with annual sales of EUR 500 million in Iran, decided not to accept further orders, while ThyssenKrupp, Germany's biggest steelmaker, terminated existing contracts and pledged not to enter into new ones.⁴⁶³ Nokia Siemens Networks, a joint venture between Germany's Siemens and Finland's Nokia, stepped away from Iran after being accused of building a monitoring center for local law enforcement agencies.⁴⁶⁴ In April 2010, German carmaker Daimler announced it would sell 30 percent of its stake in an Iranian engine maker and freeze the exports of cars and trucks to the country. Moreover, German insurance companies Munich Re and Allianz also suspended their business in light of the growing antagonism between Iran and Western governments.⁴⁶⁵

When it came to the energy sector, the comprehensive EU sanctions on Iran were not intended to restrict the latter's crude oil export to Europe, nor its import of petroleum products from European companies. Nevertheless, the US Congress had introduced stringent measures to penalize Iran's energy and banking sectors by going after foreign companies that maintained business with Iran in these areas. The US restrictions forced some European energy firms to scale back their purchase of Iranian crude oil or suspend existing contracts of oil and gas development.⁴⁶⁶ In 2010, British

⁴⁶³ David Cutler, "Factbox: Foreign Companies Stepping Away from Iran," *Reuters*, October 1, 2010, <http://www.reuters.com/article/us-iran-companies-sanctions-idUSTRE6903B520101001>; Luke Baker, "EU Ready to Bare Its Teeth on Iran," *Reuters*, May 21, 2010, <http://www.reuters.com/article/us-eu-iran-sanctions-analysis-idUSTRE62K0PQ20100321>.

⁴⁶⁴ "Iran Nobel Winner Seeks Nokia Siemens Sanctions," *Reuters*, February 15, 2010, <http://www.reuters.com/article/us-iran-nokiasiemensnetworks-interview-idUSTRE61EUthreeSZ20100215>.

⁴⁶⁵ Cutler, "Factbox: Foreign Companies Stepping Away from Iran"; Baker, "EU Ready to Bare Its Teeth on Iran."

⁴⁶⁶ Christian Lowe, "Total Says Has Halted Oil Products Trade with Iran," *Reuters*, October 16, 2010, <http://www.reuters.com/article/us-iran-sanctions-total-interview-idUSTRE69F0Z620101016>; Pete Harrison, "EU's Iran Sanctions Avoid Oil, Credit Doubts Linger," *Reuters*, October 29, 2010, <http://www.reuters.com/article/us-eu-energy-iran-idUSTRE69S2J020101029>; Alex Lawler, "Shell Studies Oil Trade Impact of EU Iran Sanctions," *Reuters*, October 28, 2010, <http://www.reuters.com/article/us-shell-iran-idUSTRE69R28720101028>.

Petroleum, Eni and the Portuguese oil company, Galp, cut their exposure to Iranian crude oil, while Repsol and Shell withdrew from a contract on jointly developing part of the South Pars gas field.⁴⁶⁷ Apart from energy import and exploration, European companies used to play a crucial role in providing oil products to Iran, which—due to the lack of refining capacity—had to import nearly 40 percent of its domestic gasoline consumption from abroad. As Washington stepped up the pressure on foreign energy companies dealing with Iran, European suppliers such as British Petroleum, Total, Shell, Trafigura, Glencore and Vitol either stopped their fuel sales to Iranian importers or agreed to decline new offers in order to avoid US punishments.⁴⁶⁸ The vacuum left by the Europeans, however, was quickly filled by Chinese state-owned energy giants.

In spite of shrinking EU-Iran energy ties, it is worth noting that until the end of 2010, the EU remained the second largest market for Iranian crude oil. Member states lifted about 450,000 barrels per day (bpd) from Iran, accounting for 18 percent of the latter's total oil exports.⁴⁶⁹ Despite the pressure exerted by the US, some European oil majors still resolved to sustain their business ties with Iran. Total and Royal Dutch Shell, for instance, stated in October 2010 that they would continue purchasing Iranian crude oil since it was not illegal under the UN sanctions. Eni, meanwhile, agreed to exit Iran only after the expiration of existing deals.⁴⁷⁰

Whereas the US and EU adopted tougher sanctions against Iran, the Ahmadinejad government remained defiant to the call of suspending Iran's nuclear program. In the

⁴⁶⁷ Andrew Quinn, "Big Energy Firms Cut Iran Ties under U.S. Pressure," *Reuters*, September 30, 2010, <http://www.reuters.com/article/us-iran-usa-sanctions-idUSTRE68T4TA20100930>.

⁴⁶⁸ Tom Doggett, "House Passes Iran Gasoline Sanctions Bill," *Reuters*, December 15, 2009, <http://www.reuters.com/article/us-usa-iran-sanctions-idUSTRE5BE61K20091216>; Quinn, "Big Energy Firms Cut Iran Ties under U.S. Pressure."

⁴⁶⁹ Justyna Pawlak and Robin Pomeroy, "EU May Study Oil Embargo on Iran; China Urges Calm," December 1, 2011, <http://www.reuters.com/article/us-iran-sanctions-eu-idUSTRE7B00ME20111201>.

⁴⁷⁰ Wojciech Moskwa, "European Oil Firms Resist U.S. Pressure to Quit Iran," *Reuters*, October 1, 2010, <http://www.reuters.com/article/us-iran-idUSTRE69032320101001>; Cutler, "Factbox: Foreign Companies Stepping Away from Iran."

second half of 2010, the government continued to advance uranium enrichment and restrict IAEA inspectors from accessing to its nuclear facilities.

6.2.3. Oil embargo, Central Bank sanctions and total trade ban

When mass demonstrations swept across the Arab world in early 2011, the Iranian authorities portrayed the revolts as an Islamic awakening and incited Arab protesters to channel the wave of revolution to the Gulf monarchies. The US State Department under Clinton, meanwhile, tried to take advantage of the Arab uprisings to seek regime change in Iran, encouraging local activists to fight against the authorities like their Arab counterparts (see Section 7.2.3 of Chapter 7).⁴⁷¹

In contrast to its approach to the Green Movement, the EU was not as outspoken as Washington when it came to promoting democracy in Iran during the Arab revolts. However, amid the uprisings the Union did step up pressure on Tehran (as well as other authoritarian regimes in the region) over human rights violations. Member states agreed to impose asset freezes and visa bans on Iranian individuals and entities responsible for grave human rights violations. Moreover, they adopted a ban on exports to Iran of equipment which might be used for internal repression and monitoring telecommunications.⁴⁷²

Despite human rights sanctions, the dominant focus of the EU's Iran policy-making had still been placed on the nuclear issue. In this regard, the IAEA report of November 2011 and subsequent UK embassy attack in Tehran are particularly worth mentioning since the two incidents considerably heightened the antagonism between

⁴⁷¹ Trita Parsi and Reza Marashi, "Arab Spring Seen from Tehran," *The Cairo Review of Global Affairs*, no. 2 (2011): 98–112.

⁴⁷² "EU Restrictive Measures against Iran," *European Council*, accessed May 28, 2017, <http://www.consilium.europa.eu/en/policies/sanctions/iran/>.

the EU and Iran over the nuclear dispute, prompting European leaders to take unprecedented measures to isolate and punish the Islamic Republic.

In February 2011, the IAEA revealed in a confidential document that it had received new information regarding Iran's intention of developing nuclear-armed missiles.⁴⁷³ Western capitals therefore asked the Agency to provide details pointing to the military aspect of Iran's nuclear activities. On November 8, the IAEA issued its most detailed report investigating the research, experiments and other activities in Iran geared to developing the capability to make nuclear bombs. In the report, the Agency underlined its "serious concern" about the "possible military dimensions to Iran's nuclear program." According to the document, the activities Tehran had undertaken since 2003 could be "highly relevant" to a nuclear weapons program: some of its activities had both civilian and military applications, while others were specifically related to nuclear bombs. In addition to that, the IAEA confirmed that since 2007, Iran had produced 4,922 kilograms of low-enriched uranium—enough for a handful of nuclear weapons once enriched to higher levels.⁴⁷⁴

EU leaders reacted quickly to the IAEA report but in the end failed to apply additional sanctions on the Islamic Republic. After studying the report, French Foreign Minister Alain Juppe called for the convening of a Security Council meeting, expressing that France was ready to adopt forceful sanctions against Iran on an unprecedented scale.⁴⁷⁵ In addition, British Foreign Minister William Hague argued that the standoff between Iran and the international community had entered "a more dangerous phase," given that the latest IAEA report would considerably increase the likelihood for other

⁴⁷³ Fredrik Dahl, "IAEA Says Gets Info on Possible Iran Military Work," *Reuters*, February 26, 2011, <http://www.reuters.com/article/us-nuclear-iran-idUSTRE71O4RC20110226>.

⁴⁷⁴ Sylvia Westall and Fredrik Dahl, "Highlights in U.N. Report on Iran Nuclear Program," *Reuters*, November 8, 2011, <http://www.reuters.com/article/us-nuclear-iran-highlights-idUSTRE7A778620111108>.

⁴⁷⁵ Alexandria Sage, Sophie Louet, and Nicholas Vinocur, "France Warns Iran of 'Unprecedented' Sanctions," *Reuters*, November 9, 2011, <http://www.reuters.com/article/us-france-iran-juppe-idUSTRE7A827C20111109>.

Middle East countries to pursue nuclear weapons.⁴⁷⁶ Whereas the French and British governments supported discussing new punishments at the Security Council, European diplomats understood there was actually no window for further UN actions due to China and Russia's unquestionable rejection of imposing additional sanctions on Iran. The two countries' detestation of Western-sponsored regime change in Libya and the ongoing fighting among the permanent five in the Syria crisis made it even harder for the Security Council to adopt a forceful resolution on Iran.⁴⁷⁷

Along these lines, France and Britain sought to persuade other EU member states to approve tougher sanctions against Iran within the Union. However, this approach also turned out arduous given the lack of consensus among member states, and between European foreign and economic policy makers. Whereas the French and British foreign ministries proposed to sanction the Iranian energy industry, some other member states were reluctant to sever commercial ties with the Islamic Republic or to inflict economic pain on the Iranian people. Moreover, EU economic policy makers maintained that targeting the Iranian energy sector would jeopardize the European economy, especially at the time of oil price surges and the eurozone debt crisis.⁴⁷⁸

Amid these disapproving views, Greece, which relied heavily on Iranian crude oil, voiced its strong opposition to additional EU energy sanctions. Due to the Greek government-debt crisis, foreign banks refused to provide financing to Athens, fearing the government would default on its debt. In view of the lack of bank financing, Greece's traditional energy suppliers from Russia, Azerbaijan and Kazakhstan had substantially reduced their oil exports to the country. Athens, in this context, had no choice but to purchase oil from Iran, which, given its own difficulty in selling crude

⁴⁷⁶ Alexandria Sage and Steve Gutterman, "West Seeks New Iran Sanctions over Nuclear Report," *Reuters*, November 9, 2011, <http://www.reuters.com/article/us-nuclear-iran-idUSTRE7A82JU20111109>.

⁴⁷⁷ *Ibid.*

⁴⁷⁸ Justyna Pawlak, "EU Mulls New Sanctions against Defiant Iran," *Reuters*, November 10, 2011, <http://www.reuters.com/article/us-nuclear-iran-idUSTRE7A94OY20111110>.

oil, was more willing to work on an open credit basis. Consequently, in spite of the heightening pressure from Washington and Brussels, the share of Iranian oil in Greece's total crude oil import increased from 16 percent in 2010 to nearly 40 percent in late 2011, making the government hostile to any additional EU sanctions against the Iranian energy sector.⁴⁷⁹

Overall, due to the fear of driving up the oil prices and jeopardizing European economic recovery, EU member states failed to adopt substantial punitive measures targeting either the Iranian energy sector or its Central Bank.⁴⁸⁰ Instead, in response to the IAEA report, foreign ministers merely agreed in late November 2011 to extend previous restrictive measures to another 180 entities and individuals directly involved in Iran's nuclear activities.⁴⁸¹ Adding to the EU restrictions, the British government decided to ban all its financial institutions from dealing with Iran. This decision, however, was viewed as largely symbolic because under US sanctions, there had been few, if any, British banks that still maintained financial ties with the Islamic Republic.⁴⁸²

Whereas the IAEA report did not lead to a substantial tightening of EU sanctions, the UK embassy attack of December 2011 eventually induced EU foreign ministers to push for an oil embargo on Iran. On November 28, in retaliation for Britain's unilateral financial sanctions, the Iranian Guardian Council unanimously approved a plan to downgrade diplomatic ties with the UK and ordered the British Ambassador to

⁴⁷⁹ Dmitry Zhdannikov and Ikuko Kurahone, "Greece Turns to Iranian Oil as Default Fears Deter Trade," *Reuters*, November 11, 2011, <http://www.reuters.com/article/us-greece-iran-oil-idUSTRE7AA3IJ20111111>; Parisa Hafezi, "Iran Embargo Gathers Support in Asia and Europe," *Reuters*, January 12, 2012, <http://www.reuters.com/article/us-iran-idUSTRE8090ZL20120112>.

⁴⁸⁰ Sebastian Moffett and Justyna Pawlak, "EU Ministers Postpone Decision on New Iran Sanctions," *Reuters*, November 14, 2011, <http://www.reuters.com/article/us-eu-iran-idUSTRE7AD2AE20111114>.

⁴⁸¹ "Press Release of 3130th Council Meeting—Foreign Affairs," December 1, 2011, 8, 17720/11, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/126518.pdf.

⁴⁸² Robin Pomeroy and Ramin Mostafavi, "Analysis: Rising Prices Main Clue to Iran Sanctions Impact," *Reuters*, December 14, 2011, <http://www.reuters.com/article/us-iran-sanctions-economy-idUSTRE7BD13420111214>.

leave Iran in two weeks.⁴⁸³ On the next day, angry demonstrators stormed the British embassy in Tehran in protest of London's sanctions policy.

The embassy attack provided additional ammunition for Britain and France to push for stronger sanctions against Iran within the EU. In the wake of the assault, France vowed to push the EU foreign ministers to consider sanctions that would “paralyze” the Iranian regime, including an oil embargo and a freeze of the assets of the Iranian Central Bank within the EU.⁴⁸⁴ France's initiative was backed by the British government, which called for the Union to ban the imports of Iranian oil and noted that should the EU fail to adopt a solution, the UK would still go ahead with the embargo unilaterally or with France and Germany.⁴⁸⁵

In early 2012, EU foreign policy makers started again to mull over possible energy sanctions to be imposed on Iran. On New Year's Eve 2011, President Obama signed into law a defense funding bill that enhanced sanctions on foreign financial institutions dealing with Iran's Central Bank—the government's main channel for oil revenues. The new law aimed to dissuade foreign companies from dealing in petroleum or non-petroleum business with Iran.⁴⁸⁶ Notwithstanding the new ban adopted by Washington, EU member states remained dubious about whether to impose sanctions on the imports of Iranian oil. Their hesitancy can be explained by two reasons.

⁴⁸³ Mitra Amiri, “Iran Rushes through Law Expelling British Ambassador,” *Reuters*, November 28, 2011, <http://www.reuters.com/article/us-iran-britain-ties-law-idUSTRE7AR1MZ20111128>.

⁴⁸⁴ John Irish, “France Recalls Ambassador from Iran, Pushes Tougher Sanctions,” *Reuters*, November 30, 2011, <http://www.reuters.com/article/us-iran-france-idUSTRE7AT24Q20111130>; Justyna Pawlak, “UK Embassy Attack Bolsters EU Push for Iran Sanctions,” *Reuters*, November 30, 2011, <http://www.reuters.com/article/us-iran-europe-idUSTRE7AT2MB20111130>.

⁴⁸⁵ Emma Farge, “Britain Pledges Support for Iran Oil Embargo: Sources,” *Reuters*, November 30, 2011, <http://www.reuters.com/article/us-iran-oil-sanctions-idUSTRE7AT1R520111130>.

⁴⁸⁶ Arshad Mohammed, “Q+A: New Iran Sanctions Law Lets Obama Pull His Punches,” *Reuters*, January 12, 2012, <http://www.reuters.com/article/us-iran-usa-sanctions-idUSTRE80B28F20120112>.

First, economic decision makers cast doubt on the effectiveness of an embargo. Some argued that even after the introduction of an EU oil ban, Iran could still replace the lost barrels in Europe by increasing oil flow to Asia. Moreover, the EU embargo, coupled with the world's fear about Israel's potential military strike on Iran, would further drive up the global oil price, in which even a small rise would more than compensate Iran for its losses from being obliged to re-route oil exports from Europe to Asia.⁴⁸⁷

Second, while the embargo might not effectively undercut Iran's oil revenues, it would probably obstruct the recovery of European economy by putting Italy, Spain and Greece—the three biggest Iranian oil importers of the EU—in jeopardy. Although Saudi Arabia had indicated its intention to substitute for the Iranian exports to the EU and minimize the impact of the embargo on the global energy market, the Saudis had in fact far less spare capacity to replace oil supplies of the same quality as the Iranian crude. Additionally, in view of the Saudi-Iranian energy competition in Asia, Saudi Arabia might also be loath to ship more oil to Europe at the risk of ceding the lucrative Asian market to the Iranians.⁴⁸⁸

Taking these factors into account, EU member states agreed in principle on January 4, 2012 to ban Iranian oil imports to the Union. Over the next few weeks, foreign and economic policy makers resolved to draw up the details of the embargo plan, attempting to contribute to the US campaign to hold back Iran's nuclear program, on the one hand, and limit the impediment of the embargo to European economic recovery, on the other hand. During this time, the Ahmadinejad government confirmed enrichment operations at the Fordow nuclear facility, prompting Britain

⁴⁸⁷ Nidhi Verma and Dmitry Zhdannikov, "Exclusive: EU Thinks Twice about Iran Oil Ban," *Reuters*, December 6, 2011, <http://www.reuters.com/article/us-iran-oil-idUSTRE7B500P20111206>; Ramin Mostafavi, "Iran Threatens to Stop Gulf Oil If Sanctions Widened," *Reuters*, December 27, 2011, <http://www.reuters.com/article/us-iran-oil-hormuz-idUSTRE7BQ0I320111227>.

⁴⁸⁸ Verma and Zhdannikov, "Exclusive: EU Thinks Twice about Iran Oil Ban"; Mostafavi, "Iran Threatens to Stop Gulf Oil If Sanctions Widened."

and France to push other EU members to ratchet up pressure on Iran as quickly as possible. Citing Iran's latest moves, the two governments spoke against the suggestion of allowing some member states a longer grace period to fulfill existing contracts with Iran after the introduction of the EU embargo.⁴⁸⁹ In contrast, Greece, Italy and Spain insisted that they had to be granted enough time and exemptions in order to find replacements for Iranian crude oil and minimize the sudden shock to their already troubled economies.⁴⁹⁰ Later, even the British government joined in the southern European states to ask for postponement and exemptions, fearing that a total embargo would lead to a sudden supply disruption and oil price spike.⁴⁹¹ The British, however, soon dropped their appeal in light of the fall in oil prices.⁴⁹²

In the end, the member states' debate on the oil embargo focused on two issues: first, the length of the grace period, namely, whether to grant some countries a 12-month period to fulfill existing contracts or limit the term to only three months; second, once the embargo was introduced, should the EU allow some member states to continue receiving Iranian oil in payment for the outstanding Iranian debts to these countries.

Denmark, which held the EU's rotating presidency, tried to bridge the difference within the Union. The government put forward a proposal, stipulating that EU member states could, until the end of June 2012, fulfill existing contracts once an embargo was introduced, but they would have to cease all crude oil imports from Iran afterwards. During the grace period, member states would not be allowed to sign new

⁴⁸⁹ Justyna Pawlak and Julien Toyer, "EU States Still Divided over Details of Iran Oil Embargo," *Reuters*, January 19, 2012, <http://www.reuters.com/article/us-iran-eu-sanctions-idUSTRE80I1NT20120119>.

⁴⁹⁰ "EU Moves towards Agreement on Details of Iran Oil Embargo," *Reuters*, January 12, 2012, <http://www.reuters.com/article/us-eu-iran-idUSTRE80B0UL20120112>.

⁴⁹¹ Dmitry Zhdannikov and Justyna Pawlak, "Britain Seeks Delay to EU's Iran Ship Insurance Ban," *Reuters*, May 9, 2012, <http://www.reuters.com/article/us-iran-eu-insurance-idUSBRE84806K20120509>; Adrian Croft, "EU Studying Impact of Iran Ship Insurance Ban: UK," *Reuters*, May 15, 2012, <http://www.reuters.com/article/us-iran-eu-insurance-idUSBRE84E18G20120515>.

⁴⁹² Jonathan Leff, "Oil Market Shrugs at Imminent Iran Tanker Insurance Ban," *Reuters*, June 18, 2012, <http://www.reuters.com/article/us-iran-oil-exports-idUSBRE85H0YG20120618>.

energy contracts with Iran. Although allowing a six-month grace period to continue existing deals blunted the initial impact of the EU embargo, this gradual approach was favored by a majority of member states since it helped reduce the negative impact of the embargo on the European economy.⁴⁹³

In regard to the second issue under debate, Italy insisted that it would back the embargo only if the oil deliveries from Iran to repay the country's debts to the Italian energy giant Eni were exempted from EU restrictions. Eni's CEO revealed that Iran still owed the company nearly USD 2 billion and had been paying back Italy with crude oil under a decade-old deal.⁴⁹⁴ In this light, the Italian government suggested the EU allow relevant member states to continue receiving oil from Iran as a way for Iranian companies to reimburse outstanding debts to Europe. In the end, Italy's initiative was approved by other EU foreign ministers, who believed this approach not only allowed European companies to recover their money (not with currency but in oil) but also reduced the oil supply Tehran could use to boost government revenues.⁴⁹⁵

Corresponding with the discussions about the oil embargo, EU member states had also been debating a proposal to fortify financial sanctions against Iran. In this regard, the Union was divided over whether to adopt France and Britain's proposal of sanctioning the Iranian Central Bank. From a security perspective, in the hope of impeding Iran's enrichment activities and pushing it back to the negotiating table, the EU had to consider starving the nuclear program of money. In this vein, the Central Bank of Iran should be targeted by the EU since it served as the main conduit for the government's oil income, which accounted for about 60 percent of Iran's fiscal revenues. Nevertheless, whereas the United States had decided to sanction all

⁴⁹³ Justyna Pawlak and Julien Toyer, "EU Discussing Plan to Start Iran Oil Ban on July 1," *Reuters*, January 17, 2012, <http://www.reuters.com/article/us-iran-eu-sanctions-idUSTRE80G14Y20120117>.

⁴⁹⁴ Justyna Pawlak and Parisa Hafezi, "Exclusive: EU Agrees to Embargo on Iranian Crude," *Reuters*, January 4, 2012, <http://www.reuters.com/article/us-iran-idUSTRE8031DI20120104>; "EU Moves towards Agreement on Details of Iran Oil Embargo."

⁴⁹⁵ "EU Moves towards Agreement on Details of Iran Oil Embargo."

financial institutions dealing with the Iranian Central Bank since January 2012, the EU was hesitant to follow suit. Economic interests played a big role in the calculation. While the commercial ties between America and Iran barely existed, the total volume of EU-Iran trade amounted to EUR 27 billion in 2011, of which only half was linked to the EU's oil imports. In Germany, for example, hundreds of small- and medium-sized enterprises had been engaging in legitimate trade with Iran, which, even in 2012, earned the country about USD 250 million per month in exports.⁴⁹⁶ Under this circumstance, Germany and some other member states were keen to make sure a potential EU asset freeze on Iran's Central Bank would not hinder bilateral trade in sectors other than oil. While not completely opposing to the Central Bank sanctions, these governments insisted that exemptions had to be provided in order to protect legitimate trade with Iran.⁴⁹⁷

Similar to the discussion on an oil embargo, the negotiations on imposing more stringent financial sanctions on Iran, therefore, turned into another debate on how to strike a balance between the EU's security and economic interests. Member states attempted to draw up a formula that would stop short of a full ban on transactions with the Iranian Central Bank, but still be effective in drying up the financial resources to Iran's nuclear program.⁴⁹⁸ Eventually, foreign ministers reached an agreement on January 23, 2012 to freeze the assets of the Iranian Central Bank inside the EU but ensuring that most of the legitimate trade between the two sides could continue. Apart from the previous restrictions imposed by the EU on bilateral trade, the new sanctions policies ruled that only trade in gold, precious metals and diamonds with Iranian public bodies and the Central Bank would no longer be permitted.⁴⁹⁹

⁴⁹⁶ Justyna Pawlak, "Insight: How European Courts Are Dismantling Sanctions on Iran," *Reuters*, July 15, 2013, <http://www.reuters.com/article/us-iran-nuclear-courts-insight-idUSBRE96E0LS20130715>.

⁴⁹⁷ Arshad Mohammed, Justyna Pawlak, and Warren Strobel, "Special Report: Inside the West's Economic War with Iran," *Reuters*, December 28, 2012, <http://www.reuters.com/article/us-iran-sanctions-idUSBRE8BR04620121228>.

⁴⁹⁸ "EU Moves towards Agreement on Details of Iran Oil Embargo."

⁴⁹⁹ "EU Imposes Fresh Round of Sanctions on Iran," *EEAS*, January 23, 2012,

In light of the US and EU oil embargo and Central Bank sanctions, European energy companies gradually halted Iranian crude import and stepped away from the oil and gas projects in Iran. In particular, the US policy of prohibiting foreign banks from routing payments for oil back to Iran caused big frustration for European companies, which could do little but see outstanding debt to Iran accumulating day by day as a result of unpaid interest. For European energy majors that had maintained longstanding relationships with Iran through years of crude purchases and oil and gas developments, Western sanctions presented an insoluble dilemma. On the one hand, these companies, reluctant to burn bridges with Iran, endeavored to maintain amicable relations with the government for the day when sanctions were to be lifted. On the other hand, European companies dared not to evade the restrictions imposed by Washington and their home governments given that a breach of sanctions could put their economic interests in the US and Europe in serious jeopardy.⁵⁰⁰ Taking note of the consequence, Total and Royal Dutch Shell, which previously lifted 180,000-200,000 bpd from Iran, suspended their purchase in January 2012.⁵⁰¹ In the run-up to the June 30 EU oil embargo deadline, Italy's Edison International also withdrew from the Iranian energy sector, scrapping a multi-million dollar contract on developing the Dayyer natural gas field.⁵⁰²

After the EU stepped up sanctions against the Iranian energy and financial sectors, the six powers and Iran resumed the nuclear talks that had been suspended for more than a year. From April to June 2012, negotiators met three times in Istanbul (April), Baghdad (May) and Moscow (June). However, no progress had been made by the two

http://eeas.europa.eu/top_stories/2012/230112_iran_en.htm.

⁵⁰⁰ Richard Mably and Peg Mackey, "Exclusive: Shell Scrambles to Pay Huge Bill for Iran Oil," *Reuters*, May 25, 2012, <http://www.reuters.com/article/us-shell-iran-idUSBRE82O07420120325>; Richard Mably, "Exclusive: Shell Seeks Iran Sanctions Workaround via Cargill Grain Barter," *Reuters*, October 26, 2012, <http://www.reuters.com/article/us-shell-iran-idUSBRE89P0UE20121026>.

⁵⁰¹ Dmitry Zhdannikov, "Oil Industry Sees China Winning, West Losing from Iran Sanctions," *Reuters*, January 27, 2012, <http://www.reuters.com/article/us-davos-iran-oil-idUSTRE80Q00A20120127>.

⁵⁰² Andrew Quinn, "U.S. Welcomes Move by Italy's Edison to Quit Iran Energy Sector," *Reuters*, July 6, 2012, <http://www.reuters.com/article/us-iran-usa-edison-idUSBRE8650XW20120706>.

sides towards a nuclear deal. At each round of negotiations, Iran underlined that it would not compromise the right to enrich uranium and that sanctions had to be lifted before it halted nuclear activities. In contrast, Western powers insisted that sanctions could only be eased after Iran first shutting down its enrichment facilities.⁵⁰³

While negotiating with the P5+1, Iran pushed ahead with the construction of new reactors that could advance uranium enrichment to a level closer to potential bomb material. Under this condition, Israel threatened to attack Iranian nuclear sites if diplomacy and sanctions were insufficient to stop Tehran's nuclear drive.⁵⁰⁴ In the second half of 2012, the hope of seeking a breakthrough in the nuclear talks grew slim as the Iranian government had shifted its attention from the negotiations to the domestic presidential election to be held in June 2013.

Since a diplomatic solution proved futile to suppress Iran's nuclear ambitions, the EU three decided to take comprehensive measures to sanction the energy, finance, trade and transportation sectors of the country.⁵⁰⁵ In this regard, Britain, France and the Netherlands urged the EU to adopt a broader trade embargo and absolute ban on financial transactions with the Islamic Republic. However, some member states such as Germany were still hesitant about applying general prohibitions to bilateral trade. Some referred to the negative impact of such a policy on their economies while others voiced reservations about imposing too much hardship on the Iranian people.⁵⁰⁶

Although trade between the EU and Iran had fallen significantly in 2012, the Union

⁵⁰³ Andrew Quinn and Justyna Pawlak, "Iran, Big Powers Agree to Hold More Nuclear Talks in June," *Reuters*, May 24, 2012, <http://www.reuters.com/article/us-iran-nuclear-idUSBRE84N0IZ20120525>.

⁵⁰⁴ Fredrik Dahl, "IAEA Finds Higher Uranium Trace in Iran: Sources," *Reuters*, May 25, 2012, <http://www.reuters.com/article/us-nuclear-iran-uranium-idUSBRE84O0LN20120525>; Fredrik Dahl, "Iran Pushes Ahead with Nuclear Plant That Worries West," *Reuters*, May 22, 2013, <http://www.reuters.com/article/us-iran-nuclear-iaea-idUSBRE94L12420130522>.

⁵⁰⁵ Justyna Pawlak, "EU Considers Sanctions against Iranian Banks, Energy Sector," *Reuters*, September 26, 2012, <http://www.reuters.com/article/us-eu-iran-sanctions-idUSBRE88P17W20120926>.

⁵⁰⁶ Justyna Pawlak, "EU Questions 'Taboo' against Broad Trade Embargo on Iran," *Reuters*, October 5, 2012, <http://www.reuters.com/article/us-eu-iran-sanctions-trade-idUSBRE8940UT20121005>.

still purchased goods from Iran worth nearly EUR 6 billion, while exporting to the country more than EUR 7 billion.⁵⁰⁷

That being said, in light of the growing frustration over the nuclear talks and Israel's impending attack on Iran's nuclear facilities, EU member states finally agreed to adopt more comprehensive sanctions towards the end of Ahmadinejad's presidency. According to the sanctions package approved in October 2012, the EU decided to prohibit, in general, all financial transactions between European and Iranian banks. But in case of special circumstances, European traders could ask their home governments for authorization before financing transactions in permitted goods. Moreover, adding to a previous ban on medium- and long-term trade guarantees, the EU required member states to stop issuing short-term export credits, guarantees or insurance to companies doing business with Iran as well.⁵⁰⁸ As a result of the comprehensive trade embargo, member states completely halted Iranian crude oil imports, cutting the total EU imports from Iran by 86 percent from 2012 to 2013. In the meantime, EU exports to Iran also dropped by 26 percent.⁵⁰⁹

⁵⁰⁷ "European Union, Trade in Goods with Iran" (European Commission Directorate-General for Trade, April 14, 2016), http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113392.pdf.

⁵⁰⁸ Justyna Pawlak, "Factbox: EU Approves New Sanctions against Iran," *Reuters*, October 15, 2012, <http://www.reuters.com/article/us-iran-nuclear-idUSBRE89E13S20121016>.

⁵⁰⁹ "Trade with Iran," *European Commission*, April 14, 2016, <http://ec.europa.eu/trade/policy/countries-and-regions/countries/iran/>.

6.2.4. Theoretical expectations and empirical results

This section explores how the EU dealt with conflicting goals in Iran from early 2009 to the end of Ahmadinejad's presidency in July 2013. The overriding concern of the EU and its member states during this period was how to reconcile the security goal of using sanctions to force Iran to scale back its nuclear program, on the one hand, and the economic goal of minimizing the negative impact of sanctions on the European economy, on the other hand.

During the second term of Ahmadinejad's presidency, Iran continued to intensify its nuclear development and thus put the EU's security interests in jeopardy, particular for nuclear-weapon states like France and the UK. In late 2009, Iran rejected the fuel supply deal offered by the P5+1. Consequently, the EU approved additional punishment in July 2010 by adopting a comprehensive sanctions package mainly targeting the Iranian energy sector. Although claimed as comprehensive, the package had only limited impact on bilateral economic relations. Reluctant to sacrifice energy and economic interests, EU member states failed to adopt the French suggestion of halting energy trade and blacklisting the Central Bank of Iran and other financial institutions of the country. Although the sanctions package included a ban of new investments and the sale of equipment and technologies to Iran's oil and gas sectors, European energy firms were not seriously affected given that they had already taken similar actions beforehand in order to observe the US sanctions policies. In light of these findings, I concluded that until late 2011, the EU as a whole chose to prioritize the goal of protecting economic interests in Iran over that of immediately addressing the nuclear threat through harsh sanctions.

In November 2011, the IAEA disclosed the military aspect of Iran's nuclear program, which led the UK to impose unilateral financial sanctions. In retaliation to the move, Iranian protesters attacked the British embassy in Tehran. These incidents left the EU

in a difficult position. On the one hand, the IAEA report and embassy attacks prompted member states to adopt more forceful punishments targeting Iran's energy, trade and financial sectors. On the other hand, governments feared these punitive measures would induce an oil price surge, hold back exports and impede European economic recovery. Attempting to strike a balance between security and economic goals, the EU imposed an oil embargo on Iran in January 2012 but granted member states a six-month grace period and exemptions to fulfill existing contracts. Similar to the oil ban, the discussion on freezing the assets of the Iranian Central Bank also focused on how to square security with economic interests by finding a formula that would stop short of a full ban on transactions with the Central Bank, but still be effective in drying up the financial resources to Iran's nuclear program.

In spite of the sanctions, Iran showed no intention of slowing down its nuclear activities. As the country continued to build new reactors and advanced enrichment to a level closer to the atomic bomb, EU member states eventually agreed in October 2012 to prioritize their security goal over economic interests by imposing a total trade embargo and comprehensive financial sanctions on Iran.

Aside from analyzing the overriding conflict between the EU's security and economic goals, this section also touched on the incompatibility between the Union's economic and normative interests in Iran. The EU and its member states acknowledged the serious human rights violations of the Iranian authorities, especially during and after the Green Movement. However, even in the face of the post-election crackdown on anti-government protesters, neither the EU nor any member states were ready to punish the Iranian authorities for its human rights abuse by sacrificing bilateral economic cooperation on energy and trade. Apart from repeatedly expressing their disapproval and restricting the exports of some security equipment, both the EU and member state governments acted cautiously to prevent democracy and human rights issues from diverting their focus on the nuclear crisis. Whereas the EU did eventually

adopt comprehensive sanctions at the expense of economic interests, the main cause leading to this development was the security threat posed by Iran's nuclear program instead of its violation of democratic values and human rights. To sum up, when the EU's economic and normative goals in Iran were at odds with each other, the Union put economic interests before its normative pursuits.

Table 6.1 on the next page provides a summary of the empirical findings presented in this section and the explanatory forces of the neorealist, bureaucratic politics and constructivist approaches to FPA, which are outlined as follows.

The neorealist approach correctly predicts that in between economic and normative goals, EU member states would prioritize economic gains while treating normative goals as irrelevant. However, a more fundamental assumption of neorealism, namely, a state must safeguard its security before advancing other foreign policy goals, is disconfirmed by the findings made in this section. The neorealist approach maintains that a state's foreign policy is driven by the constraints and opportunities derived from its external environment, defined by the relative power position of that state vis-à-vis other states. In an anarchic international system, the possession of nuclear weapons is an important indicator of a state's military power. In this regard, EU members—no matter nuclear-weapon states such as France and the UK, or NATO member nuclear weapons sharing states such as Germany, Italy and the Netherlands—should primarily work on preventing Iran from getting nuclear bombs, instead of seeking to preserve economic gains at the expense of fundamental security interests. The neorealist approach is therefore inadequate to explain why EU member states, unlike the United States, were hesitant to impose comprehensive sanctions against Iran notwithstanding the latter's continuous uranium enrichment from 2009 to 2012, and why some states were ready to sacrifice a substantial part of their economic interests only by the end of Ahmadinejad's presidency.

Table 6.1: Summary of empirical findings and testing of theoretical expectations (EU's Iran policies, January 2009 - July 2013)

| Periods | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|--|------------------------|-------------------------------------|---------------------|--------------------------------|-------------------------|
| Ahmadinejad phase I (January 2009 - late 2011) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | Prioritize economic goals | Confirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | Prioritize economic goals | Disconfirmed | Disconfirmed | Disconfirmed |
| Ahmadinejad phase II (early 2012 - July 2013) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | Prioritize economic goals | Confirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | Balance → prioritize security goals | Partly confirmed | Disconfirmed | Disconfirmed |

The empirical findings also disconfirmed the prediction made by the bureaucratic politics approach, which argues that the EU arranges conflicting foreign policy goals based on the results of bureaucratic rivalries among Brussels institutions. Although the European Commission enjoys considerable competence in the Union's economic policy-making, taking punitive measures against countries outside the EU relies heavily on the consensus among member states, with the impact of EU institutions greatly constrained. The way the EU dealt with goal conflicts in Iran, therefore, depended primarily on the debates among member state governments and the constraints imposed on them by domestic politics. The executive leaders of member state governments should be answerable to their domestic constituents, which tend to

place a strong emphasis on economic welfare. Moreover, societal actors such as economic interest groups also try to shape the foreign policy-making process according to their economic concerns. Due to these reasons, the German government, for example, sought to postpone the EU's total trade ban on Iran and water down the Central Bank sanctions in order to protect the interests of domestic exporters, which played a leading role in EU-Iran trade relations. For similar reasons, Greece, Spain and Italy—the three biggest European importers of Iranian crude oil—opposed an immediate and comprehensive oil embargo as it risked domestic energy supply and economic recovery. Even for France and the UK, the two most ardent supporters of stringent punitive measures against Iran, foreign policy makers had to consider the view of domestic energy majors, which were unsettled by the impact of EU sanctions on the global energy market as well as their lucrative projects in Iran.

In conclusion, although this study could not investigate in detail the domestic politics of each and every EU member state, my analysis on the way European foreign ministers tried to minimize the negative impact of sanctioning Iran on their domestic economies still demonstrates that the main calculation behind the EU's hesitancy to impose harsh sanctions on Iran was not about the conflict of departmental interests within the EU or a member state's bureaucratic system, but caused by the domestic constraints faced by foreign policy makers outside the government apparatus. The bureaucratic politics approach, while overemphasizing bureaucratic rivalries, fails to account for the impact of domestic politics on foreign policy-making.

Lastly, the empirical findings presented in this section also falsified the constructivist assumption that the foreign policy behavior of the EU would be consistent with the norms endorsed by the Union. From a constructivist perspective, when economic and normative goals were in conflict, the EU should try to advance its normative targets of promoting democracy, the rule of law and human rights at the expense of some economic interests. When security goals clashed with economic interests, the EU is

expected to prioritize the one that is most productive in achieving its normative targets, which in this case, should be imposing harsher punishments on Iran instead of protecting Europe's economic ties with the country. Theoretically, Iran's autocratic rule and widespread human rights abuses should increase the impulse of EU foreign policy makers to impose more stringent sanctions on the regime. However, what the EU had been doing in this period indicates quite the opposite. Apart from voicing its condemnation and banning the exports of some security equipment, the Union did not take forceful actions to address the human rights violations in Iran, even in light of the crackdown on the Green Movement. Compared to the EU's security and economic interests in the country, normative issues were not the focus of European foreign policy makers during this period. While member states were hesitant to give up economic interests in order to curb Iran's nuclear ambitions, they were even more reluctant to sacrifice bilateral economic relations for the sake of urging Iran to improve human rights. Although EU member states eventually imposed comprehensive sanctions at the expense of major economic interests, the decision was made according to their security calculations rather than normative concerns.

6.3. Iran under Hassan Rouhani (August 2013 - January 2016)

6.3.1. From interim deal to final settlement

When the relatively moderate cleric Hassan Rouhani won the presidential election on June 14, the P5+1 saw a chance that the new leader might be more amenable to making concessions over the long-standing nuclear dispute. Rouhani took office on August 3, vowing to refocus the government's attention on economic salvation and "constructive interaction" with the world.⁵¹⁰ Three days later, the President declared

⁵¹⁰ Justyna Pawlak, "World Powers See Iran's Rouhani as Chance for Nuclear Deal," *Reuters*, July 19, 2013, <http://www.reuters.com/article/us-iran-nuclear-idUSBRE96I0XQ20130719>; Yeganeh Torbati, "Iran Gets New President, Vows 'Constructive' Foreign Relations," *Reuters*, August 3, 2013, <http://www.reuters.com/article/us-iran-rouhani-idUSBRE97205U20130803>.

at the new administration's first press conference that his government would not do away with its nuclear right but was prepared to enter negotiations with the six powers "seriously and without wasting time."⁵¹¹ Reflecting on Rouhani's announcement, in September 2013, French President Francois Hollande met with his Iranian counterpart ahead of other Western leaders, urging the government to change words into concrete gestures.⁵¹² Days later, Obama and Rouhani talked on the phone, confirming their joint commitment to a nuclear deal.

On October 15, the P5+1 resumed negotiations with Iran, which hinted at the intention to scale back sensitive atomic work in exchange for sanctions relief.⁵¹³ Amid the resumption of nuclear talks, Supreme Leader Khamenei gave strong backing to Rouhani's push for a nuclear deal, warning domestic hardliners not to weaken the new administration's effort or accuse the President of compromising with the Americans.⁵¹⁴ In November, the IAEA further boosted the nuclear talks by concluding in its latest report that since Rouhani took office, Iran had stopped expanding its uranium enrichment capacity.⁵¹⁵

During the nuclear talks, the EU and United States upheld existing sanctions against Iran, trying to use sanctions relief and potential business deals as economic incentives to push forward with Rouhani's plan to make a breakthrough in the nuclear talks. In the meantime, Western powers also ensured that domestic legislators would not impose new sanctions to disrupt the negotiations. President Obama and Secretary of

⁵¹¹ Marcus George and Yeganeh Torbati, "Iran's Leader Reaches out to U.S., Vows to Resolve Nuclear Row," *Reuters*, August 6, 2013, <http://www.reuters.com/article/us-iran-nuclear-idUSBRE9750Q020130807>.

⁵¹² John Irish, "French Leader Meets Iran's Rouhani, Demands 'Concrete' Nuclear Steps," *Reuters*, September 24, 2013, <http://www.reuters.com/article/us-un-assembly-france-idUSBRE98N17L20130924>.

⁵¹³ Justyna Pawlak, "Nuclear Deal with Iran Not Close: Senior Western Diplomat," *Reuters*, October 17, 2013, <http://www.reuters.com/article/us-iran-nuclear-expectations-idUSBRE99G1CJ20131017>.

⁵¹⁴ Yeganeh Torbati, "Khamenei Tells Iran's Hardliners Not to Undermine Nuclear Talks," *Reuters*, November 3, 2013, <http://www.reuters.com/article/us-iran-nuclear-khamenei-idUSBRE9A206I20131103>.

⁵¹⁵ Fredrik Dahl, "Iran Putting Brakes on Nuclear Expansion under Rouhani: IAEA Report," *Reuters*, November 14, 2013, <http://www.reuters.com/article/us-iran-nuclear-iaea-idUSBRE9AD10Z20131114>.

State John Kerry pressed domestic law makers to hold off new sanctions in order to allow the six powers to test if it might be possible to resolve the nuclear standoff through diplomacy.⁵¹⁶

EU officials, meanwhile, faced a different problem from that of their American colleagues. Since 2013, an increasing number of European courts had overturned the sanctions imposed by the EU, asking member states governments to provide evidence showing how the Iranian banks and companies under sanctions were related to the nuclear program. The member states, however, refused to reveal the information, arguing that they must not expose confidential intelligence to the public and thus undermine the efforts to combat Iran's nuclear drive. In light of the refusal, European courts annulled the asset freezes on some Iranian private banks and companies. The decisions resulted in the EU re-imposing the annulled bans in order to preserve the sanctions regime and economic pressure on Iran.⁵¹⁷ However, as the nuclear talks were moving closer to a breakthrough, the EU was cautious not to let the Iranian side misperceive the reestablishment of sanctions. Officials thus explained to the Iranians that the move was about re-introducing sanctions already imposed rather than adding new restrictions.⁵¹⁸

On November 24, 2013, the P5+1 and Iran struck an interim deal referred to as the Joint Plan of Action, under which the Iranian government was to suspend its nuclear program for six months in exchange for initial relief from trade and financial sanctions. The interim deal served as a package of confidence-building steps between Western powers and Iran. According to the deal, Iran agreed to halt nuclear activities by suspending the construction of the Arak research reactor, rolling back the stockpile

⁵¹⁶ Paul Eckert, Steve Holland, and Arshad Mohammed, "Kerry Says Additional Sanctions on Iran Now Would Be a Mistake," *Reuters*, November 12, 2013,

<http://www.reuters.com/article/us-iran-nuclear-usa-kerry-idUSBRE9AB11720131113>.

⁵¹⁷ Pawlak, "Insight: How European Courts Are Dismantling Sanctions on Iran."

⁵¹⁸ Justyna Pawlak, "EU to Re-Impose Iran Sanctions Quashed by Court," *Reuters*, November 14, 2013, <http://www.reuters.com/article/us-iran-nuclear-eu-idUSBRE9AD0ZI20131114>.

of 20 percent enriched uranium, and allowing more inspections from the IAEA. In return, the six powers would let Iran obtain access to USD 1.5 billion in revenue from the trade in gold, precious metals, automotive and petrochemical. In addition, they also promised to give back USD 4.2 billion of Iran's oil revenue that had been frozen abroad.⁵¹⁹ Once the Joint Plan of Action was drawn up, the EU liaised with Iran on behalf of the P5+1 to iron out the practical details concerning program implementation. In early 2014, the IAEA confirmed that Iran had seriously implemented the program by halting its nuclear activities. Accordingly, the US and EU suspended some restrictions against the Islamic Republic.⁵²⁰

Based on the interim deal, the six powers started to negotiate with Iran in early 2014 on a final agreement that aimed to roll back the latter's nuclear activities to a greater extent in a bid to ensure the program could not be used to develop nuclear weapons. In July 2014, taking note of the wide divergence between the two sides, the powers decided to extend the interim deal for another four months to allow further negotiations. In November, the nuclear talks were extended for another seven months until June 2015.

During the negotiations, the EU and Western governments blamed Iran for making unrealistic demands on sanctions relief and too few concessions to alleviate others' fear about its nuclear activities. Iran, in contrast, held Western governments accountable for the slowdown of talks due to their unreasonable and excessive demands.⁵²¹ Among the EU three, France had taken a remarkably tough line with Iran

⁵¹⁹ "Text: Interim Nuclear Agreement between Iran and Six Powers," *Reuters*, November 24, 2013, <http://www.reuters.com/article/us-iran-nuclear-agreement-text-idUSBRE9AN0BQ20131124>; Louis Charbonneau and Parisa Hafezi, "Tough Road Lies Ahead after Landmark Iran Nuclear Deal," *Reuters*, November 25, 2013, <http://www.reuters.com/article/us-iran-nuclear-idUSBRE9AI0CV20131125>.

⁵²⁰ Fredrik Dahl and Justyna Pawlak, "West, Iran Activate Landmark Nuclear Deal," *Reuters*, January 20, 2014, <http://www.reuters.com/article/us-iran-nuclear-idUSBREA0J00420140121>.

⁵²¹ Louis Charbonneau and Michelle Nichols, "Iran Can No Longer Stall in Nuclear Talks: German Foreign Minister," *Reuters*, September 19, 2014, <http://www.reuters.com/article/us-iran-nuclear-idUSKBN0HE25O20140919>.

since the government maintained close ties with Israel as well as profitable economic and military cooperation with Gulf Arab countries. As Israel and Saudi Arabia feared that Obama might turn softer on Iran and accept a nuclear deal without firmness, Hollande assured these governments that France would strictly adhere to the policy of denuclearization before considering easing sanctions.⁵²²

Among the issues under debate at the negotiations, there were a number of sticking points preventing Iran and the Western powers from reaching common ground. Concerning uranium enrichment, Iran originally wanted to maintain all of its 20,000 centrifuges, of which 10,000 had been operational. The US and EU three, however, required Tehran to reduce the number to only several hundreds. In terms of uranium stockpiles, Iran planned to enrich 2.5 tons of uranium per year, whereas the maximum amount allowed by Western countries was only 250 kilograms. On research and development, Iran was keen to research on advanced centrifuges, but the US and EU were strongly opposed to Tehran developing more efficient centrifuges that would shorten the break-out time for a nuclear weapon. Moreover, in terms of transparency, Western powers urged Iran to fully cooperate with the IAEA, whereas the latter insisted that inspectors should be banned from military sites. Last but not least, on the speed of lifting sanctions, Iran demanded all UN, US and EU sanctions to be lifted at once but Western governments preferred a gradual approach.⁵²³

In the end, both sides decided to make some concessions in order to strike a final nuclear deal. In light of the ongoing civil war in Syria and the rise of Islamic State at

⁵²² John Irish, "Iran Standoff Sees France Winning Gulf Friends, Influence," *Reuters*, November 10, 2013, <http://www.reuters.com/article/us-nuclear-iran-france-idUSBRE9A90BV20131110>; Jeffrey Heller, "France Assures Israel It Will Stand Firm on Iran Deal," *Reuters*, November 17, 2013, <http://www.reuters.com/article/us-iran-nuclear-hollande-idUSBRE9AG0AR20131117>.

⁵²³ Louis Charbonneau, Parisa Hafezi, and John Irish, "Factbox: Key Issues in Iran Nuclear Talks with World Powers," *Reuters*, March 28, 2015, <http://www.reuters.com/article/us-iran-nuclear-factbox-idUSKBN0MN1N020150328>; Shadia Nasralla, "Factbox: Iran Nuclear Deal at a Glance," *Reuters*, July 14, 2015, <http://www.reuters.com/article/us-iran-nuclear-technical-factbox-idUSKCN0PO2AW20150714>.

the heart of the Middle East, the EU hoped to settle a nuclear agreement with Iran as soon as possible.⁵²⁴ Whereas Washington was still loath to include Iran in solving a wider range of regional problems, the EU three were ready to invite Iran to contribute to the fight against terrorism and facilitating a political solution to the Syria crisis.⁵²⁵ A failed nuclear negotiation, they argued, would put Rouhani and the reformist politicians of Iran in a disadvantaged position, leaving local politics under the domination of conservative hardliners. In that scenario, the EU was likely to suffer from a further degradation of its security environment caused by the uncooperative attitude of Iran on regional issues, not to mention a potential Israeli attack on Iran's nuclear facilities should the talks collapse.⁵²⁶

On July 14, 2015, the P5+1 and Iran reached an agreement on the Joint Comprehensive Plan of Action (JCPOA) as the final settlement of the nuclear crisis. Under this plan, Iran agreed to enrich uranium only at the Natanz facility and, over the next ten years, equip the plant with no more than 5,060 old and minimally efficient centrifuges. Fordow would no longer be used to enrich uranium, whereas the reactor in Arak, which used to produce weapons-grade plutonium, would be rebuilt

⁵²⁴ Cornelius Adebahr, Marc Otte, and Nathalie Tocci, "Taking EU-Iran Relations Beyond the Nuclear File" (Carnegie Endowment for International Peace, March 12, 2015), <http://carnegieendowment.org/2015/03/12/taking-eu-iran-relations-beyond-nuclear-file/i47m>; Cornelius Adebahr, Marc Otte, and Nathalie Tocci, "For Europe, Iran Is More than the Nuclear Problem," November 20, 2014, <https://euobserver.com/opinion/126606>.

⁵²⁵ Costas Pitas and Andrew Osborn, "British PM Cameron to Meet Iran's Rouhani to Ask for Help against Islamic State," *Reuters*, September 23, 2014, <http://www.reuters.com/article/us-britain-iran-idUSKCN0HI00620140923>; Noah Barkin, "Germany Trying to Convince Turkey, Iran to Join Fight against IS," *Reuters*, October 11, 2014, <http://www.reuters.com/article/us-mideast-crisis-germany-idUSKCN0I00KR20141011>; Shadia Nasralla, "Austria Says Fight against Islamic State Needs Syria's Assad," *Reuters*, September 8, 2015, <http://www.reuters.com/article/us-mideast-crisis-syria-austria-idUSKCN0R817X20150908>; John Irish, "France Says Iran Can Help Facilitate Syria Political Solution," *Reuters*, September 27, 2015, <http://www.reuters.com/article/us-un-assembly-france-rouhani-idUSKCN0RR12I20150927>; Joseph Nasr and Paul Carrel, "Germany Sees Iran as Key to Stabilizing Middle East," *Reuters*, January 19, 2016, <http://www.reuters.com/article/us-mideast-crisis-germany-idUSKCN0UX1NG>.

⁵²⁶ John Irish, "France Tempers Iran Nuclear Stance in Nod to Wider Diplomatic Needs," *Reuters*, November 21, 2014, <http://www.reuters.com/article/us-iran-nuclear-france-insight-idUSKCN0J50M420141121>.

for peaceful nuclear research. Furthermore, Iran promised to reduce its current nuclear stockpile to 300 kilograms of 3.67 percent low-enriched uranium for 15 years and, during this period, not to build any new facilities for the purpose of enriching uranium.⁵²⁷ Under the JCPOA, Iran's breakout timeline would be extended from two to three months to more than one year, and for the duration of at least ten years. Over the next decade, limitations will be imposed on Iran's enrichment research and development so as to ensure the one-year breakout timeline. The IAEA will not only be able to regularly inspect all of Iran's nuclear facilities but will also be given access to any sites in the country they deem suspicious.⁵²⁸

According to the JCPOA, Iran is able to receive sanctions relief if it verifiably abides by the commitments mentioned above. Once the IAEA verifies that Iran has taken all key steps, all previous UN Security Council resolutions related to Iran's nuclear issue will be lifted, while the US and EU will gradually revoke their nuclear-related sanctions as well. However, if at any time Iran fails to fulfill its commitments, Western sanctions will snap back into place altogether.⁵²⁹

On January 16, 2016, the IAEA reported to the UN Security Council, confirming that Iran had fulfilled all its commitments under the JCPOA. The confirmation led to an automatic termination of most UN sanctions against Iran.⁵³⁰ In the meantime, the EU started to lift its economic and financial sanctions by removing nearly 300 entries, or about two-thirds of the list compiled over Iran's nuclear program, from the blacklist. The removal of sanctions would allow European companies to resume their trade in

⁵²⁷ "Parameters for a Joint Comprehensive Plan of Action Regarding the Islamic Republic of Iran's Nuclear Program" (The White House, July 2015),

<https://www.whitehouse.gov/sites/default/files/docs/parametersforajointcomprehenisveplanofaction.pdf>.

⁵²⁸ Ibid.

⁵²⁹ Ibid.

⁵³⁰ Michelle Nichols, "U.N. Lifts Most Iran Sanctions on Receipt of IAEA Nuclear Report," *Reuters*, January 16, 2016, <http://www.reuters.com/article/us-iran-nuclear-un-idUSKCN0UU15V>.

oil, gas and petrochemicals with Iran and to deal with the Iranian transportation and financial sectors under fewer restrictions.⁵³¹

6.3.2. Restoring economic ties

After Rouhani assumed the presidency, the EU noticed the new administration's commitment to rescuing the Iranian economy and mending ties with Western countries. It therefore used sanctions relief and potential business deals to motivate Iran to freeze the key parts of its nuclear program. The Iranians, meanwhile, launched a charm offensive against the European business sector to counter Western sanctions measures and strengthen Iran's position at the negotiating table. Amid the nuclear talks, Iranian officials and businesspeople passed through European capitals to whet the appetite of local entrepreneurs in order to regain economic connections with their European counterparts.⁵³²

In the energy sector, in particular, the Rouhani government saw the potential lifting of nuclear-related sanctions as an opportunity Iran must seize as quickly as possible to overcome the isolation of its oil and gas industries. Shortly after the conclusion of the interim nuclear deal, Petroleum Minister Bijan Zangeneh reached out to European oil executives, negotiating with them on the resumption of energy trade after the lift of sanctions and, more importantly, presenting Iran's new policies for attracting foreign investment.⁵³³ In the past, the Iranian government allowed foreign energy investors to take part in only the exploration and development of Iranian oil fields, and prevented

⁵³¹ Gabriela Baczynska and Barbara Lewis, "EU to Lift Economic Sanctions on Iran over Its Nuclear Program," *Reuters*, January 16, 2016, <http://www.reuters.com/article/us-iran-nuclear-eu-idUSKCN0UU15X>.

⁵³² John Irish, "France Bets on Arab Sunni States as Iran Nuclear Deal Nears," *Reuters*, June 29, 2015, <http://www.reuters.com/article/us-iran-talks-france-insight-idUSKCN0P92CD20150629>.

⁵³³ Richa Naidu, "Iran Outlines Plan to Win Back Western Oil Interest: FT Report," *Reuters*, October 23, 2013, <http://www.reuters.com/article/us-iran-oil-idUSBRE99R13M20131028>; Alireza Ramezani, "Iran Closer to Rolling out New Oil Project Contracts," *Al-Monitor*, August 24, 2016, <http://www.al-monitor.com/pulse/originals/2016/08/iran-petroleum-contract-ipc-final-confirmation-parliament.html#ixzz4ISXedsQw>.

them from owning assets in the project. Under the old buy-back contract model, foreign companies were treated as contractors without rights to the fields and were paid with a fixed rate of return. Since this model offered no long-term guarantee of revenue, foreign investors found it difficult to cover their costs. After the interim deal was reached, the Rouhani government pledged to introduce new templates that would allow foreign companies to form joint ventures with Iranian ones, and thus give foreigners greater control over the project and ensure more predictability over long-term income.⁵³⁴

Apart from attracting European investments in the energy sector, Iran also pressed EU member states to ease sanctions in exchange for large purchases for its civil aviation industry, which was in desperate need of new planes, spare parts and other technologies from Europe. In the wake of the interim agreement, Iranian aviation officials travelled to Vienna to discuss with European policy makers about lifting sanctions on the country's aviation sector, revealing that Iran was to purchase about 400 new planes worth a minimum of USD 20 billion.⁵³⁵ In addition, officials also announced that Iran welcomed European investments to improve its railways, motorways and other transportation infrastructure.⁵³⁶

European companies were eager to win back business in Iran given the country's geographical location, large energy reserves, young population and well-educated middle classes. However, throughout 2013, most companies preferred to cautiously monitor the situation for a longer period before restoring ties with the Iranians. For

⁵³⁴ Parisa Hafezi and Jonathan Saul, "Exclusive: Iran Sweetens Oil Contracts to Counter Sanctions and Price Plunge," *Reuters*, February 3, 2015,

<http://www.reuters.com/article/us-iran-oil-sanctions-idUSKBN0L70FO20150203>.

⁵³⁵ Parisa Hafezi, "Iran Aviation Official in Vienna to Discuss Sanctions Relief," *Reuters*, April 8, 2014, <http://www.reuters.com/article/us-iran-nuclear-aviation-idUSBREA371Q020140408>; Parisa Hafezi, "Iran to Buy 400 Airliners If Sanctions Lifted, Top Official Says," *Reuters*, May 1, 2014, 400,

<http://www.reuters.com/article/us-iran-sanctions-aviation-idUSBREA400CF20140501>.

⁵³⁶ John Irish, "Iran Urges France Not to Miss out on \$80 Billion of Transport Deals," *Reuters*, June 16, 2015, <http://www.reuters.com/article/us-iran-france-economy-idUSKBN0OW1W920150616>.

one, the European business sector was wary of US punishments. For another, companies would rather wait for the Iranian government to further improve its domestic business environment.⁵³⁷

Among EU member states, France was especially enthusiastic about seizing business opportunities in Iran and was determined to reclaim its market position before the mass arrival of competitors from other countries.⁵³⁸ The government therefore adopted an inconsistent policy towards Iran during the nuclear talks. On the one hand, in order to secure the profitable economic deals and arm sales to Sunni Arab countries, France portrayed itself as the toughest among the EU three to suppress Iran's nuclear ambition. On the other hand, the government emphasized to the Iranians that its hard-line position in the nuclear talks should not hamper bilateral economic cooperation once the sanctions were lifted.⁵³⁹

Prompted by economic interests, the French government became the only Western power sending a business delegation to Iran before the final nuclear agreement was settled. In February 2014, a senior French business delegation arrived in Tehran to establish and restore connections with local officials and business leaders. The delegation consisted of more than a hundred French companies, representing the defense, aviation, petrochemicals, automotive, shipping and cosmetics sectors. According to the French Finance Minister, the purpose of the visit was to merely convey the message that once the situation improved, there could be significant

⁵³⁷ Alexandra Hudson, "European Firms Size up Iran's Post-Deal Potential," *Reuters*, November 29, 2013, <http://www.reuters.com/article/us-iran-companies-opening-idUSBRE9AS08T20131129>; Andrew Torchia, "Iran Hopes for End of Sanctions Boom but Investors Still Wary," *Reuters*, June 25, 2014, <http://www.reuters.com/article/us-iran-investment-analysis-idUSKBN0F018820140625>.

⁵³⁸ Laurence Frost and Marcus George, "French Carmakers Poised for Scramble to Reclaim Iran," *Reuters*, November 29, 2013, <http://www.reuters.com/article/us-iran-cars-peugeot-renault-idUSBRE9AS0QO20131129>.

⁵³⁹ John Irish, "French Hard Line on Iran Won't Hurt Trade, Fabius Says before Tehran Trip," *Reuters*, July 21, 2015, <http://www.reuters.com/article/us-iran-nuclear-france-idUSKCN0PV0IJ20150721>; Freddy Eytan, "France's Position on the Emerging Nuclear Agreement with Iran," *Jerusalem Center for Public Affairs* 15, no. 12 (April 21, 2015), <http://jcpa.org/article/frances-position-nuclear-iran/>.

economic cooperation between the two countries.⁵⁴⁰ Nevertheless, other Western powers read France's intention differently and considered the trip inappropriate, given that the prospect for a nuclear breakthrough was still unclear. Taking note of the visit, Kerry immediately talked to French Foreign Minister Laurent Fabius, arguing that the unhelpful trip during the nuclear talks gave the wrong impression that Iran was open for business as usual.⁵⁴¹

Unlike France, other EU member states sent delegations to Iran for economic talks only after the conclusion of the JCPOA in July 2015. In the wake of the final settlement, Sigmar Gabriel, the German Minister of Economic Affairs, arrived in Tehran with a group of industry representatives interested in moving back to the Iranian market. When it came to resuming economic ties with Iran, Germany was in a delicate situation due to Israel's opposition to the nuclear deal. With this in mind, Gabriel told Iranian officials that they had to mend ties with Israel before restoring close economic cooperation with Germany.⁵⁴² Nevertheless, for the German business sector, the potential commercial opportunities brought by the nuclear deal were too big to ignore, especially in view of the waning demand for German goods from China, Russia and other emerging markets under the financial crisis. Before comprehensive sanctions were imposed, Germany had been Iran's biggest trading partner for decades. Now that the restrictions were being gradually lifted, German industry aspired to double its exports to Iran over the next few years to EUR 5 billion per annum.⁵⁴³

⁵⁴⁰ Laurence Frost, "France Sees Iran Opportunity If Sanctions Are Lifted: Moscovici," *Reuters*, February 2, 2014, <http://www.reuters.com/article/us-france-iran-sanctions-idUSBREA110KR20140202>; Mehrdad Balali and Parisa Hafezi, "Iran Welcomes French Business Chiefs after Sanctions Eased," *Reuters*, February 3, 2014, <http://www.reuters.com/article/us-iran-france-delegation-idUSBREA120UG20140203>.

⁵⁴¹ Yara Bayoumy, Alexandria Sage, and Mark John, "Business Trip to Iran 'Not Helpful', Kerry Tells France," *Reuters*, February 5, 2014, <http://www.reuters.com/article/us-iran-france-delegation-idUSBREA140FK20140205>.

⁵⁴² Gernot Heller, "Germany, Iran Pledge to Revive Economic Ties after Long Freeze," *Reuters*, July 21, 2015, <http://www.reuters.com/article/us-iran-germany-idUSKCN0PU1EM20150721>; Gernot Heller, "Germany Says Iran Must Improve Israel Relations for Closer Economic Ties," *Reuters*, July 19, 2015, <http://www.reuters.com/article/us-iran-nuclear-germany-idUSKCN0PT0FO20150719>.

⁵⁴³ Michael Nienaber, "German Exports to Iran Expected to Double after Sanctions Lifted," *Reuters*, January 17, 2016, <http://www.reuters.com/article/us-iran-nuclear-germany-exports-idUSKCN0UV0MG>.

Aside from Germany, France, Austria and Italy also sent business delegations to Iran after the final nuclear settlement. At the same time, the energy stakeholders of Greece and Spain were among the first in Europe to consider resuming crude oil imports and negotiating joint refinery projects with Iran.⁵⁴⁴ In addition, the European Commission also undertook its first technical assessment mission to evaluate the feasibility of boosting energy ties with Iran as an alternative to Russia.⁵⁴⁵

In July 2015, Fabius travelled to Iran and invited Rouhani to take his first European trip to France. Since then, French foreign and economic policy makers had been flying between the two countries to lay the groundwork for the political and business agreements to be presented at the visit.⁵⁴⁶ In order to protect domestic companies and consolidate bilateral economic ties, Fabius asked the US government to deliver concrete guarantees that European firms would not be penalized for trading with Iran should sanctions be re-imposed on the Islamic Republic.⁵⁴⁷

In January 2016, Rouhani visited France and Italy, bringing a delegation of more than one hundred government officials and business leaders. In Italy, Rouhani and Prime Minister Matteo Renzi witnessed the signature of preliminary economic deals worth of nearly EUR 17 billion, including a pipeline contract of the Italian oil services group Saipem, and additional projects for Italian steelmaker Danieli and infrastructure

⁵⁴⁴ Angeliki Koutantou, "Exclusive: Hellenic Petroleum to Meet Iran Oil Officials on Friday - Source," *Reuters*, January 18, 2016, <http://www.reuters.com/article/us-iran-nuclear-hell-petrol-exclusive-idUSKCN0UW1WM>; Angus Berwick and Robin Emmott, "Spain Seizes on End of Iran's Sanctions with Plan for Joint Refinery," *Reuters*, January 18, 2016, <http://www.reuters.com/article/us-spain-iran-refinery-idUSKCN0UW1YB>.

⁵⁴⁵ Barbara Lewis, "EU Officials to Visit Iran in February to Develop Energy Ties," *Reuters*, January 17, 2016, <http://www.reuters.com/article/us-iran-nuclear-eu-idUSKCN0UV0D7>.

⁵⁴⁶ Sam Wilkin, "Fabius, Visiting Tehran, Invites Rouhani to France," *Reuters*, July 29, 2015, <http://www.reuters.com/article/us-france-iran-fabius-idUSKCN0Q30HA20150729>; John Irish and Sybille de La Hamaide, "With Eye to Rouhani Paris Visit, French Firms Head to Iran," *Reuters*, September 19, 2015, <http://www.reuters.com/article/us-iran-nuclear-france-idUSKCN0RJ08Q20150919>.

⁵⁴⁷ John Irish, "France Says U.S. Must Give EU Firms Guarantees on Iran Sanctions," *Reuters*, November 10, 2015, <http://www.reuters.com/article/us-france-usa-iran-idUSKCN0SZ2AI20151110>.

company Condotte d'Acqua.⁵⁴⁸ In light of the gradual demise of the EU sanctions regime, Italy's export credit agency expected Italian exports to Iran to rise by EUR 3 billion between 2015 and 2018.⁵⁴⁹

In France, notwithstanding domestic protests against Iran's human rights abuse, Rouhani's arrival was warmly welcomed by government officials and the business sector. During his visit, the two governments officially re-established the ties between the French and Iranian Central Banks in order to facilitate financial transactions. In addition, the Iranian government placed a provisional order for 118 passenger jets from Airbus, while the oil giant Total agreed to lift 200,000 bpd of Iranian crude. After suffering big losses under the sanctions, Peugeot pledged to put its business with Iran back on track by founding a joint venture with the Iranian carmaker Khodro in producing an initial 200,000 vehicles per year by mid-2017. Furthermore, the French construction group Bouygues and airport operator ADP agreed to participate in the extension project for the Tehran airport.⁵⁵⁰

Admittedly, although the six powers and Iran reached a final settlement on the nuclear issue, removing all the restrictions imposed on Iran's energy, financial and trade sectors would still be a complicated and time-consuming process. More importantly, it would probably take even longer for the Iranian government to improve the country's infrastructure, legal framework, socio-economic policies and public services in a bid to enhance the local business environment and thus truly fulfill Iran's economic potential. The initial economic deals signed between Iran and European countries

⁵⁴⁸ Antonella Cinelli and Crispian Balmer, "Deals and Warm Words Flow as Iran President Visits Europe," *Reuters*, January 26, 2016, <http://www.reuters.com/article/us-iran-europe-rouhani-idUSKCN0V31DJ>.

⁵⁴⁹ John Irish and Crispian Balmer, "Sanctions Lifted, Iran's Rouhani Heads to Europe to Drum up Business," *Reuters*, January 24, 2016, <http://www.reuters.com/article/us-iran-europe-rouhani-idUSKCN0V200N>.

⁵⁵⁰ Michel Rose and John Irish, "Protesters March, France Eyes Business Deals as Iran's Rouhani Visits," *Reuters*, January 28, 2016, <http://www.reuters.com/article/us-iran-europe-rouhani-idUSKCN0V60TE>; Michel Rose, "Iran Minister Urges Wary French Banks to Return to Tehran," *Reuters*, January 28, 2016, <http://www.reuters.com/article/us-iran-trade-france-banks-idUSKCN0V62E8>.

mainly indicated the intention of European governments and companies to advance economic cooperation with Iran. It remains to be seen how and to what extent this intention will be translated into concrete trade deals and business projects.

6.3.3. Theoretical expectations and empirical results

After Rouhani assumed the presidency in August 2013 and pledged to enter serious negotiations with the six powers, the EU saw a better chance to settle the long-standing nuclear dispute. In addition to that, the Syrian civil war and subsequent refugee crisis, the rise of Islamic State in the heart of the Middle East, and possible Israeli attacks on Iran's nuclear facilities all prompted the EU to prioritize its security goals by seizing the opportunity to finalize a nuclear deal as soon as possible. During the talks, the EU upheld existing sanctions, trying to use sanctions relief and potential business deals as economic incentives to push Iran to scale back its nuclear activities.

In November 2013, the P5+1 and Iran struck an interim deal under which the latter promised to suspend its nuclear program in exchange for some initial sanctions relief. Afterwards, the two sides went through negotiations for almost two years and eventually settled a final nuclear deal in July 2015. The final settlement ended the economic isolation of Iran by revoking most of the UN and EU sanctions against the country. It allowed European companies to trade in oil, gas and petrochemicals with Iran, and to deal with the Iranian transportation and financial sectors under fewer restrictions.

After the nuclear deal was reached, EU member states and their domestic business sectors were eager to win back their market position in Iran despite sustained concerns about local human rights violations. Facing a conflict between economic and normative goals, major member states such as France, Germany, Italy and Austria prioritized the goal of reviving commercial ties with Iran by sending officials and

business delegations to the Islamic Republic during and after the final nuclear settlement. In January 2016, the economic relationship between the EU and Iran witnessed significant improvement when Rouhani paid state visits to Italy and France.

The following table summarizes the empirical findings presented in this section and the explanatory power of three theoretical approaches.

Table 6.2: Summary of empirical findings and testing of theoretical expectations (EU's Iran policies, August 2013 - January 2016)

| Period | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|--------------------------------------|------------------------|---------------------------|---------------------|--------------------------------|-------------------------|
| Rouhani (August 2013 - January 2016) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | Prioritize economic goals | Confirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | Prioritize security goals | Confirmed | Disconfirmed | Disconfirmed |

The neorealist predictions are basically confirmed by the empirical findings presented in this section. In the face of the disharmony between economic and normative goals, the EU member states put the economic goal of restoring business ties with Iran at first. Even though they continued to raise concerns about the lack of democracy and respect for human rights in the Islamic Republic as well as the latter's animosity towards Israel, few member states tended to let normative issues obstruct the warming economic relations between the two sides. In regard to the conflict between security and economic goals, the neorealist approach also correctly predicts that EU member states would tackle the nuclear issue before considering restoring business cooperation with Iran: the EU three decided not to grant Iran any sanctions relief until

the conclusion of the interim deal; moreover, member states started to lift sanctions only after the JCPOA was settled.

Nevertheless, it should be noted that in comparison to the profound disharmony between the EU's security and economic goals under Ahmadinejad's presidency, the two goals were not as irreconcilable after Rouhani took office. Since the new government intended to improve economic relations with Europe by freezing some parts of its nuclear program and the EU three had exhausted nearly all options to sanction Iran, the security and economic goals of EU member states were no longer in serious contradiction during this period. In order to fundamentally and securely regain their market status in Iran, member states had to push for a breakthrough in the nuclear talks; in order to persuade Iran to abandon the key elements of its nuclear program, European powers needed to use sanctions relief and potential business deals as incentives. In this way, the case of security-economic goal conflict examined in this section presents an easy test for neorealists.

The bureaucratic politics model is disconfirmed by the findings presented in this section. In contrast to the assumption that bureaucratic units would pursue their own interpretation of national interests for the sake of expanding organizational interests and thus make foreign policy-making into an inward-looking battleground, the empirical results demonstrate that at both the EU and member state levels, security, foreign and economic policy makers were making a concerted effort to settle the Iranian nuclear dispute through diplomacy. In addition, the High Representative and the heads of government of the EU three played a leading role in determining the EU's demands from Iran at the negotiating table, as well as the security and economic concessions the Union could make in order to strike a final settlement on the nuclear dispute. The bureaucratic politics approach, therefore, is flawed in taking for granted the competitive nature of inter-agency relations and downplaying the possibility of coordination among separate administrative units. In addition, the approach treats the

authority of executive leaders as largely irrelevant in foreign policy-making in comparison to the influence of bureaucratic rivalries. These views are refuted by the findings on the EU's Iran policy-making during the nuclear negotiations, in which the political leaders of the EU and member states played an active role in coordinating the actions of domestic players in search of a consistent policy output towards Iran.

Lastly, the constructivist approach fails to explain the EU's foreign policy decisions of this period. Similar to the situation during Ahmadinejad's presidency, when dealing with Rouhani, the EU did not place normative issues in an important position in its Iran policy agenda. The Union's normative pursuits were overshadowed first by nuclear talks and then by the policy of reviving economic ties with Iran after the conclusion of the final nuclear deal. Although the EU upheld sanctions during the nuclear talks, the main purpose was to pressure Iran to give ground at the negotiating table by abandoning key parts of its nuclear program, instead of punishing the government's breach of democracy and human rights. After the conclusion of the JCPOA, EU member states showed little hesitance to revive economic cooperation with Iran and competed with one another to occupy the local market, in spite of the criticism of domestic human rights activists. The constructivist prediction that the EU would prioritize its normative agenda in the face of goal conflicts is therefore falsified.

6.4. Conclusion

This chapter investigated the EU's Iran policy-making starting from Obama's offer of talks with Iran in early 2009 to Rouhani's state visit to Europe in January 2016. The main issue under examination was the conflict between the EU's economic and security goals. On the one hand, Iran's ever-expanding uranium enrichment posed a security threat to the EU, prompting member states to suppress the government's nuclear ambitions through sanctions. On the other hand, unlike the United States, EU

member states maintained important energy, trade and commercial ties with Iran and were thus loath to impose comprehensive sanctions on the Islamic Republic.

In addition to this main conflict, this chapter also explored the incompatibility between the EU's economic and normative goals in Iran. It analyzed the way the EU advanced its normative agenda in terms promoting democracy and human rights, and examined the extent to which the Union was willing to punish Tehran over human rights violations at the expense of bilateral economic cooperation.

As shown in Table 6.3 on the next page, my analysis demonstrated that the EU, during most of Ahmadinejad's second term, was reluctant to sacrifice its energy, financial and trade ties with Iran for the sake of drying up the financial resources to the latter's nuclear program. From 2009 to late 2011, most member states put economic interests before their security goal. Despite Iran's nuclear advancement, they managed to postpone and dilute EU sanctions in order to minimize the negative impact on domestic economies, especially in view of the rise in global oil prices and the uncertainties of the European economic recovery.

Throughout 2012, member states basically maintained a balance between their security and economic goals. Since the Iranian leadership neither halted uranium enrichment nor agreed to negotiate over its nuclear right, the EU imposed an oil embargo on Iran in January 2012 but granted member states a grace period and exemptions to fulfill existing contracts. Similarly, when it came to financial restrictions, the EU managed to freeze the assets of the Iranian Central Bank, but refrained from imposing a full ban on transactions in order to protect legitimate trade between the two sides.

Table 6.3: Summary of empirical findings and testing of theoretical expectations
(EU's Iran policies, January 2009 - January 2016)

| Periods | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|--|------------------------|-------------------------------------|---------------------|--------------------------------|-------------------------|
| Ahmadinejad phase I (January 2009 - late 2011) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | Prioritize economic goals | Confirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | Prioritize economic goals | Disconfirmed | Disconfirmed | Disconfirmed |
| Ahmadinejad phase II (early 2012 - July 2013) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | Prioritize economic goals | Confirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | Balance → prioritize security goals | Partly confirmed | Disconfirmed | Disconfirmed |
| Rouhani (August 2013 - January 2016) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | Prioritize economic goals | Confirmed | Disconfirmed | Disconfirmed |
| | Security vs. economic | Prioritize security goals | Confirmed | Disconfirmed | Disconfirmed |

Towards the end of 2012, the EU became increasingly frustrated with the nuclear talks and saw existing sanctions fail to force Iran to hold back its nuclear activities. In light of Iran advancing uranium enrichment to a level closer to atomic bomb capability and

Israel threatening to attack Iran's nuclear facilities, the EU finally prioritized its security goal by imposing comprehensive financial sanctions and a trade embargo on the Islamic Republic.

In June 2013, Rouhani won the presidential election and pledged to immediately solve the nuclear crisis with the six powers. In this context, the EU continued to prioritize its security goals, promising to dismantle nuclear-related sanctions only after a final settlement of the dispute.

Aside from the security-economic goal conflict, in regard to the incompatibility between economic and normative goals, this chapter illustrated that during the whole period under examination, the EU and its member states prioritized economic interests over the normative agenda of promoting democracy and protecting human rights. Whereas the EU did repeatedly condemn the Iranian authorities over its human rights violations and banned the exports of some types of security equipment during the Arab uprisings, there was an overall lack of willingness within the Union to sacrifice the energy and trade relations with Iran for the sake of advancing normative targets. Even though the EU did eventually adopt comprehensive sanctions at the expense of economic interests, the main cause of this decision was the security threat posed by Iran's nuclear program instead of its violation of democratic values and human rights.

After the conclusion of the final nuclear settlement, the EU had become even more reluctant to let normative issues disrupt the warming economic ties between the two sides. Since late 2015, major member states have competed with each other to win back their shares in the Iranian market and consolidate their economic relationship with the Iranian government, despite their sustained concerns about the human rights abuse in the country.

Based on the evidence presented above, this chapter has shown that the neorealist predictions are only partly confirmed by the empirical findings on how the EU managed conflicting goals. The neorealist approach sheds light on member states' decisions to prioritize economic interests at the expense of normative pursuits. However, it fails to answer the more fundamental question in terms of why EU member states were reluctant to impose comprehensive sanctions against Iran despite the latter's continuous uranium enrichment activities. Whereas neorealists argue that a state must safeguard its security before advancing other foreign policy goals, this study indicates that during the nuclear crisis, EU member states took preserving economic gains as at least equally, if not more, important than addressing the security threat posed by Iran's nuclear development.

Second, the bureaucratic politics model offers little to the explanation of the EU's Iran policy-making. When it comes to taking punitive measures against third countries, the influence of EU institutions is limited. The Union's sanctions decisions on Iran, therefore, depended primarily on the debates among member state governments and the constraints imposed on them by domestic politics. The European public, for example, tended to place a stronger emphasis on the domestic economic consequences of their government's Iran policy rather than the nuclear issue in and of itself. Moreover, economic interest groups sought to shape member states' Iran policy-making according to their economic concerns. The bureaucratic politics approach, in this regard, has overemphasized the conflict of departmental interests within the EU or in a member state's bureaucratic system, but fails to account for domestic factors outside the government apparatus. In addition to that, the approach is also flawed as it takes for granted the competitive nature of inter-agency relations and downplays the possibility of coordination among bureaucracies under the supervision of authoritative political leaders, such as the EU High Representative and the heads of the EU three governments.

Third, the constructivist approach also manifests limited explanatory power to help elucidate the way EU tackled goal conflicts in Iran policy-making. Empirical findings show that the EU's foreign policy behavior in Iran was largely inconsistent with the norms endorsed by the Union. The autocratic rule of the Iranian leadership and the widespread human rights abuses in the country did not induce the EU to pile on tough punishments against the regime in addition to the nuclear-related sanctions. In contrast, during the nuclear crisis, member states resolved to preserve their economic interests in Iran regardless of its human rights violations. Whereas member states were reluctant to give up their trade and energy ties with Iran during the nuclear crisis, they were even less motivated to sacrifice the commercial opportunities in the Islamic Republic after the conclusion of the JCPOA. To sum up, this chapter reveals that the EU's Iran policy-making was primarily driven by the pursuit of security and economic interests, with limited attention paid to normative issues.

Now that I have summarized how the EU arranged its conflicting goals in Iran and outlined the explanatory power of three theoretical approaches, the next chapter seeks to investigate similar goal conflicts faced by China in its Iran policy-making amid the nuclear crisis.

7. China's Iran policy-making (January 2009 - January 2016)

7.1. Introduction

This chapter explores how China dealt with the conflicts between security and economic goals and between security and normative goals in Iran from 2009 to early 2016. In view of the Iranian nuclear crisis, the Chinese government vowed to uphold the nuclear non-proliferation system and secure its nuclear advantage over other states. The enrichment activities of Iran, therefore, collided with the security goals set by the Chinese leadership. However, similar to the EU, although China considered Iran's nuclear program to be jeopardizing its security interests, the government also aimed to preserve and advance its economic presence in the country. Moreover, in light of the normative principles of respecting sovereign rights and non-interference in other's internal affairs, China resolved to resist Western powers taking unilateral measures against Iran outside the UN framework, especially amid the Arab uprisings.

The analysis of this chapter starts in 2009, when the China-Iran relationship went through political and economic crises due to the global economic recession, the post-election revolts in Tehran and the Muslim uprisings of Xinjiang. Section 7.2 examines China's Iran policy-making during the phase of crisis and throughout Ahmadinejad's second term in office (August 2009 - July 2013). During this period, China originally maintained a balance between its conflicting foreign policy goals, but then during the Arab uprisings, turned to prioritize economic and normative goals in Iran over its non-proliferation policy.

Following the analysis of China's Iran policy decisions under Ahmadinejad's presidency, Section 7.3 seeks to determine how China dealt with the incompatibility between economic and security goals after Rouhani assumed the presidency. My analysis ends in January 2016, when the Chinese President paid a state visit to Iran

after the final settlement of the nuclear dispute and pledged to strengthen bilateral economic cooperation under the One Belt One Road initiative.

7.2. Iran under Mahmoud Ahmadinejad (January 2009 - July 2013)

7.2.1. A year of economic and political crises

China's Iran policy-making went through an unusual period in 2009 as the financial crisis, Green Movement and the Uyghur riots in Xinjiang posed challenges—and opportunities—to bilateral relations. Since the second half of 2008, the global economy had entered a striking decline at an accelerating speed. Hit by the financial crisis, China's economy also suffered from an increasing downward pressure. Industrial production began to slow down, which was accompanied by a falling employment rate. Since November 2008, both the imports and exports of China had continued negative growth, while foreign direct investment to the country witnessed a significant decline.⁵⁵¹ Considering this, Chinese leaders maintained that the economic difficulties they were to encounter next year could be more daunting than that of 2008,⁵⁵² and consequently, the principal foreign policy goal of 2009 should be to “ensure steady and rapid domestic economic growth” through “deepening pragmatic cooperation” between China and foreign countries (see Section 5.2.2).⁵⁵³

The global financial crisis also hindered the development of China-Iran economic relations. Although bilateral trade almost doubled from 2006 (USD 14 billion) to 2008

⁵⁵¹ “Speech of Deputy Minister of Commerce Chen Jian at the China-Iran Economic and Trade Conference,” *Ministry of Commerce*, May 12, 2009,

<http://chenjian.mofcom.gov.cn/article/speeches/200907/20090706373269.shtml>.

⁵⁵² “Central Economic Work Conference Convened in Beijing,” *People's Daily*, December 11, 2008.

⁵⁵³ “Yang Jiechi Outlined Four Key Points for This Year's Diplomatic Work,” *Xinhua*, March 7, 2009, http://news.xinhuanet.com/misc/2009-03/07/content_10961185.htm; “Hu Jintao and Other Leaders Attended the 11th Meeting of Diplomatic Envoys,” *Xinhua*, July 20, 2009, http://news.xinhuanet.com/politics/2009-07/20/content_11740850_1.htm.

(27.6 billion), this figure indicated a sharp drop of 38.9 percent in the first quarter of 2009.⁵⁵⁴ Taking the downward turn and domestic economic pressure into account, the Chinese government was keen to take advantage of Western sanctions against Iran by stepping into the vacuum left by European companies that either curbed or suspended ties with the country.

Throughout 2009, Beijing made multiple efforts to strengthen economic cooperation with Iran in order to jointly resist the downturn of the Chinese and Iranian economies. In April, Premier Wen received Iranian Vice President and economist Parviz Davoodi in Hainan. At the meeting, the Chinese Premier underlined that the two governments must work together to advance energy cooperation and further tap the potential of financial and trade relations in a bid to minimize the negative impact of the financial crisis on bilateral economic ties.⁵⁵⁵ Two months later, President Hu held talks with Ahmadinejad in Yekaterinburg and suggested enhancing high-level communication on economic affairs amid the financial crisis. Hu praised the encouraging results reached by the two governments at the November 2008 meeting of the Joint Committee on Economic, Trade, and Science and Technology Cooperation, and called for the two sides to carry out these agreements in a swift manner, especially in the energy sector.⁵⁵⁶ In October, Wen invited Iran's First Vice President Mohammad Reza Rahimi to Beijing for additional economic discussion.⁵⁵⁷

Amid high-level dialogues on promoting policy coordination, the Ministry of Commerce, which is charged with overseeing China's foreign economic relations,

⁵⁵⁴ "Speech of Deputy Minister of Commerce Chen Jian at the China-Iran Economic and Trade Conference."

⁵⁵⁵ "Wen Jiabao Met with Foreign Leaders Attending the 2009 Boao Asia Forum," *people.cn*, April 18, 2009, <http://politics.people.com.cn/GB/1024/9152509.html>.

⁵⁵⁶ "Hu Jintao Met with Iranian President and Expressed Satisfaction with the Progress Made in Economic and Trade Cooperation," *chinanews.com*, June 17, 2009, <http://www.chinanews.com/gn/news/2009/06-17/1736864.shtml>.

⁵⁵⁷ "Wen Jiabao Met with Iran's First Vice President Rahimi," *CRI Online*, October 15, 2009, <http://gb.cri.cn/27824/2009/10/15/3365s2648830.htm>.

provided the platform for Chinese and Iranian companies to jointly explore new commercial opportunities. In May, Deputy Minister Chen Jian opened the China-Iran Economic and Trade Fair hosted by MoC in Tehran. The event attracted more than 300 Chinese enterprises and the economic delegations of six provincial governments. Based on this platform, companies from the two countries signed 13 procurement contracts and framework agreements, mainly on energy and infrastructure projects.⁵⁵⁸ Shortly after the Fair, the Chinese and Iranian Ministries of Commerce co-hosted a bilateral economic cooperation forum in the hope of boosting trade of non-oil products and expanding cooperation to new areas such as tourism, science and technology exchange, and environmental protection.⁵⁵⁹ Meanwhile, at the local level, MoC paid special attention to bolstering economic ties between Iran and China's Muslim-populated provinces in the northwest. The Ministry supported the provincial administrations of Ningxia, Xinjiang, Qinghai and Gansu to formulate their own economic agendas towards Iran, ranging from cooperation on automobile manufacturing and power supply to agriculture and chemical engineering. In 2009, a number of provincial administrations sent their economic delegations to the Islamic Republic to explore business opportunities.⁵⁶⁰

Whereas MoC took the lead in arranging and incentivizing bilateral economic exchange, MoFA, under the instruction of the Chinese leadership, also joined in the campaign on boosting China-Iran economic cooperation. Chinese diplomats engaged closely with their counterparts at the Iranian Foreign Ministry to facilitate the negotiations on infrastructure and energy projects. In addition, during this time, they made stronger efforts to establish and nurture the cordial ties with Iranian local governors and businesspeople, particularly in provinces such as Khuzestan,

⁵⁵⁸ "China-Iran Economic and Trade Fair Took Place in Tehran," *Chinese Embassy in Iran*, May 10, 2009, http://ir.chineseembassy.org/chn/zygx_1/zzgx/t561471.htm.

⁵⁵⁹ "Deputy Director Zhang Wei Led Delegation to Iran," *China Council for the Promotion of International Trade*, May 31, 2009, http://oldwww.ccpit.org/Contents/Channel_350/2009/0531/185726/content_185726.htm.

⁵⁶⁰ "Speech of Deputy Minister of Commerce Chen Jian at the China-Iran Economic and Trade Conference."

Hormozgan (Bandar Abbas), Hamadan and Markazi, where Chinese companies had considerable economic presence.⁵⁶¹

Thanks to the endeavors of various foreign policy players, in 2009 alone, Chinese enterprises reached preliminary agreements with their Iranian counterparts on 62 engineering projects with a total contract amount exceeding USD 11 billion, including two oil refineries, seven thermal power stations, as well as projects on steelmaking and chemical engineering. Yet despite the plan for new projects, bilateral trade volume still fell by 23.3 percent—which was only partly due to the drop of the dollar value of oil—reaching USD 21.2 billion.⁵⁶²

In the energy sector, as European companies gradually reduced their activities in Iran under US pressure, China became a critical buyer and investor for the National Iranian Oil Company (NIOC), which, during this period, opened its first office in Beijing to push for crude oil sales.⁵⁶³ Concerning energy import, in 2009, Chinese state-owned oil traders, such as Zhuhai Zhenrong and Sinopec, extended their existing contracts with Iran, purchasing nearly the same amount of crude oil as that of 2008.⁵⁶⁴ Throughout the year, China received about 11 percent of its crude oil (about half a million bpd) from Iran, which, after Saudi Arabia and Angola, served as China's third largest supplier. In addition to energy trade, Chinese firms also took advantage of

⁵⁶¹ See, for example, "Chinese Ambassador to Iran Xie Xiaoyan Visited Khuzestan and Hormozgan Provinces," *Chinese Embassy in Iran*, April 19, 2009, <http://ir.chineseembassy.org/chn/sgzc/t557955.htm>; "Ambassador Xie Xiaoyan Visited Hamadan and Markazi Provinces," *Chinese Embassy in Iran*, January 17, 2010, <http://ir.chineseembassy.org/chn/sgzc/t652038.htm>.

⁵⁶² "Iran Investment Guide 2011," *Economic and Commercial Counselor's Office of China in Iran*, April 14, 2011, <http://ir.mofcom.gov.cn/article/ztdy/201104/20110407498216.shtml>; "China-Iran Relations," *International Department of the CPC Central Committee*, June 23, 2010, http://www.idcpc.org.cn/ztl/tuanzu/lzccfoysg/sbjw/201412/t20141225_37906.html.

⁵⁶³ Aizhu Chen, "Iran's China Oil Outfit Battles to Boost Exports," *Reuters*, June 8, 2009, <http://www.reuters.com/article/us-iran-china-oil-analysis-idUSTRE5573IP20090608>.

⁵⁶⁴ Simon Webb, Jijo Jacob, and Carl Bagh, "Iran's Major Oil Customers, Energy Partners," *Reuters*, August 19, 2009, <http://www.reuters.com/article/us-iran-energy-partners-sb-idUSTRE57124Z20090819>; "The Iran Nuclear Issue: The View from Beijing" (International Crisis Group, February 17, 2010), 5.

Western sanctions to sign up to new projects on oil and gas exploration. In January, China National Petroleum Corporation (CNPC) and the NIOC reached a USD 2 billion deal on developing the North Azadegan oil field. In June, replacing France's Total, the CNPC got another USD 4.7 billion contract to undertake a phase of the South Pars gas project. Furthermore, in November, the CNPC and NIOC signed a memorandum of understanding for the development of the South Azadegan oil field.⁵⁶⁵

Whereas 2009 was a year of economic difficulties for China and Iran, it was also a time characterized by political and security crises within the two countries. In summer, anti-government protests broke out simultaneously in Tehran and Urumqi. Since then, both governments had been busy dealing with domestic unrest and restoring stability. The Green Movement in Tehran and Uyghur uprisings of Xinjiang (see Sections 6.2.2 and 5.2.1 respectively), although giving rise to thorny domestic and foreign policy problems for the Chinese and Iranian authorities, eventually helped strengthen the mutual security and normative support between the two governments.

In dealing with the post-election clashes after Ahmadinejad's controversial victory, the Iranian leadership took a hard line against the Green Movement, resulting in Western capitals' condemnation of Iran's human rights violations and calls for the authorities to recount the ballots. Tehran, in response, denounced Western interference in its internal affairs and accused some Iran-based European and American citizens of stirring up the violence. Whereas Western capitals were reluctant to recognize Ahmadinejad's electoral victory, China and Russia congratulated the President's re-election immediately after the announcement of the polling result.⁵⁶⁶ In regard to the Green Movement, leading Middle East policy advisors to the Chinese government

⁵⁶⁵ Webb, Jacob, and Bagh, "Iran's Major Oil Customers, Energy Partners."

⁵⁶⁶ Natalya Shurmina and Guy Faulconbridge, "Russia, China Congratulate Ahmadinejad on Vote Win," *Reuters*, June 16, 2009, <http://www.reuters.com/article/us-iran-president-sb-idUSTRE55F0YA20090616>.

expressed their confidence in the Iranian leadership to clamp down on the insurgency and regain political order.⁵⁶⁷

The Chinese leadership saw little chance that the Green Movement, in and of itself, could bring about regime change in Iran. However, officials were deeply unsettled by the intervention of the US government in the post-election disorder. In light of the insurgency, the US State Department ordered Twitter to delay a planned upgrade so as to avoid cutting daytime service to Iranian dissidents using the social networking service to coordinate protests.⁵⁶⁸ Referring to the uprisings in Iran, Chinese liberals spoke highly of the role played by social media in transforming the local society.⁵⁶⁹ The official view of the CPC leadership, in contrast, concurred with Khamenei's argument that the United States was using social media as a new tool to instigate the Iranians to refuse allegiance to the authorities. As pointed out by a *People's Daily* commentary,

the so-called freedom of information was nothing but a concept made up by the United States to achieve its own political interests. What was the main drive of the sustained unrest after Iran's election? It was due to America launching cyber war against Iran, and using Youtube and Twitter to spread rumors and provoke clashes among local people.⁵⁷⁰

⁵⁶⁷ Interview no. 73, January 5, 2015, Tehran; see also "Interview with Li Shaoxian (Deputy Director of China Institutes of Contemporary International Relations): Iran Unlikely to Annul Election Result," *sina.com.cn*, June 16, 2009, <http://news.sina.com.cn/w/sd/2009-06-16/165218031206.shtml>; "Expert Analysis: Iran's 'street Revolution', How Far Can It Go?," *chinanews.com*, June 18, 2009, <http://www.chinanews.com/gj/gj-fxpl/news/2009/06-18/1739565.shtml>.

⁵⁶⁸ "Twitter Delays down Time to Aid Iranian Protesters," *Reuters*, June 16, 2009, <http://www.reuters.com/article/us-iran-election-twitter-outage-sb-idUSTRE55F49520090616>.

⁵⁶⁹ For example, see Bei Feng, "Iran's 'Twitter Revolution,'" *Southern Weekly*, July 3, 2009, <http://www.infzm.com/content/30998>.

⁵⁷⁰ Xiaoyang Wang, "Wait and See the US Freedom of Information (*qiekan meiguo de xinxi ziyou*)," *People's Daily*, January 24, 2010.

Shortly after the Green Movement broke out in Tehran, the Uyghurs staged violent protests in the capital of Xinjiang. The riots developed into ethnic clashes, followed by the authorities launching a massive crackdown on protesters. While the Chinese leadership portrayed the Uyghur uprisings as a serious crime planned by religious extremists, separatists and terrorists, many in the Islamic world held that Beijing's suppression of civil liberties and minority rights was the root cause of the crisis.

In the Middle East, only Turkey and Iran officially criticized China's reaction to the Urumqi unrest.⁵⁷¹ Iran has a tradition of extending religious influence in western China after the 1979 Islamic Revolution, mainly through financing mosques and sponsoring religious education.⁵⁷² In light of the unrest, the official response from the Ahmadinejad administration was more moderate than that of Turkish Prime Minister Erdogan. Nonetheless, the Iranian clerics reacted to Beijing's crackdown on the uprisings in a much more forceful way. Grand Ayatollah Makarem Shirazi issued a statement on July 12, urging the Ahmadinejad government to "take a strong stance" in light of the "mass murder and widespread suppression" of the Muslims in Xinjiang. The statement asserted that "although the Chinese government and people have friendly and close relations with us and other Islamic countries, this does not justify the appalling suppression of our Muslim brothers and sisters in that region while we remain silent." The Ayatollah further called on "all Muslims throughout the world to condemn the murders, and unanimously urge China to end the discrimination and punish the culprits." Concurring with his opinion, Grand Ayatollah Lotfollah Safi Golpaygani also urged international society to set aside double-standards and not to turn a blind eye towards the human rights issues in China. Furthermore, the influential Qom Seminary Teachers Society issued a statement urging Beijing to "respect the

⁵⁷¹ "The Iran Nuclear Issue: The View from Beijing," 10.

⁵⁷² John W. Garver, *China and Iran: Ancient Partners in a Post-Imperial World* (University of Washington Press, 2006), 132–33; "The Iran Nuclear Issue: The View from Beijing," 11.

civil rights of Muslims in China and stop supporting racist groups.” It also advised the Foreign Ministry to seriously raise the issue to the Chinese government.⁵⁷³

Under the pressure of the conservative clerics, Iranian Foreign Minister Manouchehr Mottaki called his Chinese counterpart Yang Jiechi on July 13 to discuss the development in Xinjiang. For the same purpose, he also called Turkish Foreign Minister Ahmet Davutoglu and Ekmeleddin Ihsanoglu, Secretary General of the Organization of the Islamic Conference.⁵⁷⁴ Chinese officials understood that the Iranian government had to act in accordance with the conservative religious authorities, despite that it had no intention of letting the Xinjiang issue damage Iran’s relationship with China.⁵⁷⁵ In fact, Mottaki had already toned down the statements of the Ayatollahs when discussing the uprisings with his Chinese and Turkish counterparts—the Foreign Minister stressed that Iran opposed any foreign interference meant to destabilize China, but since Muslim countries were concerned about the unrest, he asked the Chinese government to inform him of the latest developments.⁵⁷⁶

On August 1, serving as Yang’s representative, China’s Middle East envoy Wu Sike visited Iran for talks on the Xinjiang issue. Iranian officials reiterated their support for Beijing’s effort to safeguard territorial integrity and restore the stability of Xinjiang. Wu conveyed China’s appreciation, announcing in exchange that China supported the choice made by the Iranian people in the presidential election and would not interfere in Iran’s domestic affairs by commenting on the ongoing protests.⁵⁷⁷ Following the

⁵⁷³ “Grand Ayatollahs Call for Response to Murder of Muslim Uyghurs,” *Mehr News Agency*, July 12, 2009, <http://en.mehrnews.com/news/34795/Grand-Ayatollahs-call-for-response-to-murder-of-Muslim-Uyghurs>.

⁵⁷⁴ “Turkish PM Ups Rhetoric over Violence in Xinjiang,” *Hürriyet Daily News*, July 11, 2009, <http://www.hurriyet.com.tr/turkish-pm-ups-rhetoric-over-violence-in-xinjiang-12048159>.

⁵⁷⁵ Interview no. 36, August 11, 2014, Beijing.

⁵⁷⁶ “Iran, China Say Security of Muslim Uyghurs Must Be Maintained,” *Mehr News Agency*, July 13, 2009, <http://en.mehrnews.com/news/34802/Iran-China-say-security-of-Muslim-Uyghurs-must-be-maintained>.

⁵⁷⁷ “Middle East Envoy Wu Sike Visited Iran as Foreign Minister Yang Jiechi’s Special Representative,” *Chinese Embassy in Iran*, August 2, 2009, <http://ir.chineseembassy.org/chn/sgzc/t576545.htm>; “Special Envoy of Middle

Uyghur uprisings, China enhanced media cooperation with Iran in a bid to inform the local people of Beijing's standpoints on Xinjiang and improve China's image among the Iranian public.⁵⁷⁸ Moreover, the government strengthened political coordination with the Islamic Coalition Party of Iran (*motalefeh*), an influential conservative political party with which the CPC leadership maintains long-term friendship.⁵⁷⁹

Since the Uyghur revolts of July 2009, upholding the party's rule in Xinjiang and preserving local stability had become China's pivotal political and security concern in regard to its relationship with Iran.⁵⁸⁰ Although the Ahmadinejad administration tried to keep away from the conflict in Xinjiang, Chinese officials still took the Ayatollahs' reaction to the Uyghur uprisings as a wake-up call. They kept a careful watch for possible danger deriving from the Iranian religious establishment, which—according to some officials and government advisors—albeit lacking the intention for the moment, was able to jeopardize China's security interests by creating troubles in either Xinjiang or Afghanistan.⁵⁸¹ The fear of Tehran's policy change is deeply rooted in the minds of China's older generation of Iran policy makers, who still vividly remember Iran's animosity towards the CPC in the first five years after the 1979 Islamic Revolution.⁵⁸² As one former diplomat pointed out, "Iran has considerable soft power in the Middle East and Central Asia. In western China as well, it resolves to expand ideological and religious influence by funding local education and strengthening media publicity. This policy has its origin in the very nature of Iran's

Eastern Affairs Wu Sike Held Press Conference for Domestic and Foreign Media," *Ministry of Foreign Affairs*, August 11, 2009, <http://www.mfa.gov.cn/chn/pds/gjhdq/gjhdqzz/mzblwelm/xgxw/t577948.htm>.

⁵⁷⁸ "Ambassador Xie Met with Darabi, Vice President of the Islamic Republic of Iran Broadcasting," *Chinese Embassy in Iran*, September 17, 2009, <http://ir.chineseembassy.org/chn/sgzc/t584861.htm>.

⁵⁷⁹ "Liu Qibao Held Talks with Habibi, Secretary General of the Islamic Coalition Party," *Chinese Embassy in Iran*, November 18, 2009, <http://ir.chineseembassy.org/chn/sgzc/t628402.htm>.

⁵⁸⁰ "The Iran Nuclear Issue: The View from Beijing," 10–11.

⁵⁸¹ See the interview results presented by the International Crisis Group in *Ibid.*, 11.

⁵⁸² Interview no. 62, December 3, 2014, Tehran; see also Liming Hua (former Ambassador to Iran), "The Antecedents and Consequences of Hua Guofeng's Iran Visit," *Takungpao*, March 23, 2015, <http://news.takungpao.com/world/watch/2015-03/2952852.html>.

Islamic regime. Apparently, taking into account its own post-election unrest, the Iranian government backed China on the Xinjiang issue in 2009. Nevertheless, its religious infiltration in China is always considered by us a potential threat.”⁵⁸³

7.2.2. The struggles behind Resolution 1929

When Obama took office in January 2009, the President changed the Iran policy of his predecessor, signaling the intention of solving the nuclear dispute through diplomacy (see Section 6.2.1). China welcomed Washington’s offer of dialogue. Shortly after Obama delivered his Nowruz message to the Iranians, Premier Wen advised Vice President Davoodi that Iran should seize the opportunity of US policy change and react positively in order to restart the nuclear negotiations as quickly as possible.⁵⁸⁴

When it came to Iran’s uranium enrichment, foreign policy makers in Beijing held different views regarding if and to what extent Iran’s nuclear program posed a security threat to China. Diplomats based in Muslim countries generally supported Iran’s nuclear rights and criticized the double standards of Western governments, which applied different judgments about the nuclear activities of Israel and Iran. In contrast, foreign policy makers who maintained closer ties with Israel were inclined to treat Iran and its nuclear program as a significant threat to China’s security interests. In addition, officials who highlighted Sino-US relations as the linchpin of Chinese foreign policy were resolved to prevent the Iranian nuclear issue from obstructing China-US cooperation. That said, those who detested American hegemony were in favor of using the nuclear dispute to increase Beijing’s leverage and weaken US dominance in the Middle East. Furthermore, energy and industry officials tended to view the nuclear issue through an economic prism and discounted the diplomatic

⁵⁸³ Interview no. 36, August 11, 2014, Beijing.

⁵⁸⁴ “Wen Jiabao Met with Foreign Leaders Attending the 2009 Boao Asia Forum.”

repercussions of stepping up economic cooperation with Iran during the nuclear crisis. Last but not least, divergence could also be found between diplomats who majored in Arabic and Persian languages, on the one hand, and those who use only English as a foreign language, on the other hand; and between Han Chinese diplomats and those with a Muslim minority background.⁵⁸⁵

Although Chinese diplomats and foreign policy officials failed to reach consensus on the implication of Iran's uranium enrichment activities on China, they did agree with each other on China's basic security goals in terms of preserving global nuclear non-proliferation, as spelt out by the Chinese President right before the resumption of the Geneva talks between Iran and the P5+1. In September 2009, President Hu attended the UN Security Council Summit on Nuclear Non-Proliferation and Disarmament, at which he explained China's security goals as follows: the Chinese government pledged itself to "consolidate the international nuclear non-proliferation regime and prevent the proliferation of nuclear weapons"; it supports all countries to join the Treaty on the Non-Proliferation of Nuclear Weapons and make real efforts to "uphold and enhance its authority and effectiveness"; moreover, China vowed to work together with other states to strengthen the function of the IAEA in terms of safeguarding and supervision.⁵⁸⁶

⁵⁸⁵ Interview no. 38, August 19, 2014, Beijing; interview no. 46, August 27, 2014, Beijing; concerning the debate about Iran's nuclear program within China, see also Joel Wuthnow, "China and the Iran Nuclear Issue: Beyond the Limited Partnership—Testimony before the US-China Economic and Security Review Commission" (US-China Economic and Security Review Commission, June 3, 2013), 112–17; "The Iran Nuclear Issue: The View from Beijing," 2–5.

⁵⁸⁶ "Statement by President Hu Jintao at the United Nations Security Council Summit on Nuclear Non-Proliferation and Nuclear Disarmament," *Permanent Mission of China to the UN*, September 24, 2009, <http://www.china-un.org/eng/chinaandun/securitycouncil/t606550.htm>; see also "China's Non-Proliferation Policy and Measures" (Ministry of Foreign Affairs, May 27, 2010), http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/jks_665232/kjlc_665236/fkswt_665240/t410729.shtml.

Based on these more general and long-term security goals, when evaluating the security consequence posed by Iran's nuclear activities, Chinese policy makers always kept an eye on the negative impact it would exert on the global non-proliferation regime, especially in China's neighborhood. According to official statements, China acknowledged that Iran is entitled to the peaceful use of nuclear energy. However, Beijing insisted that Iran should also fulfill international obligations such as upholding the non-proliferation system and allowing the IAEA access to its nuclear facilities. China's decision to keep Iran's nuclear program in check was made in light of the following reasons.⁵⁸⁷

First and most fundamentally, the government does not want its nuclear status to be diluted. Although Iran's nuclear program could offer China strategic leverage vis-à-vis the United States, Beijing firmly believes the global nuclear non-proliferation system must remain intact. If not, additional nuclear-weapon states will alter the delicate balance of power in global politics, making China lose its nuclear advantage over others.⁵⁸⁸ In particular, the Chinese leadership feared that if Iran had advanced its nuclear pursuit in defiance of international regulations, a number of Asian countries—Japan, North Korea, South Korea, Vietnam and the Philippines—would follow suit. A scenario like this would severely endanger China's security environment.⁵⁸⁹

Second and more specifically, China saw the Iranian nuclear dispute as closely related to the nuclear crisis of the Korean Peninsula.⁵⁹⁰ If world powers failed to persuade

⁵⁸⁷ Chunshan Mu, "The Iranian Nuclear Question: China's Perspective," *The Diplomat*, November 27, 2013, <http://thediplomat.com/2013/11/the-iranian-nuclear-question-chinas-perspective/>; Tong Zhao, "China and the Iranian Nuclear Negotiations," *Carnegie-Tsinghua Center for Global Policy*, February 2, 2015, <http://carnegietsinghua.org/2015/02/02/china-and-iranian-nuclear-negotiations-pub-58879>; Wuthnow, "China and the Iran Nuclear Issue: Beyond the Limited Partnership," 112–17.

⁵⁸⁸ "The Iran Nuclear Issue: The View from Beijing," 3.

⁵⁸⁹ Interview no. 36, August 11, 2014, Beijing; interview no. 49, September 1, 2014, Beijing.

⁵⁹⁰ *Ibid.*

Iran to scale back its uranium enrichment, it would be even more difficult for the international community to halt Pyongyang's nuclear weapons program through diplomacy.⁵⁹¹ In that case, referring to Iran's example, North Korea would become more audacious in developing its nuclear arsenal while dismissing international obligations and external pressure. Consequently, Beijing's principal security goals in the Korean Peninsula—no war, no chaos (i.e., no regime change) and no nukes—could hardly be accomplished.

Last but not least, China's Iran policy served the general goal of maintaining peace and stability in the Middle East.⁵⁹² Although an Iran equipped with nuclear bombs might not pose a direct threat to China, its nuclear advancement could instigate a nuclear arms race in the region and induce Israeli attacks on the country.⁵⁹³ A Middle East in war and chaos would hinder China's crude oil import, causing a massive blow to its economy. Moreover, turmoil in the region would aggravate the already precarious security situation in China's western neighborhood and disrupt the CPC's rule in Xinjiang.

Taking these factors into account, Chinese foreign policy makers saw Iran's nuclear development during Ahmadinejad's second term as running against China's security interests. Officials felt particularly embarrassed in September 2009, when Iran told the world it had been constructing a second uranium enrichment plant (i.e., the Fordow nuclear facility) just one day after Hu announced China's security goal of

⁵⁹¹ "Wang Yi: China Played Unique and Constructive Role in the Negotiations for the Joint Comprehensive Plan of Action," *people.cn*, July 15, 2015, <http://world.people.com.cn/n/2015/0715/c1002-27305049.html>; "Wang Yi Interviewed by Reuters on Syria and the Nuclear Issue of the Korean Peninsula," *Ministry of Foreign Affairs*, February 13, 2016, <http://www.mfa.gov.cn/web/zyxw/t1340286.shtml>.

⁵⁹² "Foreign Ministry: China Is Concerned about the Iran Nuclear Issue in Two Aspects," *Xinhua*, March 18, 2010, http://news.xinhuanet.com/world/2010-03/18/content_13195236.htm; "Foreign Ministry Spokeswoman Jiang Yu Answered Question regarding the Iran Nuclear Issue," *Ministry of Foreign Affairs*, April 28, 2010, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/fyrygth_677180/t688349.shtml.

⁵⁹³ "The Iran Nuclear Issue: The View from Beijing," 9.

consolidating the nuclear non-proliferation regime and strengthening the function of the IAEA. In stark contrast to the IAEA regulations that member states should notify the UN nuclear watchdog as soon as a decision to build a nuclear facility is made, it turned out that Iran had already started building the Fordow plant in 2006.⁵⁹⁴

The Fordow underground facility caught China by surprise, making it extremely difficult for Beijing to mount a meaningful defense of Iran's right to peaceful use of nuclear energy. By violating the obligations of the non-proliferation regime and eroding the authority of the IAEA, Iran apparently defied the security agenda put forward by the Chinese President just days ago.⁵⁹⁵ Taking note of this incident, the Chinese Foreign Ministry urged Iran to respond to the IAEA requirement immediately. It also reiterated China's support for nuclear non-proliferation and asked the board of the IAEA to deal with the Fordow issue based on its functions and mandate.⁵⁹⁶

On October 1, the P5+1 resumed negotiations with Iran, which softened its stance on the nuclear issue. Tehran gave ground to the six powers by allowing IAEA inspectors unrestricted access to the newly disclosed Fordow plant. More importantly, the government agreed in principle to send about 80 percent of its stockpiles of low-enriched uranium to Russia for further refinement, and then to France for fabrication into fuel assemblies, so that they could be used in a research reactor in Tehran only for medical purpose (see Section 6.2.2 for detail).⁵⁹⁷

⁵⁹⁴ "IAEA Confirms Iran Says Building 2nd Enrichment Plant," *Reuters*, September 25, 2009, <http://www.reuters.com/article/us-nuclear-iran-plant-iaea-sb-idUSTRE58O29C20090925>.

⁵⁹⁵ "The Iran Nuclear Issue: The View from Beijing," 13.

⁵⁹⁶ "Foreign Ministry Spokesman Ma Zhaoxu Answered Questions Regarding Iran's Construction of Uranium Enrichment Plant," *Ministry of Foreign Affairs*, September 25, 2009, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/fyrygth_677180/t606908.shtml; Mark Heinrich, "World Powers Demand Iran Mothball Nuclear Site," *Reuters*, November 6, 2009, <http://www.reuters.com/article/us-nuclear-iaea-iran-idUSTRE5AP1CP20091126>.

⁵⁹⁷ Louis Charbonneau, "Q+A: What's behind Geneva Agreement on Iran's Enriched Uranium?," *Reuters*, October 2, 2009, <http://www.reuters.com/article/us-nuclear-iran-qa-sb-idUSTRE59129F20091002>.

China welcomed the nuclear fuel swap deal made between Iran and the powers.⁵⁹⁸ However, when the P5+1 sought to finalize the agreement, Iran rejected the proposal it had approved early on. Moscow was frustrated with Tehran since the latter walked away from a nuclear arrangement in which Russia would play a major role. Moscow's dissatisfaction induced China to also take a tougher stance towards Iran.⁵⁹⁹ On November 27, China voted in favor of an IAEA resolution urging Iran to immediately suspend the construction of the Fordow facility and cooperate fully with the Agency by providing access and the requested information.⁶⁰⁰ That being said, Iran dismissed the warning made by the nuclear watchdog. Moreover, two days after the Agency adopted the resolution, the Ahmadinejad government revealed a plan to build ten more uranium enrichment plants in a bid to significantly expand the country's atomic program.

From late 2009 to June 2010, Iran made several announcements that it would reconsider the nuclear swap deal. But in essence, the government refused to suspend its uranium enrichment in line with the previous resolutions adopted by the UN Security Council. During this period, Chinese and Russian officials privately urged Tehran to accept the nuclear swap offer, but neither received positive feedback. As time went by, Iran's arbitrary approach made it increasingly difficult for China to resist multilateral sanctions under the UN framework.⁶⁰¹ From January to June 2010,

⁵⁹⁸ "China Welcomed the Progress Made in the Negotiations on Iran's Nuclear Fuel Swap," *Xinhua*, October 22, 2009, http://news.xinhuanet.com/world/2009-10/22/content_12299107.htm.

⁵⁹⁹ Erica Downs, "Cooperating with China on Iran" (The German Marshall Fund of the United States, January 2012), 4, http://www.brookings.edu/~media/research/files/articles/2012/1/19-china-iran-downs/0119_china_iran_downs.pdf; Louis Charbonneau, "Russia, China Push Iran to Change Nuclear Stance," *Reuters*, March 23, 2010, <http://www.reuters.com/article/us-iran-nuclear-idUSTRE62M5QY20100324>.

⁶⁰⁰ "Implementation of the NPT Safeguards Agreement and Relevant Provisions of Security Council Resolutions 1737 (2006), 1747 (2007), 1803 (2008) and 1835 (2008) in the Islamic Republic of Iran" (IAEA, November 27, 2009), <https://www.iaea.org/sites/default/files/gov2009-82.pdf>.

⁶⁰¹ Interview no. 46, August 27, 2014, Beijing; see also "The Iran Nuclear Issue: The View from Beijing," 13; Erica Downs, "Cooperating with China on Iran," 4; Louis Charbonneau, "World Powers to Start Work on Iran Sanctions: Envoys," *Reuters*, March 31, 2010,

the Chinese MoFA gradually changed its position in the nuclear talks from “adhering to negotiations as the only solution to the nuclear dispute” to “not giving up diplomatic efforts,” and from “not opposing to the dual-track approach⁶⁰² but still promoting negotiations” to “starting sanction talks but not closing the door of diplomacy.”⁶⁰³

Whereas Iran’s nuclear advancement clearly ran against China’s non-proliferation policy, foreign and economic policy makers, bearing in mind China’s economic interests, still tried their best to “dilute” and “delay” the sanctions to be imposed on the Islamic Republic. It is difficult to confirm the point at which the Chinese leadership started to see UN sanctions as inevitable. But according to the official statements made by the Foreign Ministry, Beijing remained steadfast to rule out further confrontation with Iran until early April 2010, despite that the other five powers had already reached agreement to introduce new sanctions at the UN Security Council.⁶⁰⁴

One of the reasons why China delayed the sanction talks on purpose was to maximize economic gains. In fact, the government’s intentional indecisiveness had prompted both Iran and the United States to offer China economic incentives in exchange for political support. With Iran, Beijing seemed to have established a complementary routine during this period: an increase in Western pressure would lead to a statement from Iran implying that it might be ready to accept the fuel swap deal; referring to the statement, Beijing would then reiterate its insistence on a diplomatic solution and

<http://www.reuters.com/article/us-nuclear-iran-sanctions-idUSTRE62U43820100331>.

⁶⁰² The dual-track approach refers to the strategy of using incentives to persuade Iran to suspend nuclear activities, on the one hand, and on the other hand, threatening to impose sanctions if it refuses to compromise.

⁶⁰³ See a full list of 40 comments made by the MoFA spokespersons in 2010 on the Iran nuclear issue in “Standpoints of the Chinese Government on the Iran nuclear issue,” *Xinhua*, n.d., http://news.xinhuanet.com/ziliao/2007-03/08/content_5817244.htm.

⁶⁰⁴ Daniel Bases and Louis Charbonneau, “China Says Iran Sanctions Talks in NY ‘Constructive,’” *Reuters*, April 8, 2010, <http://www.reuters.com/article/us-iran-nuclear-sanctions-idUSTRE63742S20100409>.

thereby postpone the talks about sanctions. From November 2009 (when the IAEA passed the resolution urging Iran to cooperate) to February 2010 (when France ramped up pressure on Iran after it assumed the Security Council presidency), Iran indicated at least six times that it was either reconsidering or ready to accept the swap deal. On average, China's MoFA would issue a corresponding statement within four days after the Iranian announcement, each time emphasizing that there was still space for diplomacy.⁶⁰⁵

Aside from coordinating with Iran, China also managed to delay the sanction talks among the P5+1. In January 2010, the Chinese MoFA joined in the P5+1 ministerial meeting by sending a diplomat whose level of representation—according to European diplomats—“couldn't have been lower.” Chairing the meeting, EU officials originally hoped the six powers could at least reach an agreement on whether or not to draft a new Security Council resolution on imposing fresh sanctions against Iran. In this context, China's virtual snub of the meeting dismayed Western powers and postponed serious discussions among the P5+1 about taking more stringent actions.⁶⁰⁶

Beijing's delay strategy helped the government and major energy companies to expand economic gains from both Iran and the United States. On the Iranian side, the Ahmadinejad government—in order to return the favor—decided to bind China into a tighter energy relationship by granting oil and gas projects to Chinese enterprises (see the end of this section for details), even though Beijing eventually approved a Security Council resolution on Iran together with other powers.⁶⁰⁷

⁶⁰⁵ “The Iran Nuclear Issue: The View from Beijing,” 13; for a typical reaction from Beijing, see, for example, “Diplomacy Best Way to Solve Iran Row: China,” *Reuters*, February 5, 2010, <http://www.reuters.com/article/us-iran-nuclear-china-minister-idUSTRE61441L20100205>.

⁶⁰⁶ Louis Charbonneau, “Six-Power Iran Meet Takes No Decision on Sanctions,” *Reuters*, January 16, 2010, 13, <http://www.reuters.com/article/us-iran-nuclear-meeting-idUSTRE60F0PO20100116>; “The Iran Nuclear Issue: The View from Beijing,” 13.

⁶⁰⁷ “The Iran Nuclear Issue: The View from Beijing,” 13–14; Reza Derakhshi, Ben Blanchard, and Andrew Hammond, “Iran Says Hopes China Won't Bow to Sanctions Pressure,” *Reuters*, March 9, 2010, <http://www.reuters.com/article/us-iran-china-idUSSAL92618620100309>.

Apart from Iran, Beijing's delay strategy also induced the United States to provide China with economic incentives. President Obama took the Iranian nuclear issue as a high priority for the US-China relationship. During his three meetings with Hu in September 2009, November 2009 and April 2010, the US President argued that China had to press Iran to halt its nuclear activities, because failure to do so would lead to devastating developments inimical to China's security interests: Israel bombing Iran and other Middle East states going nuclear.⁶⁰⁸

While warning Chinese leaders of the security consequences, Obama also asked Gulf Arab countries to boost energy exports to China in a bid to decrease Beijing's reliance on Iranian crude oil. In early 2009, Dennis Ross, Obama's Iran policy adviser, floated the idea of increasing the oil quota China could purchase from Saudi Arabia to secure Beijing's support for the Iran sanctions. Chinese energy officials initially viewed this solution as non-viable given the technical differences between the Saudi and Iranian crudes. In addition, foreign policy makers were also reluctant to rely on supply agreements that implicitly gave Washington leverage. Under this circumstance, the Obama administration expanded its offer to the Chinese. According to the final arrangement brokered by Washington, Iraq, Kuwait and Saudi Arabia would boost oil exports to China in order to compensate for any disruptions in the latter's oil supply resulting from the US-proposed UN sanctions. Furthermore, the United Arab Emirates was to provide China with an increased amount of crude from the existing 50,000 bpd to 150,000-200,000 bpd by mid-2010.⁶⁰⁹ Last but not least, the Obama administration also agreed to offer Chinese companies improved access to the US energy sector in exchange for Beijing's support for sanctions against Iran.⁶¹⁰

⁶⁰⁸ Erica Downs, "Cooperating with China on Iran," 3.

⁶⁰⁹ "The Iran Nuclear Issue: The View from Beijing," 14; Erica Downs, "Cooperating with China on Iran," 3.

⁶¹⁰ Aizhu Chen, "China Slows Iran Oil Work as U.S. Energy Ties Warm," *Reuters*, October 28, 2010, <http://www.reuters.com/article/us-china-iran-oil-idUSTRE69R1L120101028>.

Within the Chinese government, foreign policy makers saw the Sino-US relationship entering an unusually rocky period in 2010, as the two sides disagreed over almost everything on each other's agenda, from checking North Korea's provocative behavior to combating climate change, from trade and financial issues to China's territorial claims in the South China Sea, and from the US arm sales to Taiwan (January 2010) to Obama's meeting with the Dalai Lama (February 2010).⁶¹¹ Taking these incidents into account, the Chinese leadership was eager to stabilize the relationship with the United States in order to create an amicable atmosphere for Hu's upcoming US visit in January 2011, and to safeguard a smooth domestic transfer of power in 2011-12.⁶¹² Due to these factors, Beijing softened its stance on the Iran nuclear issue by mid-2010, not to mention the profitable incentives offered by Washington to China's energy industry.

In April 2010, China finally agreed in principle to join forces with the five powers to discuss a US-drafted resolution that provided for a fourth round of UN sanctions on Iran. The draft proposed to introduce a full arms embargo, a ban on new investments in Iran's energy industry and other tough measures targeting the Iranian shipping and banking sectors. That said, the sanctions China could accept were something much weaker and much narrower—a resolution that would only induce minimum damage to China's energy and trade relations with Iran.⁶¹³ From the very start of the negotiations, Chinese diplomats made clear that they disliked the proposed ban on new investments in Iran's energy sector.⁶¹⁴ Moreover, China and Russia also

⁶¹¹ "Cooperating with China on Iran," 3; see also "China Says Iran Sanctions No Cure," *Reuters*, March 7, 2010, <http://www.reuters.com/article/us-china-parliament-idUSTRE6260IF20100307>.

⁶¹² Speech made by Qiu Yuanping, Deputy Director of the Central Foreign Affairs Office, at a seminar reviewing Chinese foreign policy of 2010, Center of International and Strategic Studies, Peking University, March 21, 2011.

⁶¹³ Edith Honan and Patrick Worsnip, "Big Powers Say Iran Sanctions Talks 'Constructive,'" *Reuters*, April 14, 2010, <http://www.reuters.com/article/us-iran-idUSTRE63D3RS20100414>.

⁶¹⁴ Louis Charbonneau, "China Dislikes Proposed Iran Energy Sanctions: Envoys," *Reuters*, April 12, 2010, <http://www.reuters.com/article/us-nuclear-summit-iran-idUSTRE63B0WD20100412>.

demanded that any energy sanctions to be imposed on Iran must be justified by a suspected connection to the country's nuclear or ballistic missile program.⁶¹⁵

After weeks of closed-door discussions, in May the P5+1 sketched out the final version of the Iran sanction plan. In order to secure the support of Russia and China, the US, UK and France gave up a substantial part of their initiatives. When it came to energy sanctions, the US proposal of banning new investments was dropped from the draft resolution. What had been left was a sentence in the preamble, indicating that there was a "potential connection" between energy revenues and Iran's atomic program. In the meantime, the proposal to blacklist the Central Bank of Iran was also abandoned due to the objection of China, Russia and Germany, which feared that such a restriction would make it almost impossible for domestic companies to do any business with Iran. Last but not least, at China and Russia's insistence, most of the sanction measures outlined by the draft resolution were changed from mandatory to voluntary.⁶¹⁶

On June 9, the Security Council adopted Resolution 1929 by a vote of 12 in favor to two against, with one abstention. In the document, member states expressed their deep concern about Iran's lack of compliance with previous UN resolutions on ensuring the peaceful nature of its nuclear program. Consequently, the Council decided to expand the arms embargo on Iran and tighten the restrictions on financial and shipping enterprises related to "proliferation-sensitive activities."⁶¹⁷

The Chinese UN Ambassador delivered a short speech after the voting, explaining how China managed to strike a balance between its security and economic concerns

⁶¹⁵ Louis Charbonneau, "Q+A: What's in and behind the Iran Sanctions Draft?," *Reuters*, May 20, 2010, <http://www.reuters.com/article/us-iran-nuclear-draft-idUSTRE64J5R920100520>.

⁶¹⁶ *Ibid.*

⁶¹⁷ "Security Council Imposes Additional Sanctions on Iran, Voting 12 in Favor to 2 Against, with 1 Abstention" (United Nations, June 9, 2010), <http://www.un.org/press/en/2010/sc9948.doc.htm>.

during the negotiations on Resolution 1929. From a security perspective, the Ambassador noted that Iran's recent approach to its nuclear program was in conflict with China's security goals. For one, as a state party to the Non-Proliferation Treaty, Iran failed to fulfill its obligations under the Treaty and jeopardized the preservation of the international nuclear non-proliferation regime. For the other, Iran's nuclear activities endangered peace and stability in the Middle East, especially the Gulf region. However, whereas China found it necessary to curb Iran's nuclear activities, it also aimed to protect its economic interests in the country from the damage brought by more stringent UN sanctions. In this light, the Ambassador explained that China eventually voted for Resolution 1929 because the Resolution accounted for "the current momentum of world economic recovery" and avoided any negative impact on the "legitimate economic and trade relation between Iran and other states."⁶¹⁸

Since the UN sanctions were watered down by China and Russia, the US and EU vowed to introduce tougher measures to pressure Iran's energy and banking sectors. On June 24, 2010, the US Congress approved a bill that penalized any company worldwide supplying Iran with gasoline and refined petroleum products. Moreover, it also threatened to deprive international banking institutions' access to the US financial system should they be involved in Iran's nuclear program or its support for terrorist groups designated by America.⁶¹⁹ Following the United States, the EU FAC adopted on July 26 additional energy sanctions against Iran, prohibiting member states from the sale, supply or transfer to Iran of key equipment, technology, and technical and financial assistance that could be used in its oil and gas industries.

⁶¹⁸ "Explanation of Vote by Ambassador Li Baodong on New Security Council Resolution on Iranian Nuclear Issue," *Permanent Mission of China to the UN*, June 9, 2010, <http://www.china-un.org/eng/lmbf/hyxx/lbddzys/t707686.htm>.

⁶¹⁹ "Factbox: EU, U.S. and U.N. Sanctions on Iran," *Reuters*, June 28, 2010, <http://www.reuters.com/article/us-iran-nuclear-sanctions-idUSTRE65R31L20100628>; Susan Cornwell, "Factbox: Sanctions Legislation against Iran," *Reuters*, June 24, 2010, <http://www.reuters.com/article/us-nuclear-iran-congress-factbox-idUSTRE65N6SN20100624>.

Moreover, member states were also required to postpone new investment in the Iranian energy sector.⁶²⁰

China criticized the new restrictions introduced by the US and EU, maintaining that Western governments should not unilaterally take sanctions measures outside of the UN framework.⁶²¹ Furthermore, when American officials urged China to observe Washington's unilateral sanctions and not to take advantage of it by expanding energy ties with Iran, Beijing pushed back the pressure, arguing that China would not follow sanctions other than what had been approved by the Security Council.⁶²² In this context, after leading European companies reduced their gasoline sales to Iran in light of American restrictions, Chinese energy firms, such as the CNPC, Sinopec and Zhuhai Zhenrong, stepped into the void in 2010 by increasing their fuel supply to the Islamic Republic. In order to shield Chinese companies from Western financial sanctions, Beijing and Tehran considered using renminbi to settle oil and investment transactions.⁶²³ In August 2010, Vice Premier Li Keqiang received the Iranian Oil Minister Massoud Mirkazemi in Beijing, pledging to solidly push forward existing projects and ensure they were smoothly put into effect.⁶²⁴ In September, Li Changchun, member of the PBSC paid an official visit to Iran, calling the two sides to

⁶²⁰ "Press Release of 3029th Council Meeting—Foreign Affairs," July 26, 2010, 12560/10, https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/115976.pdf; Daniel Fineren, "Factbox: EU Clamps down on Iran's Energy Interests," *Reuters*, July 27, 2010, <http://www.reuters.com/article/us-iran-energy-eusanctions-factbox-idUSTRE66Q2LX20100727>.

⁶²¹ "Foreign Ministry Spokeswoman: China Does Not Approve the EU's Unilateral Sanctions against Iran," *Xinhua*, July 30, 2010, http://news.xinhuanet.com/2010-07/30/c_12393419.htm; "Foreign Ministry: States Should Not Interpret or Expand Freely the Sanction Measures Adopted by the Security Council," *Xinhua*, July 6, 2010, http://news.xinhuanet.com/world/2010-07/06/c_12304826.htm.

⁶²² "U.S. Urges China Not to Take Advantage of Iran Sanctions," *Reuters*, August 2, 2010, <http://www.reuters.com/article/us-iran-nuclear-usa-idUSTRE6711GO20100802>; Ben Blanchard and Yan Huang, "China Says Committed to U.N. Sanctions on Iran," *Reuters*, October 19, 2010, <http://www.reuters.com/article/us-china-usa-iran-idUSTRE6911LH20101019>.

⁶²³ Luke Pachymuthu and Li Peng Seng, "Exclusive: China's Top Oil Firms Sell Gasoline to Iran-Trade," *Reuters*, April 14, 2010, <http://www.reuters.com/article/us-china-iran-gasoline-idUSTRE63D1CY20100414>.

⁶²⁴ Ben Blanchard, "China Says to Maintain Trade Cooperation with Iran," *Reuters*, August 6, 2010, <http://www.reuters.com/article/us-china-iran-idUSTRE67527620100806>.

“maintain the impetus of economic and trade cooperation” against the backdrop of Western sanctions.⁶²⁵

In spite of Western pressure, China-Iran trade volume increased by 38 percent in 2010, reaching USD 29.4 billion. During this period, China also witnessed a significant decrease of trade deficit as exports to Iran increased by more than 40 percent, amounting to USD 11.1 billion, mainly due to a boost of gasoline sales. In 2010, Iran remained the third largest crude oil supplier for China, accounting for nine percent of the country’s oil import.⁶²⁶ China’s crude purchases from Iran fell in the first half of 2010 by 31 percent due to a disagreement over price but then rebounded to the previous level of about half a million bpd in the second half of that year.⁶²⁷ In addition to crude, since 2010 Iran had become a leading source of China’s iron ore import as Beijing sought to reduce its dependency on the supply from India and Australia.⁶²⁸

7.2.3. Propping up Iran in the Arab Spring

When the Arabs staged large demonstrations in 2011 calling for the departure of authoritarian rulers, the Iranian leadership backed their demands—particularly in the Gulf region—and praised the upheaval as an “Islamic liberation movement.”⁶²⁹ In June, Khamenei affirmed that Iran supported all Muslim uprisings except those stirred

⁶²⁵ “Li Changchun Met with Iranian President Ahmadinejad,” *International Department of the CPC Central Committee*, September 28, 2010, http://www.idcpc.org.cn/jwdt/2010_257/yz_258/201501/t20150122_59041.html.

⁶²⁶ “Iran Investment Guide 2011.”

⁶²⁷ Chen, “China Slows Iran Oil Work as U.S. Energy Ties Warm.”

⁶²⁸ “Ministry of Commerce Reminds Chinese Companies to Stay Cautious When Importing Iron Ore from Iran,” *Sina Finance*, December 21, 2011, <http://finance.sina.com.cn/chanjing/cyxw/20111221/143811034159.shtml>.

⁶²⁹ Dina Zayed, “Iran’s Unrest Comments ‘Cross All Red Lines’: Egypt,” *Reuters*, February 5, 2011, <http://www.reuters.com/article/us-egypt-iran-idUSTRE7141KR20110205>; Zahra Hosseinian, “Iran Says Egypt Events Sign of Islamic Renaissance,” *Reuters*, February 3, 2011, <http://www.reuters.com/article/us-iran-egypt-idUSTRE7126IN20110203>.

up by Washington, which mainly referred to the protest against Bashar al-Assad of Syria.⁶³⁰

Whereas Iran resolved to extend the revolts to Gulf Arab monarchies, the United States tried to channel the wave of protests to Iran. Unlike its more restrained reaction towards the Green Movement of 2009, Washington became much more outspoken during the Arab uprisings in its support for Iranian activists fighting against the regime. In view of the call for rally made by some Green Movement supporters, the State Department created a Twitter account in Persian to relay its messages to the Iranians, urging the authorities to “allow its own people to enjoy the same universal rights to peacefully assemble, demonstrate and communicate that are being exercised in Cairo.”⁶³¹ Referring to the call for protests, Secretary of State Clinton declared “clearly and directly” her backing for the aspirations of the Iranian opposition and wished “the brave people in the streets across cities in Iran the same opportunities that they saw their Egyptian counterparts seize.”⁶³² In the meantime, the White House applied financial sanctions on some more Iranian officials for their “serious human rights abuses against protesters” during the Green Movement. It also strongly supported a Swedish proposal to let the UN Human Rights Council appoint a special investigator probing into Iran’s promotion of “violence abroad and tyranny at home.”⁶³³

⁶³⁰ Robin Pomeroy, “Iran Backs Arab Uprisings Unless Pro-U.S.: Khamenei,” *Reuters*, June 4, 2011, <http://www.reuters.com/article/us-iran-khamenei-idUSTRE7530SX20110604>.

⁶³¹ JoAnne Allen, “U.S. Reaches out to Iranians in Farsi on Twitter,” *Reuters*, February 14, 2011, <http://www.reuters.com/article/us-usa-iran-farsi-idUSTRE71D0EU20110214>.

⁶³² Thomas Ferraro and Andrew Quinn, “Clinton Says U.S. Stands with Iran Protesters,” *Reuters*, February 14, 2011, <http://www.reuters.com/article/us-iran-opposition-usa-idUSTRE71D6DE20110214>.

⁶³³ David Lawder, Alister Bull, and Jasmin Melvin, “U.S. Sanctions Iranian Officials for Protest Crackdown,” *Reuters*, February 23, 2011, <http://www.reuters.com/article/us-iran-usa-sanctions-idUSTRE71N06W20110224>; Robert Evans, “U.S. and Sweden to Push U.N. Rights Body to Act on Iran,” *Reuters*, March 4, 2011, <http://www.reuters.com/article/us-iran-rights-un-idUSTRE7236WH20110304>.

The US instigation of protests in Iran amid the Arab rebellions prompted the Chinese leadership to reinforce its political and economic support to the Islamic Republic, despite that policy makers were somewhat frustrated with Iran's inflexible approach to the nuclear crisis.⁶³⁴ In light of the precarious regional situation induced by the Arab uprisings, China had significantly enhanced high-level political coordination with Iran throughout 2011. From April to July, high-level officials from the two governments met every month for political consultation. During these meetings, the Iranian nuclear dispute, although still mentioned by the Chinese, was no longer taken as the most important political issue in bilateral relations. In April, Chen Zhili, Vice Chairwoman of the National People's Congress Standing Committee visited Iran. Chen held talks with President Ahmadinejad, Foreign Minister Ali Akbar Salehi and Speaker of the Islamic Consultative Assembly Ali Larijani on the political situation of West Asia and North Africa, emphasizing that China shared congruent views with Iran on recent developments in the region.⁶³⁵ In May, Vice President Xi Jinping received Salehi in Beijing and exchanged views with him mainly on the Arab rebellions. Xi asserted that China had always paid attention to the role and influence of Iran in Middle East and global politics, and appreciated the ever-deepening mutual trust and policy coordination between the two governments when dealing with regional issues.⁶³⁶

One month later, President Hu held talks with Ahmadinejad in Astana. Referring to recent developments in the Middle East, Hu underlined the importance of maintaining high-level contacts with Iran and promoting cooperation in all areas of bilateral relations. In particular, the Chinese President told Ahmadinejad that "in view of the

⁶³⁴ Since Iran rejected the IAEA's nuclear swap deal in 2010, Beijing had repeatedly called on Tehran to take a more "flexible" and "pragmatic" stance on the nuclear issue. See a list of comments made by the Foreign Ministry spokespersons in "Standpoints of the Chinese Government on the Iran Nuclear Issue."

⁶³⁵ "Vice Chairwoman Chen Zhili Met with Iranian Foreign Minister Salehi," *Chinese Embassy in Iran*, April 25, 2011, http://ir.chineseembassy.org/chn/zygx_1/zzgx/t817852.htm.

⁶³⁶ "Xi Jinping Met with Iranian Foreign Minister," *Xinhua*, May 24, 2011, http://news.xinhuanet.com/world/2011-05/24/c_121453296.htm.

profound changes taking place in international politics, boosting China-Iran cooperation not only benefits the common interests of our two countries but also contributes to regional and global peace and stability.” In regard to the nuclear issue, Hu merely repeated China’s official statement that “in order to ensure Iran’s legitimate right of using nuclear energy, the fundamental solution is to reach a comprehensive deal through dialogues and negotiations.”⁶³⁷ Following the Astana meeting, the CPC leadership sent He Guoqiang, member of the PBSC to visit Iran in July for the commemoration of the 40th anniversary of the establishment of bilateral diplomatic ties.⁶³⁸

While the first half of 2011 featured high-level meetings between Chinese and Iranian officials, towards the end of that year, China’s evaluation of Iran’s role in the Middle East and the disputes over its nuclear program went through a substantial change. The Chinese leadership became increasingly convinced that in the context of the Arab uprisings, the essence of the nuclear conflict between Iran and the West was no longer about Iran’s uranium enrichment in and of itself, but rather the US attempt to use the nuclear issue to seriously tame, if not topple, the Iranian regime. In particular, two incidents led to this shift of perception: the alleged assassination plot of October 2011 and the IAEA report pointing to the military dimension to Iran's nuclear program.

On October 11, the US government disclosed a plot linked to the Iranian government to assassinate the Saudi Ambassador in the United States, and announced that the suspect had confessed he was recruited and directed by senior leaders of the Quds Force of the Revolutionary Guard Corps. Iran rejected the accusation, describing it as “a comedy show fabricated by America.”⁶³⁹ Shortly after the plot was made public,

⁶³⁷ “Hu Jintao Met with Iranian President Ahmadinejad,” *Xinhua*, June 14, 2011, http://news.xinhuanet.com/world/2011-06/14/c_121535768.htm.

⁶³⁸ “He Guoqiang Met with Iranian President,” *Xinhua*, July 16, 2011, http://news.xinhuanet.com/politics/2011-07/16/c_121676579.htm.

⁶³⁹ Zahra Hosseinian and Parisa Hafezi, “Iran Rejects U.S. Allegations of Saudi Envoy Plot,” *Reuters*, October 11, 2011, <http://www.reuters.com/article/us-iran-usa-plot-idUSTRE79A6NM20111011>.

Clinton condemned the assassination attempt as a “flagrant violation of international and US law,” and “a dangerous escalation of the Iranian government's longstanding use of political violence and sponsorship of terrorism.” She argued that the Saudi envoy plot gave Washington extra leverage in dealing with Iran, since the case had reinforced the well-grounded suspicions of many countries about the real intention of the Iranian nuclear program.⁶⁴⁰ Separately, Obama told a press conference that Iran would face the toughest possible sanctions for the suspected assassination plan, and that the United States would not take any options off the table when dealing with Iran.⁶⁴¹

China was not convinced of the US allegation. The Foreign Ministry called on all sides to adopt a cautious attitude instead of rushing to conclusions.⁶⁴² Domestic media and internal analysis, meanwhile, treated the incident as Washington's conspiracy to repress Iran, topple al-Assad and consolidate ties with Saudi Arabia and Israel.⁶⁴³ On November 18, the UN General Assembly adopted a Saudi-drafted resolution deploring the assassination attempt and urging Iran to bring people responsible to justice. China abstained from the vote, arguing that the case being discussed was “highly complicated and sensitive,” whereas the resolution, which could be easily interpreted as an accusation against Iran, was not “based on transparent investigation and substantiated evidence.”⁶⁴⁴

⁶⁴⁰ Andrew Quinn and Arshad Mohammed, “Clinton Says Plot Will Isolate Iran,” *Reuters*, October 11, 2011, <http://www.reuters.com/article/us-usa-security-iran-clinton-idUSTRE79A7IB20111011>; Andrew Quinn, “Alleged Iran Plot ‘Dangerous Escalation’: Clinton,” *Reuters*, October 12, 2011, <http://www.reuters.com/article/us-usa-security-iran-clinton-idUSTRE79B4Z820111012>.

⁶⁴¹ Susan Cronwell and Alister Bull, “Obama Says Iran to Face Toughest Possible Sanctions,” *Reuters*, October 14, 2011, <http://www.reuters.com/article/us-usa-security-iran-idUSTRE79A5E020111014>.

⁶⁴² “UN General Assembly Adopted Resolution on Assassination Plot, China Abstained,” *people.cn*, November 19, 2011, <http://world.people.com.cn/GB/16308010.html>.

⁶⁴³ “International Observation: US ‘Assassination Gate’ Compounds Iran’s Trouble,” *Xinhua*, October 14, 2011, http://news.xinhuanet.com/world/2011-10/14/c_122159296.htm.

⁶⁴⁴ “General Assembly Adopts Text Deploring Plot to Assassinate Saudi Arabian Envoy to United States; Calls on Iran to Help Bring Perpetrators to Justice,” *United Nations*, November 18, 2011, <http://www.un.org/press/en/2011/ga11176.doc.htm>.

While many were still focusing their attention on the assassination plot, a more covert but no less intensive struggle was taking place within the IAEA between the six powers over the Agency's upcoming report evaluating Iran's nuclear program. In February 2011, the UN nuclear watchdog noted in a confidential document that it had received new information concerning the allegation that Iran might be seeking to develop a nuclear-armed missile.⁶⁴⁵ Referring to this hint, Britain, France and the United States pressed the IAEA to provide more details pointing to the military aspect of Iran's nuclear activities so as to justify more stringent sanctions against Iran at the UN Security Council. In addition to that, the three Western powers accused China and Russia of pressuring the IAEA into concealing the information pointing to Iran's nuclear weapons development. China and Russia, in this context, feared that the nuclear watchdog might give way to Western pressure by issuing reports less fair and objective than before in order to justify and facilitate additional sanctions.⁶⁴⁶

Speaking in response to the allegation that China joined forces with Russia to prevent the IAEA from releasing information on Iran, the Chinese Foreign Ministry spokeswoman noted in late October that the two governments indeed "introduced our opinions to the Director General" —"we expressed our hope that the Agency can uphold its objective and fair position, maintain independence and professionalism, and make judgments based on facts when considering the Iranian nuclear issue and preparing relevant reports." The spokeswoman mentioned in the end that "although we believe exchanging views with the IAEA in this way is an absolutely normal practice, it is inappropriate (for the Agency) to reveal such information to the media."⁶⁴⁷

⁶⁴⁵ Fredrik Dahl, "IAEA Says Gets Info on Possible Iran Military Work," *Reuters*, February 26, 2011, <http://www.reuters.com/article/us-nuclear-iran-idUSTRE71O4RC20110226>.

⁶⁴⁶ "Jiang Yu Answered Question Regarding the IAEA's Upcoming Report on the Iran Nuclear Issue," *Xinhua*, October 28, 2011, http://news.xinhuanet.com/world/2011-10/28/c_122211343.htm; see also "Analysis: Russia, China May Blunt Western Pressure on Iran," *Reuters*, November 2, 2011, <http://www.reuters.com/article/us-nuclear-iran-iaea-idUSTRE7A13K020111102>.

⁶⁴⁷ "Jiang Yu Answered Question Regarding the IAEA's Upcoming Report on the Iran Nuclear Issue."

The IAEA eventually sided with Western powers. On November 8, the nuclear watchdog issued its most detailed report investigating the research, experiments and other activities in Iran geared to advancing the capability to make nuclear bombs (see Section 6.2.3).⁶⁴⁸ Based on the report, the United States, Britain and Canada imposed new energy and financial sanctions on Iran in late November. Moreover, France called for the convening of a Security Council meeting and proposed to stiffen UN sanctions on an “unprecedented scale,” including freezing the assets of the Central Bank and suspending purchases of Iranian oil.⁶⁴⁹

The Russian government sharply criticized the IAEA’s latest report. Officials maintained that the release of the document was driven by a “destructive logic” aimed to intentionally demolish the political-diplomatic process of solving the Iranian nuclear crisis.⁶⁵⁰ Referring to the content of the report, Moscow asserted that it offered no fundamentally new information about Iran’s nuclear program but rather “a compilation of known facts, given a politicized tone.” The government added further that Western interpretation of the report recalled the use of faulty intelligence to seek support for the US-led invasion of Iraq in 2003.⁶⁵¹

Chinese officials were in general not as outspoken as their Russian colleagues. The IAEA report, in fact, pushed China into a difficult position. Beijing had long declared in its nuclear policy that it resolved to reinforce the nuclear non-proliferation regime and strengthen the authority of the IAEA in terms of safeguard and supervision. In the past, China’s main argument against stiffening sanctions on Iran was that there was no

⁶⁴⁸ Sylvia Westall and Fredrik Dahl, “Highlights in U.N. Report on Iran Nuclear Program,” *Reuters*, November 8, 2011, <http://www.reuters.com/article/us-nuclear-iran-highlights-idUSTRE7A778620111108>.

⁶⁴⁹ Alexandria Sage, Sophie Louet, and Nicholas Vinocur, “France Warns Iran of ‘Unprecedented’ Sanctions,” *Reuters*, November 9, 2011, <http://www.reuters.com/article/us-france-iran-juppe-idUSTRE7A827C20111109>.

⁶⁵⁰ Steve Gutterman, “Russia Rails against Release of IAEA Iran Report,” *Reuters*, November 8, 2011, <http://www.reuters.com/article/us-nuclear-iran-russia-idUSTRE7A76QD20111108>.

⁶⁵¹ Steve Gutterman, “Russia Opposes New Iran Sanctions over IAEA Report,” *Reuters*, November 9, 2011, <http://www.reuters.com/article/us-nuclear-iran-russia-idUSTRE7A857620111109>.

strong evidence linking Iran's nuclear program to military nuclear development. Now that the IAEA had given proof that Iran was working to design atom bombs, China was obliged to pile pressure on Tehran in order to put the brakes on its nuclear advancement. Given that the government had previously voted in favor of Resolution 1929 based on the IAEA's disclosure of the secretive Fordow nuclear facility and Iran's rejection of the fuel swap deal, the confirmation of the military aspect of Iran's nuclear program should lead to China taking much more serious actions.

However, in contrast to the security calculations behind Resolution 1929, the Chinese leadership at this time refused outright to take any measures to confront Iran. Instead, the government began to question the reliability of the IAEA report and the objectivity of the Agency. Referring to the report, MoFA urged the IAEA to "uphold fairness and objectivity" and to "clarify the relevant issues included in the report through cooperation with Iran." Meanwhile, China also blamed Iran for its negative and uncooperative stance in the nuclear dispute, noting that "the Iranian side should demonstrate flexibility and sincerity and engage in serious cooperation with the IAEA."⁶⁵² But apart from making such "standardized" criticism and repeating it from time to time, China had since then refrained from imposing any additional pressure on Iran regarding its nuclear activities.

The core reason behind China's decision to shield Iran from Western pressure was that the leadership suspected Western capitals were using the nuclear issue and subsequent sanctions to stimulate regime change in Syria and Iran. The assassination plot and the IAEA report only confirmed their suspicion that America's real intention was not to solve the nuclear issue in and of itself, but to use the dispute to substantially subdue—or even overthrow—the Iranian regime. One day after the IAEA report was

⁶⁵² "Foreign Ministry: Pressure and Sanctions Cannot Fundamentally Resolve the Iran Nuclear Dispute," *Xinhua*, November 10, 2011, http://news.xinhuanet.com/world/2011-11/10/c_111158927.htm; "Foreign Ministry Spokesman: IAEA Resolution Supports Solving the Iranian Nuclear Problem through Dialogue," *Xinhua*, November 18, 2011, http://news.xinhuanet.com/world/2011-11/18/c_111178239.htm.

made public, the *People's Daily* and Xinhua News Agency published commentaries, maintaining that “unlike some false alarms made by the West over the past two years, the United States and Israel are lurching towards a real showdown with Iran.”⁶⁵³

Huang Peizhao, Director of the *People's Daily* Middle East Bureau, wrote:

The dispute over Iran's nuclear program has been suddenly heightened after a period of quietness. This development is inextricably related to the ongoing transition in the Middle East and North Africa. From a Western point of view, after the Arab protests have instigated regime change in Egypt and Libya, now it should be the turn of Syria and Iran. These two governments are closely connected to each other. No matter targeting which one at first, the West could dismantle the structure of interdependence between the two countries, rendering the other in great danger after losing a strategic ally.⁶⁵⁴

According to Wu Sike, China's Middle East Envoy, in late 2011 and early 2012, the Chinese leadership was convinced that Iran had become a new target for Western powers during the Arab uprisings, and that the ongoing attacks against the Syrian government, which was under Iran's protection, would have a decisive consequence for regional development:

The United States and Europe took the attack on Libya as a successful intervention model. At a relatively low cost, it changed Western countries' reactive approach (to the Arab revolutions), helped them seize the initiative in regional affairs, and boosted people's morale in the economic crisis. When I visited France in August 2011, the President's Middle East policy advisor told me: ‘China's non-interference principle sounds good, but it cannot solve the problem.

⁶⁵³ “Iran Nuclear Issue Suddenly Grows Acute, Is the Wolf Coming This Time?,” *Xinhua*, November 10, 2011, http://news.xinhuanet.com/world/2011-11/10/c_122256699.htm; Peizhao Huang, “Will the United States and Israel Attack Iran?,” *People's Daily (Overseas)*, November 9, 2011.

⁶⁵⁴ Huang, “Will the United States and Israel Attack Iran?”

We can solve the problem.’ ... At about the same time, the United States alleged that Iran attempted to assassinate the Saudi Ambassador in Washington. Although the evidence was not yet clear, America used the incident to provoke tensions in the Gulf. Shortly after that, the IAEA put forward its report in a perfect timing, allowing America to impose tougher sanctions on Iran’s financial and energy sectors. These moves, planned by the West, were connected with one another. ... In January 2012, I arrived in Iran. At that time, the central (leadership) believed the West was contemplating a showdown with Iran, and Syria had become a ‘wind vane’ to indicate the change of direction of the regional situation. Iranian officials held the same view, arguing that the Syrian conflict would play a decisive role in the ongoing regional transition.⁶⁵⁵

In order to prop up Syria and Iran against the Western push for regime change, the Chinese leadership had, since late 2011, ruled out imposing any additional UN sanctions against Iran. In the meantime, in the face of Western unilateral sanctions, Beijing was determined to preserve, if not fortify, China’s economic ties with the Islamic Republic. In light of the Arab revolts jeopardizing the CPC’s regime security (see Section 5.3.1), maintaining bilateral economic relations with Iran not only benefited China economically but was also of political significance to the leadership.

When analyzing China-Iran economic relations from 2011 to mid-2013, many observers focused solely on the increase or decrease of some economic indicators between the two countries—for example, crude oil import—and in turn concluded that China had either boosted or reduced support for the Islamic Republic.⁶⁵⁶

⁶⁵⁵ Speech of Special Envoy Wu Sike on China’s foreign policy in a changing Arab world, Center of International and Strategic Studies, Peking University, April 6, 2012.

⁶⁵⁶ See Chen, “China Slows Iran Oil Work as U.S. Energy Ties Warm”; Erica Downs and Suzanne Maloney, “Getting China to Sanction Iran: The Chinese-Iranian Oil Connection,” *Foreign Affairs*, April 2011; Erica Downs, “Cooperating with China on Iran”; “The Iran Nuclear Issue: The View from Beijing”; Scott Harold and Alireza Nader, “China and Iran: Economic, Political, and Military Relations” (RAND Occasional Paper, 2012); Marybeth Davis et al., “China-Iran: A Limited Partnership—Prepared for the US-China Economic and Security Review

However, in order to investigate in detail how the Chinese government dealt with the conflict between its security and economic goals, this study argues that a distinction has to be made between different types of companies involved in China-Iran economic cooperation. This is because, depending on their functions and scope of business, Chinese companies interacted with the Iranian, the American and their home governments in different patterns, which need to be examined on a case by case basis. In this vein, three groups of Chinese SOEs should be brought to readers' attention: defense companies; the three leading energy firms (the so-called "three barrels"); and two companies founded specifically for sustaining economic ties with Iran—Zhuhai Zhenrong and the Kunlun Bank.

The remaining part of this section analyzes the roles played by the three types of companies in China's Iran policy-making from late 2011 to mid-2013. Based on the findings presented below, it explains how the Chinese government dealt with the conflict between security and economic goals in Iran during this period. Overall, my study discovers that amid the Arab revolts, the Chinese leadership complied with the restrictions provided by Resolution 1929 and called back defense companies from Iran. However, it rejected the unilateral sanctions imposed by the United States and consequently, used Zhuhai Zhenrong and the Bank of Kunlun to mitigate the negative impact of US sanctions on China's economic interests. From 2011 to mid-2013, the three barrels gradually reduced the purchase of Iranian crude and slowed down their investment and operation in the Iranian oil and gas sectors. This move, however, did not symbolize a policy change on the part of the Chinese government. As it turned out, the decision resulted primarily from the cost-benefit analysis of the three companies rather than some political orders issued by the government in response to US pressure.

Commission" (CENTRA Technology, Inc., April 2013),
<http://www.uscc.gov/sites/default/files/Research/China-Iran--A%20Limited%20Partnership.pdf>.

To start with, China's state-owned weapons manufacturers, such as Poly Technologies, Aviation Industry Corporation and China Precision Machinery Import and Export Corporation (CPMIEC), run profitable business in the Middle East, covering not only arms sales but also engineering projects, general cargo trade and space technology cooperation. Iran is no exception. Whereas arms trade and missile development had been suspended by the Chinese government in accordance with the comprehensive arms embargo provided by Resolution 1929, defense companies were still engaging in civilian trade with Iran and carrying out various engineering projects in the country.

In February 2013, the US government imposed sanctions on Poly Technologies and the CPMIEC for selling items to Iran banned under US laws (Washington introduced its first ban on the CPMIEC as early as 2006). The two companies, however, denied helping Iran develop any banned weapons or exporting weapons or technologies that were under UN sanctions. The Chinese MoFA, meanwhile, criticized that the US punishment "violated the norms of international relations" and urged the government to "immediately correct its mistake by revoking these irrational sanctions" on Chinese companies and individuals.⁶⁵⁷ Despite diplomatic protest, Chinese defense companies in fact do not really care about America's unilateral sanctions, given that they have no commercial interests in the West that could be subjected to punishment. Due to the US arms embargo on China, state-owned weapons manufacturers possess hardly any business connections with either Europe or America.

Although largely unaffected by US sanctions, defense companies did need to persuade the Chinese leadership to give them the green light for non-military trade and civilian engineering projects in Iran. The government, however, was reluctant to grant them permission, proclaiming that their business activities, despite non-military, were still too sensitive to be executed in light of the restrictions entailed by Resolution 1929.

⁶⁵⁷ Paul Eckert and William MacLean, "U.S. Lists New Iran Sanctions on Several Chinese Firms," *Reuters*, February 11, 2013, <http://www.reuters.com/article/usa-china-sanctions-idUSL1N0BB79720130211>.

Towards the end of 2011, Beijing decided not to back the defense companies in their business operations in Iran and instructed them to close down the representative offices in the country.⁶⁵⁸

Unlike the defense companies, the three barrels, namely, the CNPC, Sinopec and China National Offshore Oil Corporation (CNOOC), voluntarily held back some energy projects in Iran in order to protect their business interests in the United States. As mentioned in the previous section, from 2010 to 2011, both the Iranian government and the Obama administration offered Chinese energy majors improved access to their domestic energy sectors in order to win over Beijing in the nuclear dispute. Iran turned to the Chinese to fill the vacuum left by European energy companies that had withdrawn under Western sanctions. Washington, meanwhile, also unprecedentedly gave permission to the three barrels to go ahead with American and overseas oil and gas projects. In September 2010, the CNPC and the US Chevron Corporation agreed to jointly explore Australian gas. In late 2010, CNOOC signed a USD 1.1 billion shale gas deal with the US Chesapeake Energy.⁶⁵⁹ In January 2012, Devon Energy announced that Sinopec would invest USD 2.2 billion in five of its shale projects in the United States.⁶⁶⁰

Whereas the three barrels were eager to gain a foothold in Iran—especially in the upstream sector—they also strived to seize the opportunity to expand business in America. After Washington imposed unilateral sanctions targeting the Iranian energy industry, the three companies, which had already confronted various problems with their Iranian counterparts, decided to slow down their operation in Iran. The CNPC, for example, developed phase 11 of the South Pars natural gas field at a much slower pace than what had been stipulated in the contract. CNOOC, likewise, also made little

⁶⁵⁸ Interview no. 65, December 9, 2014, Tehran; interview no. 67, December 9, 2014, Tehran; interview no. 79, January 29, 2015, Tehran.

⁶⁵⁹ Chen, “China Slows Iran Oil Work as U.S. Energy Ties Warm.”

⁶⁶⁰ Erica Downs, “Cooperating with China on Iran,” 4.

headway on its North Pars project. Similar to the way it treated European companies, the Iranian government, citing the inactivity of the Chinese, threatened to void contracts with the three barrels unless they would speed up operation. In October 2011, frustrated with the lack of progress, Iran suspended its contract with CNOOC on the development of the North Pars natural gas field.⁶⁶¹ A manager from CNOOC noted that since US sanctions there had been essentially no operation in North Pars, and as early as December 2010, the company had voluntarily recalled its staff from Iran.⁶⁶²

The pressure exerted by Iran upset decision makers of the three barrels. They admitted that Iran had the right to raise objections because Chinese companies indeed “failed to drill well according to the schedule provided by the contract.” “But we postponed the operation not without reason,” as an Iran-based CNPC representative argued, “the projects undertaken by Chinese energy firms are each worth billions of dollars. Working on these eye-catching projects at this particularly sensitive time, we risk our business interests in other countries. Plus we have to take into account the feelings of our Arab customers in the Gulf. So it’s rather normal that we slow down the operations to ‘avoid the limelight’. ... Moreover, we need to lobby the political stakeholders in China. We also have to deal with the inefficient bureaucracies of Iran. All these procedures take time. The Iranians should treat us with more understanding.”⁶⁶³

⁶⁶¹ Erica Downs, “Cooperating with China on Iran”; Chen, “China Slows Iran Oil Work as U.S. Energy Ties Warm”; Erica Downs and Suzanne Maloney, “Getting China to Sanction Iran: The Chinese-Iranian Oil Connection”; “Exclusive: China Curbs Iran Energy Work,” *Reuters*, September 2, 2011, <http://www.reuters.com/article/us-china-iran-usa-idUSTRE78112K20110902>.

⁶⁶² “Iran Suspended Natural Gas Project of Chinese Company Due to Financial Problem,” *Ifeng (fenghuang wang)*, September 3, 2012, http://news.ifeng.com/world/detail_2012_09/03/17292923_0.shtml; Davis et al., “China-Iran: A Limited Partnership,” 18–19.

⁶⁶³ Interview no. 66, December 9, 2014, Tehran; see also Wuthnow, “China and the Iran Nuclear Issue: Beyond the Limited Partnership,” 18–19.

In comparison to the three barrels, the Chinese government seemed not so surprised about Iran's decision to suspend contracts. Since early 2011, Iran policy makers of the Chinese Ministry of Commerce had been warning energy firms not to too enthusiastically fill the void left by the Europeans and "unthinkingly" settle new deals with Iran. They argued that Chinese companies were unlikely to profit from their oil and gas projects in Iran as long as Tehran insisted that foreign investors stick to the buy-back model of energy development. This model pushed foreigners at a disadvantageous position since they would be paid a fixed rate of return and were contractors without rights to the oil and gas fields. MoC officials even calculated that over the past two decades, few foreign companies—except France's Total, which was granted an exceptionally high rate of return—had significantly profited from Iran under the buy-back contract. Consequently, they urged Chinese investors to be "especially cautious" when entering the Iranian upstream energy industry and "dismiss the misperception that Western sanctions has brought unprecedented economic opportunities for China."⁶⁶⁴ Partly due to these concerns, when planning for strengthening economic relations between the two countries in June 2012, President Hu suggested to Ahmadinejad that bilateral energy cooperation should proceed "one step at a time" and ensure "mutual benefit."⁶⁶⁵

Apart from the gloomy outlook on the buy-back model, Chinese economic policy makers were also concerned about Iran's substandard business environment and its impact on big SOEs such as the three barrels. When MoC compiled the Iran investment guide of 2011-12, it provided Chinese companies with a long list of factors that could result in a delay or standstill of their projects—the unique and unpredictable legal system, inefficient bureaucracies, extremely strict visa and employment policies, strong nationalist sentiment amid the sanctions and unreliable

⁶⁶⁴ Xinhua's interview with the Chinese Economic and Commercial Counselor in Iran, May 2011.

⁶⁶⁵ "Hu Jintao Held Talks with Iranian President Ahmadinejad," *Xinhua*, June 8, 2012, http://news.xinhuanet.com/world/2012-06/08/c_112160652.htm.

business partners, to name but a few.⁶⁶⁶ Some of these issues had been repeatedly brought up by Chinese officials in their talks with the Iranians. For example, during a visit to Iran in September 2012, Chairman of the National People's Congress Wu Bangguo asked the Iranian side to improve the business environment for Chinese companies by earnestly implementing existing bilateral agreements on taxation, visa policy and customs clearance.⁶⁶⁷

Whereas the Chinese government lacked the enthusiasm to exploit Western sanctions and boost energy investment in Iran, it did resolve to water down the impact of Western restrictions on the existing economic and energy ties between the two countries. In this vein, Zhuhai Zhenrong and the Kunlun Bank were established for the purpose of sustaining China-Iran economic relations under Western sanctions.

Jointly founded by the State Council and the CPC Central Military Commission in 1994, Zhuhai Zhenrong (or simply, Zhenrong) serves as one of the four Chinese state-owned oil traders dealing with Iran. The military leadership originally used the company to import oil from the Islamic Republic in payment for the defense products it purchased from China. In contrast to the three barrels, Zhenrong focuses its attention almost exclusively on Iran. Since it has few business connections with Western countries, the company is immune from the American sanctions targeting foreign energy firms trading with Tehran. After Western governments imposed oil embargo on Iran, Zhenrong became the dominant company used by the Chinese

⁶⁶⁶ "Iran Investment Guide 2011 (Part Five): Things to Bear in Mind for Chinese Companies Doing Business in Iran," *Economic and Commercial Counselor's Office of China in Iran*, December 12, 2011, <http://ir.mofcom.gov.cn/article/ztdy/201112/20111207872902.shtml>; "Some Legal Issues in Iran's Foreign Investment Laws: How Do They Turn Away Foreign Investors and How Do Companies Deal with the Problems," *Economic and Commercial Counselor's Office of China in Iran*, July 7, 2011, <http://ir.mofcom.gov.cn/article/ztdy/201107/20110707636807.shtml>.

⁶⁶⁷ "Wu Bangguo Met with First Vice President of Iran," *people.cn*, September 12, 2012, <http://politics.people.com.cn/n/2012/0912/c1024-18981947.html>.

government to import crude from Iran, sell the imported oil to domestic refiners such as Sinopec, and export refined petroleum products back to the Islamic Republic.⁶⁶⁸

Given that China was Iran's biggest oil customer, the US government tried to press Beijing to comply with Washington's restrictive measures in terms of curtailing oil revenues flowing to Tehran. On January 10, 2012, Treasury Secretary Timothy Geithner arrived in Beijing to persuade the Chinese leadership to go along with US sanctions. The leaders told Geithner, however, that whatever the commercial calculations driving up and down China's crude orders from Iran⁶⁶⁹, Beijing's disapproval of unilateral US sanctions should remain unchanged.⁶⁷⁰ In light of the leaders' response, two days after Geithner's visit, the State Department imposed sanctions on Zhuhai Zhenrong, which, according to American officials, was Iran's largest supplier of refined petroleum products. Under the sanctions, Zhenrong was barred from receiving US export licenses as well as financing from American banks. Washington claimed that the sanction represented an important step to broaden international effort to target Iran's energy industry. Beijing, in turn, protested against the move. Nevertheless, both sides understood that due to Zhenrong's distinctive scope of business, the US punishment was more symbolic than substantive.⁶⁷¹

⁶⁶⁸ "Zhuhai Zhenrong Company," *State-Owned Assets Supervision and Administration Commission*, November 21, 2011, <http://www.sasac.gov.cn/n1180/n12534878/n13979253/14010878.html>; Luke Pachymuthu, Yaw Yan Chong, and Aizhu Chen, "Factbox: U.S. Sanctions Firms with Links to Iran," *Reuters*, January 13, 2012, <http://www.reuters.com/article/us-iran-sanctions-companies-idUSTRE80C0NL20120113>; Aizhu Chen, "Iranian Oil, Arms, Sanctions ... and 'Crazy Yang,'" *Reuters*, January 13, 2012, <http://www.reuters.com/article/us-iran-usa-sanctions-zhenrong-idUSTRE80C0KS20120113>.

⁶⁶⁹ In early 2012, the Chinese government reduced crude oil import from Iran by almost half of the daily amount it imported in 2011. The reason behind, however, was not to comply with US sanctions, but push Iran to offer Chinese companies similar discounts and settlement conditions it had granted to Greece. See "Iran Will Reduce Oil Export to China in 2012," *China National Oil and Gas Exploration and Development Corp.*, February 22, 2012, http://www.oilchina.com/cnadc/syxx/cnadc_xl.jsp?bsm=04F4512F0.00097071.944A&db=cnadcycw; Judy Hua and Alex Lawler, "Exclusive: China Buys up Saudi, Russian Oil to Squeeze Iran," *Reuters*, February 7, 2012, <http://www.reuters.com/article/us-china-oil-supplies-idUSTRE8161RG20120207>.

⁶⁷⁰ Lucy Hornby and Chris Buckley, "China Defends Iran Oil Trade despite U.S. Push," *Reuters*, January 11, 2012, <http://www.reuters.com/article/us-china-us-iran-idUSTRE80A0CN20120111>.

⁶⁷¹ Andrew Quinn, "U.S. Slaps Sanctions on China State Energy Trader over Iran," *Reuters*, January 12, 2012,

Thanks to the critical role played by Zhenrong, since September 2012, China alone had purchased nearly half of Iran's crude exports. By the first quarter of 2013, Iran remained China's third-largest supplier of oil, following Saudi Arabia and Angola.⁶⁷² Over the year, except for Zhenrong, all other Chinese oil traders cut their imports from Iran by almost ten percent so as to win sanctions waivers from the United States.⁶⁷³

Whereas Zhenrong helped Beijing sustain energy trade with Iran, the Kunlun Bank was picked by the authorities to secure financial transactions under Western sanctions. The Bank of Kunlun (originally called the Karamay City Commercial Bank) used to be a small state-owned institution providing financial service in some parts of Xinjiang. In 2009, the CNPC subscribed new capital to the institution, renamed it as the Bank of Kunlun, and took the bank as its holding company. Since the Obama government stiffened the sanctions regime by freezing foreign banks dealing with Iran out of the US financial market, nearly all Chinese banks had been forced to cut their business ties with the Islamic Republic. Under this circumstance, the Chinese leadership ordered the Kunlun Bank to suspend connections with other countries and focus its business entirely on Iran. The Bank, since then, had been chosen by the government as China's only financial channel to process billions of dollars in oil payments to Iran. Apart from preserving bilateral energy transactions, the Kunlun Bank was also used by Beijing to sustain China-Iran trade in other areas, since it served as the only bank in China that could issue letters of credit to exporters engaging in Iranian-related business.⁶⁷⁴

<http://www.reuters.com/article/us-iran-usa-sanctions-idUSTRE80B1DW20120112>; Wuthnow, "China and the Iran Nuclear Issue: Beyond the Limited Partnership," 110.

⁶⁷² Wuthnow, "China and the Iran Nuclear Issue: Beyond the Limited Partnership," 109.

⁶⁷³ Aizhu Chen, "Exclusive: China May Raise Iran Oil Imports with New Contract: Sources," *Reuters*, December 31, 2013, <http://www.reuters.com/article/us-china-iran-zhenrong-idUSBRE9BU03020131231>; Davis et al., "China-Iran: A Limited Partnership," 16.

⁶⁷⁴ "Introduction of the Kunlun Bank," *Bank of Kunlun*, n.d.,

<http://www.klb.cn/kunlunbank/489311/498249/index.html>; "The CNPC's 'Family Member': Kunlun Bank and Its Great Adventure in Petroleum Finance," *Southern Weekly (nanfang zhoumo)*, June 20, 2013,

In July 2012, the US Treasury Department slapped sanctions on the Kunlun Bank, accusing it of providing “significant financial services” to more than six Iranian banks that were designated in connection with either Iran's weapons of mass destruction programs or its support for international terrorism.⁶⁷⁵ Whereas Washington barred the Bank of Kunlun from accessing the US financial system, the punishment in fact made no difference to the Bank, nor to the financial connection it helped maintain between China and Iran.

That said, although Beijing used the Kunlun Bank to protect its economic interests in Iran, the government, under US pressure, was hesitant to give permission to the Bank to expand its business capacity. Before the ease of UN sanctions in early 2016, the Bank of Kunlun was mainly used by Beijing to serve big companies, especially state-owned energy traders.⁶⁷⁶ Many small- and medium-sized enterprises, which had to rely on the Iranian black market for financial transfer, hoped the Kunlun Bank could extend its service to private companies and establish a branch in Iran. Such suggestions, however, were turned down by the government.⁶⁷⁷

Taken together, during the Arab revolts, the Chinese leadership insisted that it would abide by the Iran sanctions introduced by the UN but ruled out the imposition of new punishments at the Security Council. Accordingly, Beijing ordered state-owned defense companies to suspend both their arms sales and non-military projects in Iran. In the meantime, in light of the US oil embargo, Chinese energy majors—the three barrels—voluntarily reduced crude oil import from Iran and slowed down operation in

<http://www.infzm.com/content/91562>; Louis Charbonneau, Jonathan Saul, and James Pomfret, “Exclusive: Iran Uses China Bank to Transfer Funds to Quds-Linked Companies—Report,” *Reuters*, November 18, 2014, <http://www.reuters.com/article/us-iran-sanctions-china-exclusive-idUSKCN0J20CE20141119>.

⁶⁷⁵ “Treasury Sanctions Kunlun Bank in China and Elaf Bank in Iraq for Business with Designated Iranian Banks,” *US Department of the Treasury*, July 31, 2012,

<https://www.treasury.gov/press-center/press-releases/Pages/tg1661.aspx>.

⁶⁷⁶ Interview no. 86, February 28, 2015, Tehran.

⁶⁷⁷ Interview no. 64, December 8, 2014, Tehran; interview no. 75, January 11, 2015, Tehran.

the country for the sake of securing their energy projects in the United States. In order to sustain bilateral economic ties and prop up Iran against the Western pressure for regime change, the Chinese leadership used Zhuhai Zhenrong and the Kunlun Bank to resist the energy and financial punishments imposed by the US and EU.

7.2.4. Theoretical expectations and empirical results

This section explores China's Iran policy-making from 2009 to the end of Ahmadinejad's presidency in July 2013. Table 7.1 on the next page summarizes the empirical findings presented by this section. During this period, Iran advanced its uranium enrichment to a level closer to atomic bomb material regardless of the opposition of the international community. The Chinese leadership, therefore, saw in its Iran policy-making the conflicts between security and economic goals, and between security and normative goals. From 2009 to late 2011, the leadership managed to strike a balance between the goal of strengthening bilateral economic cooperation under the financial crisis, on the one hand, and stiffening UN sanctions to curb Iran's nuclear activities, on the other hand. In mid-2010, China supported the Security Council to impose more punishments. Nonetheless, during the negotiations leading to Resolution 1929, the Foreign Ministry managed to delay and dilute the punitive measures to be taken against Iran in order to minimize the damage to China's economic interests. Moreover, as the US and EU introduced tougher restrictions against Iran after Resolution 1929, China refused to recognize these unilateral measures and proceeded with bilateral economic interaction as usual. In this vein, Beijing managed to square its security goal of upholding nuclear non-proliferation with the normative target of preventing foreign interference in Iran's internal affairs outside the UN framework.

Table 7.1: Summary of empirical findings and testing of theoretical expectations
(China's Iran policies, January 2009 - July 2013)

| Periods | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|---|------------------------|----------------------------|---|--------------------------------|-------------------------|
| Ahmadinejad phase I (January 2009 - late 2011) | Security vs. normative | Balance | Partly confirmed | Disconfirmed | Partly confirmed |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | Balance | Partly confirmed | Disconfirmed | Partly confirmed |
| Ahmadinejad phase II (late 2011 - July 2013) | Security vs. normative | Prioritize normative goals | Uncertain (can be either confirmed or disconfirmed) | Disconfirmed | Confirmed |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | Prioritize economic goals | Uncertain (can be either confirmed or disconfirmed) | Disconfirmed | Confirmed |

During the Arab uprisings—and especially following the assassination incident and the IAEA's November 2011 report—the Chinese leadership maintained that some Western governments were using the nuclear issue and unilateral sanctions to promote regime change in Syria and Iran. Consequently, Beijing turned to prioritize economic and normative interests in Iran over the concerns about nuclear proliferation. From late 2011 to mid-2013, China refrained from putting additional economic pressure on Iran at the Security Council, despite the latter's ongoing enrichment activities. Furthermore, the government used a couple of specially founded companies to mitigate the impact of Western sanctions on China-Iran energy and financial ties. This

approach not only benefited China's economic interests but also served the goal of propping up Iran against the perceived Western-backed regime change attempts.

The neorealist approach to FPA predicts that facing the conflicts between security goal, on the one hand, and economic and normative goals, on the other hand, China would prioritize the security goal by holding back Iran's nuclear activities at the expense of some economic and normative interests. This prediction is partly confirmed by the observations made for the first phase (January 2009 - November 2011) of Ahmadinejad's presidency. In 2009, the IAEA discovered Iran's secret Fordow facility, but Tehran refused to put the brakes on its nuclear activities. Taking these developments into account, China saw Iran's nuclear program jeopardizing the delicate balance of power of the international system and challenging China's own nuclear advantage over other states. Consequently, as correctly predicted by neorealists, China joined forces with other powers to step up sanctions on Iran at the UN Security Council. That said, the neorealist approach fails to shed light on why China, while agreeing in principle to adopt tougher UN sanctions, endeavored to reduce the actual strength of Resolution 1929 in a bid to preserve China's economic relations with Iran. It is also unable to explain why China refused to recognize the legitimacy of US and EU sanctions, which, albeit tougher than that of the UN, went largely in line with China's security target of keeping Iran's nuclear program in check.

In regard to China's Iran policy-making during the second phase of Ahmadinejad's presidency (late 2011 - July 2013), the explanatory power of neorealism varies depending on one's perspective. Judging on the nuclear issue in and of itself, one would find the neorealist predictions falsified by China's approach to the nuclear crisis during the Arab revolts, especially after the IAEA disclosed the connection between the nuclear program and Iran's military development. Notwithstanding China's strong opposition to a potential military use of Iran's enriched uranium, the government, during this time, blocked the imposition of new sanctions at the Security

Council and turned to question the objectivity of the IAEA. Despite that Iran carried on with its nuclear activities until mid-2013, Beijing not only rolled back its previous criticism but also provided the country with economic support to offset Western sanctions. The neorealist approach, along these lines, cannot explain why China acted in contradiction to its nuclear policy for the mere sake of backing the Iranian regime and preventing a spillover of the revolutions.

That said, if one examines this period of Chinese foreign policy-making under the framework of the triangular relationship between China, the United States and Iran, the neorealist predictions would be largely confirmed by the empirical findings presented above. From this perspective, China's decision to prioritize economic and normative interests over nuclear proliferation served the immediate goal of propping up Iran during the Arab Spring and in turn, contributed to its more fundamental security goal of counter-balancing US dominance in the Middle East. Iran, in this regard, is portrayed by the neorealists as Beijing's strategic ally in inhibiting the US power exertion in the region. Towards the end of 2011, China believed the nuclear dispute was no longer about Iran's enrichment activities in and of itself, but had become an excuse used by the United States to advance its aggressive and expansionist goal of vanquishing Iran and reinforcing dominance in the Middle East. Based on this perception, China formed a balancing alliance with Iran and some other states in order to check the offensive intention of Washington. Neorealism, in this regard, exhibits strong explanatory force in interpreting the balance of power strategy behind China's Iran policy-making.

The bureaucratic politics approach predicts that in foreign policy-making, the organizational interests of bureaucratic units take precedence over a united national position derived from the rational calculation of loss and gain. The way China deals with conflicting foreign policy goals, therefore, depends primarily on the bureaucratic rivalries within the government apparatus. This assumption turns out to be misleading

in terms of China's Iran policy-making examined in this section. From strengthening bilateral economic ties during the financial crisis to prolonging the negotiations over Resolution 1929, and from rejecting Western unilateral sanctions to using specially founded companies to boost the Iranian regime, the decision-making power on Iran—particularly during the nuclear crisis—was highly concentrated in the hands of the CPC leadership, while subordinating bureaucratic units such as MoFA and MoC loyally executed the policies made by the authorities.

Furthermore, in contrast to what has been assumed by the bureaucratic politics model, the analysis I have made so far does not indicate an obvious policy inconsistency between MoFA and MoC—the two leading government organizations involved in China's Iran policy decisions—due to their competition over budget or influence within the bureaucratic system. Instead, this study demonstrates that two ministries coordinated closely for achieving the goals of advancing China's economic interests in Iran, implementing relevant Security Council resolutions, and offsetting the unilateral punishments adopted by Western capitals.

The constructivist approach to FPA argues that when dealing with conflicting goals, China will prioritize the one that is most consistent with the norms it has endorsed, namely, defending sovereignty and preventing foreign interference in a state's domestic affairs. More precisely, in regard to the conflict between security and normative goals, China is expected to prioritize the goal of preserving the sovereign rights of Iran over that of using sanctions to curb its nuclear ambition, especially when such measures entail foreign interference outside the UN framework. In addition, when it comes to the conflict between security and economic goals, the constructivist approach predicts that China would prioritize the goal of forging closer economic ties with Iran over that of safeguarding nuclear non-proliferation, given that boosting bilateral economic relations could help Tehran withstand Western interference in the name of suppressing its nuclear drive.

The constructivist predictions are generally confirmed by the empirical findings. Regardless of the worrisome development of Iran's nuclear program, China strived to sustain economic ties with the country and resolutely opposed the imposition of unilateral sanctions. In particular, the constructivist approach provides insight into the rationale behind China's decision to preserve economic relations with Iran amid Western sanctions. According to constructivists, the main reason why China prioritized economic interests in Iran was not really about maximizing material gains: as analyzed in Section 7.2.3, the government was not so enthusiastic about boosting investment in Iran's energy sector by taking advantage of the Western embargo. Moreover, in view of the increase of crude exports from Saudi Arabia, the Emirates and Iraq, China did not have to rely on Iran for oil supply. The main reason why Beijing placed emphasis on China-Iran economic cooperation was that it wanted to use such ties to resist Western intervention during the Arab uprisings and reduce the chance of an externally-imposed regime change taking place in Iran.

7.3. Iran under Hassan Rouhani (August 2013 - January 2016)

7.3.1. Nuclear issue as priority

When Rouhani assumed the presidency on August 3, 2013, China welcomed the new administration's commitment to economic salvation, constructive interaction with the world and serious negotiation with the powers on the nuclear issue. On September 12, Xi met with Rouhani in Bishkek. The Chinese President underlined that the nuclear issue was of vital importance to Iran and to regional security and stability. He appreciated the new government's cooperative stance on solving the nuclear dispute and encouraged Iran to resume practical dialogue with the six powers as early as possible.⁶⁷⁸ One month later, Ali Larijani, Speaker of the Islamic Consultative

⁶⁷⁸ "Xi Jinping Met with President Rouhani of Iran," *Ministry of Foreign Affairs*, September 12, 2013, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgxw_677178/t1076106.shtml.

Assembly, visited Beijing and held talks with Xi and other Chinese leaders. Both Rouhani and Larijani expressed to the Chinese Iran's enthusiasm for consolidating bilateral economic ties. They argued that Rouhani's inauguration had "started a new chapter" in the China-Iran relationship, and the new administration was eager to scale up Iran's "Look East" policy in order to cultivate more extensive economic ties with China.⁶⁷⁹

However, whereas the Rouhani administration highlighted domestic economic salvation as the priority of China-Iran relations, the Chinese leadership viewed the situation differently, arguing that only by reaching a final settlement on the nuclear dispute could the two governments seriously and substantially enhance economic cooperation. In September and October 2013, Xi officially unveiled China's OBOR initiative, which features improving infrastructure connectivity, and fostering political, economic and social exchange between China and other Eurasian countries. Although the Chinese President's economic proposal seemed ideally suited to that of Rouhani, Beijing was not prepared to solidify economic ties with Iran until a breakthrough had been made in the nuclear talks. Particularly when it came to big projects such as energy development and infrastructure upgrade under the OBOR framework, the government was hesitant to discuss new investments with Iran as long as the nuclear program was still threatening regional peace and stability.⁶⁸⁰

Under this circumstance, from the day Rouhani took office to the end of 2013, the nuclear issue dominated high-level contacts between the Chinese and Iranian governments, as Beijing kept urging Tehran to "seize the opportunity" and "push for a fair and balanced nuclear settlement." During this period, Chinese officials indicated no intention to step up economic presence in Iran, despite that they had reiterated

⁶⁷⁹ "Xi Jinping Met with Larijani, Speaker of the Iranian Islamic Consultative Assembly," *Ministry of Foreign Affairs*, October 30, 2013,

http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgxw_677178/t1094319.shtml.

⁶⁸⁰ Interview no. 86, February 28, 2015, Tehran.

Beijing's opposition to Western sanctions and had slightly increased oil imports from the Islamic Republic.⁶⁸¹

On November 24, the P5+1 and Iran struck an interim deal on halting part of Iran's nuclear activities in exchange for some sanctions relief. Referring to the initial outcome, the Chinese Foreign Minister spoke highly of Iran's flexible and pragmatic approach to the nuclear talks, proclaiming that the interim deal would help safeguard the nuclear non-proliferation system and the peace and stability of the Middle East.⁶⁸²

After the interim deal was reached, Beijing took a similar approach to that of the EU three, using potential business projects as incentives to persuade Iran to abandon key parts of its nuclear program and negotiate a final agreement with the powers. In February 2014, the Chinese leadership sent its first official economic delegation to Iran after Rouhani became president. In Tehran, Minister of Commerce Gao Hucheng chaired an economic cooperation meeting together with Ali Tayebnia, the Iranian Minister of Economic Affairs and Finance. The two ministers signed memorandums of understanding that envisaged bilateral cooperation in the fields of industrial park building, commercial exhibition and electronic commerce.⁶⁸³ In April, Tayebnia arrived in Beijing to continue economic discussions with Chinese officials and was received by Minister Gao and Vice Premier Zhang Gaoli.⁶⁸⁴ In May 2014, Xi held talks with Rouhani again in Shanghai. Unlike the first meeting between the two

⁶⁸¹ "Xi Jinping Called Iranian President Rouhani," *Ministry of Foreign Affairs*, November 19, 2013, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgxw_677178/t1100608.shtml; "Iranian President Rouhani Met with State Councilor Yang Jiechi," *Ministry of Foreign Affairs*, December 9, 2013, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgxw_677178/t1106820.shtml.

⁶⁸² "Wang Yi: First Step towards the Settlement of the Iranian Nuclear Issue," *Ministry of Foreign Affairs*, November 24, 2013, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgxw_677178/t1101921.shtml.

⁶⁸³ "Speech of Pang Sen (Chinese Ambassador to Iran) at the Iran-China Business and Trade Forum," *Ministry of Foreign Affairs*, February 1, 2015, <http://ir.china-embassy.org/chn/sgzc/t1233277.htm>.

⁶⁸⁴ "Iranian Minister of Economic Affairs and Finance Met with Vice Premier Zhang Gaoli," *Economic and Commercial Counselor's Office of China in Iran*, April 27, 2014, <http://ir.mofcom.gov.cn/article/jmxxw/201404/20140400564396.shtml>.

leaders that focused on the nuclear issue, this time Xi invited Rouhani to join in the OBOR initiative and explore potential areas of cooperation under the Silk Road framework such as energy, high-speed railways, industrial parks and production capacity.⁶⁸⁵

After the second Xi-Rouhani meeting, MoFA and MoC began to more actively engage with Iranian politicians and businesspeople on economic discussions. Nevertheless, although initiating some projects in the areas mentioned above, the Chinese side was not ready to translate vision into reality until a final agreement had been concluded in the nuclear talks. Along these lines, economic discussions between the two governments were always followed by China pushing Iran to reach a comprehensive nuclear deal with the six powers. According to Chinese officials, only by striking a final breakthrough on the nuclear issue could Iran “shake off the burden of sanctions” and “truly concentrate on economic development.”⁶⁸⁶

7.3.2. The setback for Chinese companies

When the Chinese and Iranian governments were still planning for economic cooperation in the post-sanctions era, Iranian officials, for the purpose of exhibiting the economic “achievements” made by the new government and exerting pressure on the Europeans, disclosed to domestic media that Iran had finalized with China several economic agreements, ranging from energy investment to high-speed railways, and from building hydropower stations to upgrading oil refineries. The real situation, however, was quite the opposite. Before Iran and the six powers concluded the JCPOA, Beijing not only refrained from embarking on new projects in the country but

⁶⁸⁵ “Xi Jinping Held Talks with Iranian President Rouhani, Stressing to Promote China-Iran Friendly Cooperation to New High,” *Ministry of Foreign Affairs*, May 22, 2014,

http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgxw_677178/t1158519.shtml.

⁶⁸⁶ “Wang Yi Held Talks with Iranian Foreign Minister Zarif,” *Ministry of Foreign Affairs*, February 16, 2015,

http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgxw_677178/t1238311.shtml.

also rejected the appeals of state-owned energy companies to either resume or accelerate operations in Iran.⁶⁸⁷

The three barrels lobbied Chinese government officials for restarting their business, but the efforts were in vain. Under the presidency of Ahmadinejad, Chinese energy majors had no choice but to slow down or suspend operations in Iran due to the fear of US sanctions. In response, the Iranian authorities annulled some contracts with the Chinese. Now that Rouhani had eased the hostility between Iran and the West, the three barrels believed the time had come to mend ties with their Iranian counterparts and resume existing projects. In view of the initial easing of EU and US sanctions after the interim deal, the Iranian Petroleum Ministry also piled pressure on Chinese companies to fulfill contractual obligations and speed up operation. However, when the oil companies asked Beijing to green light their activities, the latter refused, contending that expanding business ties at this stage would disturb the nuclear talks and jeopardize China-US coordination on Iran.⁶⁸⁸ Under this circumstance, Iran annulled another contract with the CNPC in April 2014 on the development of the South Azadegan oil field, complaining that its Chinese partner ignored Tehran's repeated requests for resuming operation. According to the contract, the CNPC should have drilled 185 wells in the first phase of the project, but by the end of April, it had only finished seven.⁶⁸⁹

Chinese companies understood clearly the rationale behind Beijing's disinclination to enhancing economic ties with Iran amid the nuclear talks. According to MoFA and

⁶⁸⁷ Jin Wang, "The Progress and Regress of China-Iran Energy Cooperation," *china.com.cn*, February 22, 2016, http://opinion.china.com.cn/opinion_63_143963.html; "Eye-Catching Vision versus Harsh Reality: An Account of China-Iran Economic and Trade Cooperation in 2015 (*lixiang hen fengman, xianshi hen guban, 2015 zhong yi jingmao hezuo jishi*)," *Talk Persia (yiyang yixing shuo bosi—a Wechat platform promoting information exchange among Chinese enterprises based in Iran)*, June 16, 2016.

⁶⁸⁸ Interview no. 66, December 9, 2014, Tehran; Interview no. 86, February 28, 2015, Tehran.

⁶⁸⁹ "Iran Will Use Domestic Company to Replace CNPC for the South Azadegan Project," *Economic and Commercial Counselor's Office of China in Iran*, June 1, 2014, <http://ir.mofcom.gov.cn/article/jmxw/201406/20140600617721.shtml>.

MoC, solving the nuclear dispute was a prerequisite for China to step up economic cooperation with Iran, particularly in terms of launching big energy and infrastructure projects.⁶⁹⁰ Theoretically, only by striking a comprehensive nuclear agreement with the six powers could Iran truly alleviate the concerns of the Chinese business sector over international sanctions. Nonetheless, when it came to practice, Chinese enterprises perceived the situation differently. They held that China had to seize the opportunity when Iran was still isolated by Western sanctions. Some were even keen to see a prolonged nuclear talk to allow Chinese firms to expand business in Iran before the arrival of European competitors.

Chinese companies, especially those working on energy and infrastructure, had a good reason to worry about European competition. In their understanding, once the US and EU lifted the sanctions that had blocked Western companies from returning to Iran, Chinese firms would no longer be granted privileged access to the local market.⁶⁹¹ In the wake of the interim agreement, the Iranian Petroleum Ministry reached out to European oil executives, offering them more profitable contract models to attract investment. In this context, researchers of the CNPC and Sinopec predicted that once the European energy giants restored business in Iran after the lift of sanctions, there would be little chance for China to get new projects in the country's upstream oil and gas sectors.⁶⁹² Talking about doing business with Iran, the head of a Chinese technology company argued: "Chinese investors have to focus on countries like Iran, in which domestic economy and infrastructure are underdeveloped. Once foreigners flow into the country, we would have few opportunities. It is exactly

⁶⁹⁰ "Wang Yi: First Step towards the Settlement of the Iranian Nuclear Issue"; "16th Meeting of China-Iran Joint Economic and Trade Committee Convened in Beijing," *Ministry of Commerce*, August 18, 2016, <http://gaohucheng.mofcom.gov.cn/article/activities/201608/20160801381978.shtml>.

⁶⁹¹ Interview no. 72, December 24, 2014, Tehran.

⁶⁹² Donghou Lu, "Investment Opportunities in Iran after the Lift of Oil Embargo," *China Petrochem*, September 16, 2015, http://www.chinacpc.com.cn/info/2015-09-16/topic_2394.html; Mingyang Hou and Yang Zhang, "The Impact of the Nuclear Deal on the Oil and Gas Markets and Investment Opportunities in Iran," *Oil Observer*, October 8, 2015, <http://oilobserver.com/tendency/article/1814>.

because others are reluctant to come to Iran that the government is eager to attract Chinese business.”⁶⁹³

Aside from the challenge posed by European competitors, a more immediate and tricky problem that troubled Chinese companies was the uncooperative attitude of the Iranians. China’s foreign policy community seemed to agree in general that as long as Khamenei could still exercise ultimate authority over Iran, there would be no rapid improvement of the country’s relationship with the West, notwithstanding a potential settlement on the nuclear dispute.⁶⁹⁴ However, the Iranian private sector and some government officials had a different understanding of their country’s domestic situation and external relations: the interim nuclear deal proved to them that the Iranian economy was powerful enough to resist Western pressure; the proliferation of terrorism and constant turmoil in the Middle East made them realize Iran was the safest country in the region and in turn invigorated national pride; now that the nuclear talks were leading to a breakthrough, the Iranians believed European companies would queue up to invest in their country.

Along these lines, many Chinese companies found it extremely difficult to continue business negotiations with the Iranians after the interim deal, and consequently questioned whether a nuclear settlement would really benefit China’s economic interests.⁶⁹⁵ As one Chinese trader observed, “our Iranian partners are convinced that

⁶⁹³ “Iranian Foreign Minister’s China Visit Triggers Speculation—China and Iran Could Further Expand Cooperation on Production Capacity,” *CRI Online*, December 8, 2016, <http://news.cri.cn/20161208/5e02208a-45b0-d852-6260-36b1ee6f41c5.html>.

⁶⁹⁴ Interview no. 49, September 1, 2014, Beijing; interview no. 61, December 2, 2014, Tehran; interview no. 84, February 15, 2015, Tehran; interview no. 86, February 28, 2015, Tehran.

⁶⁹⁵ Jin Wang, “To What Extent Can China Benefit from the Lift of Iran Sanctions?,” *guancha.cn*, April 10, 2015, http://www.guancha.cn/WangJin/2015_04_10_315376.shtml; “A Preliminary Discussion on Current Economic Trends in the Iranian Market (*qiantan dangqian yilang shichang jingji zoushi*),” *Talk Persia*, October 15, 2016; “Chinese Companies under the Iran Nuclear Deal (*yehe xieyi xia de zhongguo qiye*),” *Talk Persia*, August 11, 2016; “Why Iran Did Not Support China’s South China Sea Policy? (*yilang weihe mei zhichi zhongguo de nanhai zhengce*),” *Talk Persia*, July 13, 2016; “Eye-Catching Vision Versus Harsh Reality.”

the Europeans will rush to their country after the ease of sanctions. They thus become much more demanding when dealing with Chinese companies.”⁶⁹⁶ The Iran representative of a state-owned enterprise complained:

I am totally baffled by the change of attitude of the Iranians after the interim deal. Businesspeople start to look down on Chinese projects. When we negotiate with them nowadays, they are extremely proud and always boasting about how the Europeans are eager to invest in Iran and how much oil revenue Western companies will return to them when the sanctions are lifted. To me this is absurd, since we have a very different evaluation about the business environment and external relations of Iran.⁶⁹⁷

On July 14, 2015, Iran reached an agreement with the P5+1 on the JCPOA. According to the final settlement, Tehran promised to enrich uranium only at the Natanz facility and reduce the centrifuges in it over the next decade. Fordow would no longer be used to enrich uranium, whereas the reactor in Arak, according to China’s suggestion, was to be rebuilt to support peaceful nuclear research. China and the United States would co-chair a joint working group on the modification of the Arak heavy water reactor.⁶⁹⁸ After the IAEA verified that Iran had taken all key nuclear-related steps, all past UN Security Council resolutions on the Iranian nuclear issue would be lifted, while US and EU nuclear-related sanctions would be suspended as well. However, if at any time Iran failed to comply with the JCPOA, the US and EU sanctions would snap back into place.⁶⁹⁹

⁶⁹⁶ Interview no. 76, January 14, 2015, Tehran.

⁶⁹⁷ Interview no. 65, December 9, 2014, Tehran.

⁶⁹⁸ “Wang Yi: China to Play Key Role in Redesigning the Arak Heavy Water Reactor of Iran,” *Ministry of Foreign Affairs*, July 15, 2015, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgxw_677178/t1281514.shtml.

⁶⁹⁹ “Parameters for a Joint Comprehensive Plan of Action Regarding the Islamic Republic of Iran’s Nuclear Program” (The White House, July 2015), <https://www.whitehouse.gov/sites/default/files/docs/parametersforajointcomprehenisveplanofaction.pdf>.

During the final negotiations, Western powers contended that any easing of the UN sanctions should be automatically reversible, since once the UN sanctions were suspended, it would be difficult to restore them in light of Russia and China's veto power. China, meanwhile, disapproved of an automatic snapback and insisted on sticking to the decision-making mechanism of the Security Council.⁷⁰⁰ In the end, a compromise was made between the two sides: once the Security Council receives a complaint about Iran breaching the JCPOA, member states need to vote within 30 days to decide whether to extend the sanctions relief. In case the Council fails to vote on a resolution during this period, the sanctions will be automatically re-imposed.⁷⁰¹

The Chinese leadership took the JCPOA as an agreement of historical significance because it had not only safeguarded the nuclear non-proliferation regime but also served as a positive reference for solving other international disputes, especially the North Korean nuclear crisis.⁷⁰² In addition, the nuclear talks had solidified the relationship between Beijing and Washington, demonstrating that the two powers were able to coordinate closely on international issues, and that both are taking on major responsibilities in upholding the non-proliferation system.⁷⁰³

After the JCPOA was concluded in July 2015, the Chinese government finally took concrete steps to forge closer business ties with Iran. In September, Xi and Rouhani met for a third time. The Chinese President expressed that the implementation of the

⁷⁰⁰ Louis Charbonneau, "U.S. Aims to Make Iran Nuclear Deal Immune to Russian, Chinese Veto," *Reuters*, May 6, 2015, <http://www.reuters.com/article/us-iran-nuclear-idUSKBN0NQ2I020150506>; "Wang Yi Offered Four-Point Suggestion on Iran Nuclear Talks," *Ministry of Foreign Affairs*, April 1, 2015, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgxw_677178/t1251041.shtml.

⁷⁰¹ Michelle Nichols, "U.N. Lifts Most Iran Sanctions on Receipt of IAEA Nuclear Report," *Reuters*, January 16, 2016, <http://www.reuters.com/article/us-iran-nuclear-un-idUSKCN0UU15V>.

⁷⁰² "Wang Yi: China Played a Unique and Constructive Role in the Negotiations towards a Joint Comprehensive Plan of Action."

⁷⁰³ Ben Blanchard, "China Says Iran Deal Good for Sino-U.S. Relations," *Reuters*, April 3, 2015, <http://www.reuters.com/article/us-iran-nuclear-china-usa-idUSKBN0MV00020150404>; Ben Blanchard, "China's Xi Says Will Work with U.S. on Implementing Iran Nuclear Deal," *Reuters*, July 21, 2015, <http://www.reuters.com/article/us-iran-nuclear-china-usa-idUSKCN0PV0DZ20150721>.

JCPOA had brought new opportunities for China-Iran relations and that China was ready to advance “pragmatic cooperation” with Iran in the fields of railways, roads, iron and steel, auto manufacturing, electricity, high-technology, energy and finance.⁷⁰⁴ After the meeting, the Chinese government sent Zhang Yi, Director of SASAC, to inspect Chinese SOEs in Iran, investigate the local business environment and discuss new projects with Iranian officials. Zhang led a delegation consisting of senior managers of 18 state-owned companies supervised by the Chinese central government. During the visit, the Director finally gave mandate to Chinese energy firms to proceed with their long-delayed projects. In Iran, Zhang ordered the CNPC to speed up its operation in the North Azadegan oil field in a bid to “pave the way for bilateral negotiations on additional energy projects.”⁷⁰⁵

In January 2016, Xi paid a state visit to Iran as the first Chinese President visiting the country since 2002. Meeting with Xi, Khamenei reiterated the “natural partnership” between China and Iran, since the two nations had maintained friendly ties throughout history, had given each other support in hard times and had huge potential to enhance practical cooperation in the future.⁷⁰⁶ During his meeting with Rouhani, Xi upgraded the China-Iran relationship from cooperative partnership to comprehensive strategic partnership. The two governments reached an agreement on planning bilateral cooperation for the next 25 years. They also signed a memorandum of understanding on jointly implementing the OBOR initiative. Xi stressed that China pledged to forge all-round practical cooperation with Iran under the OBOR, including establishing long-term and stable energy ties, carrying out infrastructure construction projects,

⁷⁰⁴ “Xi Jinping Met with Iranian President Rouhani,” *Ministry of Foreign Affairs*, September 29, 2015, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgqw_677178/t1301604.shtml.

⁷⁰⁵ “Zhang Yi, Chairman of the State-Owned Assets Supervision and Administration Commission, Visited Iran,” *guancha.cn*, October 1, 2015, http://www.guancha.cn/Neighbors/2015_10_01_336250_1.shtml.

⁷⁰⁶ Bozorgmehr Sharafedin, “Iran’s Leader Says Never Trusted the West, Seeks Closer Ties with China,” *Reuters*, January 23, 2016, <http://www.reuters.com/article/us-iran-china-idUSKCN0V109V>; “Xi Jinping Met with Supreme Leader of Iran Khamenei,” *Xinhua*, January 24, 2016, http://news.xinhuanet.com/world/2016-01/24/c_1117872883.htm.

forging production capacity cooperation and intensifying financial cooperation within the Asian Infrastructure Investment Bank. However, in contrast to Rouhani's trip to France and Italy (see Section 6.3.2), the Chinese President's visit did not result in any substantial trade or investment deals reached by the two countries.⁷⁰⁷

7.3.3. Theoretical expectations and empirical results

After Rouhani took office, the Iranian government improved relations with Western capitals and pledged to make concessions on the nuclear issue. Being less concerned about Western powers instigating regime change in Iran, the Chinese authorities turned to prioritize the security goal of defending nuclear non-proliferation over consolidating economic interests in Iran. During the nuclear negotiations, China refrained from advancing its economic presence in the Islamic Republic but instead urged Tehran to reach a comprehensive nuclear deal with the P5+1 as soon as possible. It was only after Iran concluded the JCPOA with the six powers that China began to allow SOEs to expand business in the country and seriously plan for ways to upgrade bilateral economic ties.

The neorealist prediction that China would prioritize security over economic goals is confirmed by the empirical observations. After Rouhani assumed the presidency, the new government was eager to boost cooperation with China in order to rescue its domestic economy. The Chinese leadership, however, chose not to embark on new projects in Iran but rather used potential business deals to incentivize the government to resolve the nuclear dispute. After the interim agreement was reached, Chinese officials began to discuss economic cooperation with their Iranian counterparts. Nevertheless, they still refrained from taking concrete measures to step up bilateral

⁷⁰⁷ "Xi Jinping Held Talks with Iranian President Rouhani," *Ministry of Foreign Affairs*, January 23, 2016, http://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677172/xgxw_677178/t1334373.shtml.

business relations, notwithstanding the economic loss suffered by Chinese SOEs and the private sector.

The bureaucratic politics model is disconfirmed by the findings on China's Iran policy-making under Rouhani's presidency. Xi's three meetings with Rouhani during this period exemplify that the Chinese leadership had developed a careful plan on how to deal with the incompatibility between security and economic goals in Iran. The leadership postponed concrete economic talks with Iran in order not to divert the latter from the nuclear talks and not to jeopardize the China-US-EU coordination on the nuclear issue. Within the Chinese government apparatus, the leaders' decision to prioritize security over economic goals was carried out at the expense of the business interests of SOEs and in some ways ran against the will of the MoC. Nevertheless, neither the ministry nor SASAC dared challenge the policy formulated by the leadership by, for example, embarking on new projects or resuming energy development without the leadership's approval.

Lastly, the assumption offered by the constructivist approach to FPA is partly confirmed by the empirical findings. In regard to the conflict between security and economic goals, the constructivist approach is insufficient to account for why China put the nuclear issue before economic interests during this period. However, it is able to explain why the Chinese leadership, in contrast to the time of the Arab revolts, chose to refocus its attention on the nuclear dispute instead of single-mindedly using bilateral economic cooperation to boost the Iranian regime. According to constructivists, the main reason leading to this policy change was that after Rouhani took office, Iran improved its relationship with the West. The Chinese authorities, under this circumstance, no longer perceived an imminent danger of Western powers using the nuclear issue to instigate regime change in Iran. Given that China found the Western approach to the Iranian nuclear dispute as posing no harm to its normative

interests, the government resumed coordination with the US and EU to jointly pressure Iran to suspend nuclear activities.

The following table provides a summary of the empirical findings presented in this section and the explanatory power of the three approaches to FPA.

Table 7.2: Summary of empirical findings and testing of theoretical expectations (China's Iran policies, August 2013 - January 2016)

| Period | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|--|------------------------|---------------------------|---------------------|--------------------------------|-------------------------|
| Rouhani (August 2013 - January 2016) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | Prioritize security goals | Confirmed | Disconfirmed | Partly confirmed |

7.4. Conclusion

This chapter analyzes the way China dealt with conflicting goals in Iran during the second term of Ahmadinejad's presidency and under Rouhani. Similar to the study on the EU's Iran policy-making, the main type of goal conflict examined by this chapter is the disharmony between security and economic goals. In addition, this study also covers the incompatibility between China's security and normative goals in Iran.

Table 7.3: Summary of empirical findings and testing of theoretical expectations
(China's Iran policies, January 2009 - January 2016)

| Periods | Goal conflicts | Solutions | Neorealist approach | Bureaucratic politics approach | Constructivist approach |
|---|------------------------|----------------------------|---|--------------------------------|-------------------------|
| Ahmadinejad phase I (January 2009 - late 2011) | Security vs. normative | Balance | Partly confirmed | Disconfirmed | Partly confirmed |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | Balance | Partly confirmed | Disconfirmed | Partly confirmed |
| Ahmadinejad phase II (late 2011 - July 2013) | Security vs. normative | Prioritize normative goals | Uncertain (can be either confirmed or disconfirmed) | Disconfirmed | Confirmed |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | Prioritize economic goals | Uncertain (can be either confirmed or disconfirmed) | Disconfirmed | Confirmed |
| Rouhani (August 2013 - January 2016) | Security vs. normative | N/A; compatible goals | -- | -- | -- |
| | Economic vs. normative | N/A; compatible goals | -- | -- | -- |
| | Security vs. economic | Prioritize security goals | Confirmed | Disconfirmed | Partly confirmed |

Table 7.3 summarizes the empirical findings presented in this chapter. During Ahmadinejad's presidency, Iran's nuclear development obviously ran against China's non-proliferation policy. In particular, the IAEA's discovery of the secretive Fordow

facility and Iran's uncompromising stance in the following nuclear talks made China realize the inevitability of imposing more stringent sanctions on Iran in order to put the brakes on its nuclear advancement. However, whereas China agreed in principle to introduce tougher restrictions at the Security Council, the government also resolved to protect its economic interests in Iran and defend the normative principle of rejecting foreign interference outside the UN framework. To protect economic interests, Beijing tried to postpone and water down the punitive measures to be taken by the Security Council. To uphold its normative principle, the government refused to recognize the unilateral sanctions adopted by the US and EU in the wake of Resolution 1929. In short, from 2009 to late 2011, China managed to strike a balance between its security and economic goals, and between security and normative goals in Iran.

The Arab uprisings changed China's perception of the Iranian nuclear issue and the strategic intentions of Western powers. The leadership maintained that the United States was using the nuclear crisis as an excuse to instigate regime change in Syria and Iran. Based on this calculation, China turned to prioritize its economic and normative interests in Iran over the security goal of preventing nuclear proliferation. From late 2011 to mid-2013, Beijing resolutely ruled out the imposition of additional UN sanctions, even though Iran continued its uranium enrichment activities irrespective of the resolutions adopted by the Security Council. In addition to this, China used specially founded companies to preserve energy and financial ties with Iran. This policy served multiple goals of the Chinese government: to protect the country's economic interests, to prop up the Iranian regime during the Arab uprisings and to offset Western sanctions which Beijing deemed illegitimate.

After Rouhani took office in August 2013, the Iranian government improved its relationship with the West and vowed to settle the nuclear dispute with the six powers. In this context, Beijing became less concerned about the prospect of regime change in Iran and in turn refocused its attention on the nuclear issue. Although Chinese

companies hoped the government could prolong the nuclear talks so as to continue to exploit Iran's economic isolation, the leadership chose to prioritize China's security goals over short-term economic interests. During the nuclear negotiations, the Rouhani administration proposed to forge closer economic ties with China. However, Beijing refrained from scaling up bilateral economic relations until a final nuclear deal had been reached by Iran and the six powers. In the meantime, the authorities also objected to the appeals of state-owned energy companies to resume and expand operations in Iran. It was only after the JCPOA was concluded that the Chinese leadership finally announced it would increase investment in the Islamic Republic and embark on new projects under the OBOR initiative.

The neorealist approach to FPA predicts that China would prioritize the security goal of curbing Iran's nuclear activities over economic and normative interests. It correctly predicts China's decision to stiffen UN restrictions on Iran in 2010 and the government's approach of prioritizing the nuclear issue over upgrading economic ties after Rouhani took office. That said, the neorealist approach fails to interpret why China, while agreeing in principle to adopt additional UN sanctions, strived to water down the impact of Resolution 1929 in order to preserve China-Iran economic relations. Neorealists also fail to account for China's rejection of US and EU sanctions, which served similar security goals to that of China in terms of suppressing Iran's nuclear ambition.

In addition to this, the explanatory force of neorealism proves difficult to determine in regard to China's Iran policy-making during the Arab revolts. Judging on the nuclear issue in and of itself, this study falsifies the neorealist predictions because China, fearing a spillover of the Arab revolutions, basically abandoned its nuclear policy and used bilateral economic ties to back the Iranian regime regardless of its enrichment activities. However, China's approach of prioritizing economic ties with Iran over nuclear non-proliferation can be also portrayed in light of a balance of power strategy

adopted by the Chinese leadership, namely, to form a balancing alliance with Iran to check the US power exertion in the Middle East amid the Arab revolts. The neorealist approach, from this perspective, exhibits strong explanatory force in explaining why Beijing put economic and normative goals before its non-proliferation policy during this period of Iran policy-making.

The bureaucratic politics approach fails to shed light on the way China arranged conflicting goals in Iran. The assumption that foreign policy decisions are determined by bureaucratic rivalries proves misleading since the mandate of Iran policy-making—particularly in regard to the nuclear crisis—was highly concentrated in the hands of the CPC leadership, with subordinating bureaucracies loyally executing the policies made by the leaders. Moreover, this study shows that whereas bureaucratic units tend to compete over budget and influence within the government apparatus, they can also coordinate closely in order to advance some common goals set by the executive leaders, as demonstrated by the concerted attempts of MoFA and MoC to protect China's security, economic and normative interests in Iran during the nuclear crisis. The bureaucratic politics model overemphasizes the rivalries among government institutions but downplays the authority of the leadership and the tendency towards cooperation between separate bureaucratic units.

The constructivist approach to FPA argues that when dealing with conflicting goals, China will prioritize the one that is most consistent with the norms it has endorsed, namely, defending sovereignty and preventing foreign interference in a state's domestic affairs. This prediction is generally confirmed by the empirical findings presented in this chapter. In particular, the constructivist approach sheds light on the calculation behind China's decision to preserve economic relations with Iran amid the Arab insurgencies—the decision was made less for the sake of protecting Chinese business interests than offsetting the Western attempt to instigate regime change in Iran. Moreover, the constructivist approach provides insight on China's policy change

after Rouhani took office. The leadership changed the focus of its Iran policy from using economic cooperation to prop up the regime to urging Tehran to make concessions on the nuclear issue. According to constructivists, the key reason leading to this policy change was that the Chinese leadership no longer perceived an imminent danger of Western powers inciting regime change in Iran and thus had less concern about its normative interests in the country.

So far I have investigated the EU's and China's foreign policy decisions towards Egypt and Iran respectively. In the next chapter, I will compare the approaches to goal conflicts adopted by the two actors and conclude the overall explanatory force of the neorealist, bureaucratic politics and constructivist approaches to FPA.

8. Arranging conflicting goals: the EU and China in comparison

8.1. Introduction

After exploring the EU's and China's solutions to goal conflicts in their Egypt and Iran policy-making, Chapter 8 compares the empirical and theoretical discoveries I have made so far regarding the two foreign policy actors. This chapter is divided into two parts. In Section 8.2, I will start by comparing the solutions applied by the EU and China to reconciling conflicting foreign policy goals. Based on the empirical comparison, this section reveals that regardless of the differences between the two actors, the EU and China took similar approaches to dealing with the goal conflicts in their foreign policy decisions towards Egypt and Iran.

In the second part of this chapter, I will shift from empirical comparison to investigating the explanatory records of the three theoretical approaches to FPA. Section 8.3 compares the pros and cons of the neorealist, bureaucratic politics, and constructivist approaches in accounting for the EU's and China's foreign policy decisions. It concludes that none of the approaches prove to be sufficient for explaining how the two actors address goal conflicts.

8.2. Different actors, similar solutions

8.2.1. The EU's and China's Egypt policies

This study shows that both the EU and China were confronted with the problem of goal conflicts in their Egypt policy-making, although the two actors did not necessarily face the same type of conflict at the same time. As summarized in Table 8.1, before the upheavals of 2011 that toppled Mubarak, the EU's Egypt policy was characterized by the disharmony between security and normative goals, and between

its economic and normative agendas. The solution adopted by the Union was to prioritize the security aspect of its Egypt policy at the expense of normative interests, namely, to support Mubarak in consolidating security, stability and order rather than challenging his authority through promoting democracy and human rights.

Table 8.1: Dealing with conflicting goals in Egypt—the EU and China in comparison

| Periods | Goal conflicts | The EU's solutions | China's solutions |
|---|------------------------|-------------------------------|---|
| Mubarak (January 2007/January 2009 - December 2010) | Security vs. normative | Security > normative | N/A; compatible goals |
| | Economic vs. normative | Economic > normative | N/A; compatible goals |
| | Security vs. economic | N/A; compatible goals | N/A; compatible goals |
| Transition (January 2011 - June 2012) | Security vs. normative | Security = normative | Regime security > normative → regime security = normative |
| | Economic vs. normative | Economic = normative | N/A; compatible goals |
| | Security vs. economic | N/A; compatible goals | Regime security > economic → regime security = economic |
| Morsi (July 2012 - June 2013) | Security vs. normative | Security = normative | Regime security = normative |
| | Economic vs. normative | Economic = normative | N/A; compatible goals |
| | Security vs. economic | N/A; compatible goals | Regime security = economic |
| Sisi (July 2013 - December 2015/January 2016) | Security vs. normative | Security > normative | N/A; compatible goals |
| | Economic vs. normative | Economic > normative | N/A; compatible goals |
| | Security vs. economic | N/A; compatible goals | N/A; compatible goals |
| Summary | | Security/economic ≥ normative | Regime security ≥ normative/economic |

Description: >, <, = represent the direction of goal prioritization.

During the same period, China did not experience incompatibility between its security and economic interests, on the one hand, and the normative goal it aimed to achieve in Egypt, on the other hand. China used the normative principle of non-interference in others' internal affairs to defend the political status quo under Mubarak's rule.

Supporting the authoritarian order in Egypt contributed to the CPC's regime security and paved the way for China to enhance economic ties with Egypt. Moreover, it helped stabilize the situation in Xinjiang after the 2009 Uyghur revolts, in which the Mubarak leadership wholeheartedly supported Beijing in squashing the protests.

In short, before the Arab uprisings, both the EU and China preferred upholding the authoritarian rule of Mubarak in order to advance their respective security and economic interests. The difference between the two actors, however, was that China's normative pursuit corresponded with its other foreign policy goals, whereas the EU's normative agenda clashed with the political status quo in Egypt and thus conflicted with its security and economic interests.

In the wake of the Arab uprisings, the EU pledged to strike a balance between its incompatible foreign policy targets in Egypt by refashioning the Union's role from a defender of authoritarian stability to a promoter of deep democracy. During the transition period and under Morsi's year of presidency, the EU was committed to the democratic reforms in Egypt and had strengthened its link with civil society actors. That said, in light of the revival of Islamism, the proliferation of terrorism, the rise in irregular migration flows, and not to mention the severe deterioration of the Egyptian economy, the EU felt obliged to enhance security and economic cooperation with the Egyptian authorities in a bid to help the country regain stability.

Similar to the problems faced by the EU, China saw the Arab uprisings as resulting in a discord between its security and normative pursuits in Egypt, and between security and economic goals. The uprisings posed a threat to the CPC's regime security,

making the leadership resolve to prevent a spillover from the Arab world to China. Along these lines, the government adopted a disapproving stance towards the Egyptian revolts and relentlessly resisted a similar regime change in Syria—both policies ran against China’s non-interference principle and clashed with the political and religious ambition of the Egyptian government run by the Muslim Brotherhood. From early 2011 to the end of Morsi’s presidency, the Chinese leadership originally prioritized regime security at the expense of its normative principles and economic interests in Egypt. Later, it decided to strike a balance between conflicting goals by rolling back some negative judgments of the Arab uprisings in exchange for the Islamists’ support for economic cooperation and China’s rule in Xinjiang.

Comparing the EU’s and China’s approaches to goal conflicts during the Arab revolts indicates that both actors placed great emphasis on their security agenda in Egypt, despite that both eventually managed to square their security interests with other foreign policy goals. Although the EU did heighten its criticism of the interim and Morsi governments for their violation of human rights and democratic principles, the Union refrained from letting these value-based matters jeopardize the critical security and economic cooperation between the two sides. Moreover, both the security and economic support offered by the EU in fact served the same goal of restoring stability in Egypt and thus improving the security situation in the Union’s Southern Neighborhood.

China’s solution to goal conflicts is comparable to the EU in that the government also adopted a security-minded approach to managing its relationship with Egypt and was not hesitant to depart from a long-standing normative principle for the pursuit of short-term security interests. Despite that China eventually returned to the practice of non-interference to some degree, it should be noted that the main drive behind this policy change was not about defending sovereign rights in international relations in and of itself. Instead, it was about recognizing some merits of the Egyptian revolution

in order to secure the Islamists' support, or at least non-intervention, on the Xinjiang issue—another security target on China's foreign policy agenda.

The EU's and China's security-oriented approaches to goal conflicts can be further exemplified by their Egypt policies under Sisi's rule. In light of the deteriorating security situation after Morsi's departure and the European refugee crisis beginning in 2015, the EU significantly strengthened its security partnership with the Sisi government, notwithstanding the stalled democratic reform and serious human rights abuse after the army regained control over the country. As for China, due to the reassertion of authoritarian order in Egypt, China no longer saw a conflict between its security goal of preserving regime stability and the normative principle of non-interference in others' internal affairs. Beijing therefore provided normative support to the military's takeover and resolutely opposed Western interference in Egypt's domestic affairs. Furthermore, it enhanced security cooperation with Sisi on Xinjiang and used the Arab Spring to underline the danger of developing countries copying Western political models.

Taken together, as shown at the bottom of Table 8.1, the EU's way of dealing with goal conflicts in Egypt can be summarized as prioritizing the security and economic aspects of its foreign policy over the normative agenda. In fact, even regarding the economic component of the EU's Egypt policy, it is worth mentioning that the Union's objective was not limited to advancing economic gains for itself, but rather using policies such as trade liberalization, industrial development and job creation to preserve the stability and security of Egypt in the long run. In this regard, it can be concluded that security served as the most important criterion determining the EU's strategy to manage goal conflicts in Egypt.

Security concerns also dominated China's Egypt policy-making. However, whereas the EU's security goals focused on addressing the external threats to its border control

and to the safety of European citizens, China's security agenda in Egypt was primarily about preserving regime or political security. This corresponds specifically to the "core national interests" identified by the government in terms of securing the CPC's long-term rule and defending China's sovereignty claims over Xinjiang.

In contrast to their dedication to security interests, both the EU and China treated the normative aspect of their Egypt policy as a side issue. Admittedly, one could argue that during the Arab uprisings, the EU did ambitiously heighten its commitment to democracy promotion. However, such a decision was made only when policy makers realized that it was no longer feasible to stem the tide of the revolution by helping Mubarak clamp down on the protests and restore authoritarian order. As soon as a new leader regained control over the country, the EU did not strictly adhere to the more for more principle, nor would it subject the critical security cooperation with Egypt to any normative conditions.

In a way similar to the EU, this study demonstrates that China's treatment of the norm of non-interference—whether to observe, abandon or partly fulfill the principle—was determined by the relationship between this norm and China's security interests (primarily regime survival) in a target state. When Beijing perceived the 2011 anti-Mubarak uprisings as a threat to the CPC's regime security, the government was not hesitant to intervene. In contrast, in view of the 2013 demonstrations calling for the return of an authoritarian leader, the Chinese government shifted back to the practice of non-interference, declaring its respect for the choice made by the Egyptian people.

8.2.2. The EU's and China's Iran policies

When it came to Iran, the overriding problem faced by the EU during Ahmadinejad's presidency was how to reconcile the security goal of using sanctions to force Iran to

scale back its nuclear program, on the one hand, and the economic goal of minimizing the negative repercussion of sanctions on the European economy, on the other hand. As illustrated by Table 8.2, the EU originally prioritized its economic interests in Iran over the security target of immediately putting the brakes on its nuclear program. Then starting from late 2011, decision makers agreed to strike a balance between these two goals by imposing an oil embargo and Central Bank sanctions on Iran but granting member states a grace period and various exemptions. It was only towards the end of Ahmadinejad’s presidency that the EU finally decided to introduce a total trade embargo and comprehensive financial sanctions, in other words, to seriously dry up the financial sources of Iran’s nuclear program at the expense of the EU’s economic interests.

Table 8.2: Dealing with conflicting goals in Iran—the EU and China in comparison

| Periods | Goal conflicts | The EU’s solutions | China’s solutions |
|---|------------------------|---|-------------------------------|
| Ahmadinejad phase I (January 2009 - late 2011) | Security vs. normative | N/A; compatible goals | Security = normative |
| | Economic vs. normative | Economic > normative | N/A; compatible goals |
| | Security vs. economic | Economic > security | Economic = security |
| Ahmadinejad phase II (late 2011/early 2012 - July 2013) | Security vs. normative | N/A; compatible goals | Normative > security |
| | Economic vs. normative | Economic > normative | N/A; compatible goals |
| | Security vs. economic | Security = economic → security > economic | Economic > security |
| Rouhani (August 2013 - January 2016) | Security vs. normative | N/A; compatible goals | N/A; compatible goals |
| | Economic vs. normative | Economic > normative | N/A; compatible goals |
| | Security vs. economic | Security > economic | Security > economic |
| Summary | | Economic ≥ security > normative | Economic/normative ≥ security |

Similar to the EU, China had to resolve the same problem of security-economic goal conflicts in its Iran policy-making. And for most of the time under Ahmadinejad's presidency, Beijing chose to prioritize economic cooperation with Iran over the security goal of curbing the latter's nuclear ambition and safeguarding the global non-proliferation system. Admittedly, in mid-2010, the Chinese government did voluntarily sacrifice some economic interests by voting in favor of Resolution 1929 to impose tougher restrictions against Iran. But ever since then, China had ruled out putting additional pressure on the Islamic Republic at the Security Council and had made considerable efforts to water down the impact of Western sanctions on bilateral economic ties despite that Iran continued to advance its uranium enrichment during this period.

After Rouhani took office, the EU and China were on the same page to let the nuclear issue take precedence over resuming economic ties with Iran in order to pressure the latter to reach a final nuclear deal with the six powers. That said, it should be mentioned that for both the EU and China, the disharmony between security and economic goals they faced in this period was not as serious as that under Ahmadinejad's presidency. Given that the EU had exhausted nearly all options to sanction Iran, decision makers had no choice but to push for a breakthrough in the nuclear talks in order to restore business ties with the country. Meanwhile, Chinese leaders also acknowledged that if China wanted to substantially upgrade economic ties with Iran and incorporate the country into the OBOR framework, a settlement had to be made on the nuclear crisis. In this context, the EU and China had no better choice but to prioritize the nuclear issue over economic cooperation after Rouhani took office.

Overall, this study concludes that the EU's and China's Iran policies from 2009 to early 2016 featured a strong emphasis on defending and advancing economic gains. However, a second look at the two actors' Iran policy-making reveals that although

both tended to put economic interests before the nuclear issue most of the time, their rationales behind this decision were different. For the EU, this policy was made out of some real concerns about the European economy: member states strived to mitigate the negative impact of the Iran sanctions on their economies, particularly at the time of oil price surges and the eurozone debt crisis. Similar to the EU, the Chinese government was also eager to preserve energy and trade relations with Iran for economic reasons. Yet apart from protecting economic gains, China's decision also served the more fundamental goal in terms of preserving regime stability and perhaps advancing geopolitical interests in the Middle East. It should not be forgotten that China's decision to uphold economic cooperation with Iran was made during the Arab uprisings, when the leadership was convinced that some Western capitals were using the nuclear issue and unilateral sanctions to instigate regime change in Syria and Iran. In this context, the real highlight of China's Iran policy was not economic interests but political support, namely, to use energy and financial cooperation with Iran to prop up the regime during the Arab revolts.

Aside from the conflict between security and economic goals, the EU also experienced an incompatibility between its economic and normative goals in Iran. In this regard, the Union put its economic interests before normative pursuits throughout all periods examined by this study. Although European decision makers were aware of the serious human rights abuses in Iran, they refrained from punishing the authorities by sacrificing bilateral economic cooperation on energy and trade. Whereas the EU did eventually adopt comprehensive sanctions at the expense of significant economic interests, the main cause of this decision was the security threat posed by Iran's nuclear program instead of its violation of democratic values and human rights.

Unlike the EU, China seemed to pay more attention to the normative aspect of its Iran policy. During Ahmadinejad's presidency, China, citing the non-interference principle, resolutely opposed the imposition of unilateral sanctions on Iran despite the

worrisome development of its nuclear activities. However, similar to the rationale behind China's decision to prioritize bilateral economic cooperation over the nuclear issue, the main reason why China emphasized its normative principle during this period was that the leadership saw the urgency of backing the Iranian regime amid the Arab insurgencies and resolved to prevent a spillover of the revolutions that could jeopardize the CPC's regime security. This finding confirms the conclusion I made in the previous section on China's treatment of the non-interference principle in Egypt. The Iran case provides an additional support demonstrating that whether China would adhere to the non-interference principle or not depends largely on how well this principle could help the Chinese leadership advance regime security.

In sum, by comparing the EU's and China's approaches to goal conflicts in Iran, this study concludes that first, when dealing with incompatible security and economic goals, both actors chose to protect their economic interests in Iran rather than imposing stringent sanctions to immediately suppress Iran's nuclear ambition. However, the calculations behind the EU's and China's decisions to prioritize economic interests were not the same. The EU's decision was made due to the concerns about the sanctions' negative impact on the European economy, whereas for China, the rationale was two-fold: to defend economic interests and, perhaps more importantly, to preserve regime security by supporting Iran during the Arab revolts.

Second, when dealing with the conflict between normative goals and other pursuits such as security or economic interests, neither the EU nor China took the normative aspect of their Iran policies seriously. The EU was not hesitant to protect and advance its economic interests in Iran despite the authorities' violation of democratic values and human rights. As for China, the government seemed to prioritize the normative principle of non-interference in others' internal affairs during its Iran policy-making. However, the real reason why China emphasized this norm was not about defending

sovereign rights in and of itself, but rather using the principle to prevent a regime change in Iran and to preserve domestic political stability.

8.3. Theories meet reality

8.3.1. The neorealist approach

After comparing the EU's and China's solutions to goal conflicts, Section 8.3 summarizes the explanatory records of the neorealist, bureaucratic politics and constructivist approaches to FPA. Based on these records, I compare the effectiveness of the three approaches in accounting for the EU's and China's foreign policy decisions.

As demonstrated by Table 8.3, neorealism is able to provide some reasons for the foreign policy decisions of EU member states and China, but its overall explanatory force is moderate. The neorealist approach is not without merit. Regarding the EU, neorealism sheds light on member states' decisions to strengthen security ties with Egypt at the expense of their normative interests, as the theory predicts that security interests should take precedence over all other foreign policy goals a state might pursue. Moreover, since neorealists consider normative goals as irrelevant, their predictions are confirmed by the findings made on EU member states trying to defend and extend their economic interests in Egypt and Iran regardless of the human rights violations made by the local authorities. As for China, neorealism provides insight into China's decision to join forces with other powers to curb Iran's nuclear drive, since this theoretical approach maintains that the nuclear program threatens China's military advantage and jeopardizes the delicate balance of power in the international system. In addition, by portraying Iran as Beijing's strategic ally in inhibiting the US power exertion in the Middle East, neorealism also offers a plausible explanation of China's decision to back Iran in light of the Arab revolts.

Table 8.3: Explanatory record of the neorealist approach to FPA

| Actors | The neorealist approach correctly predicts that ... | The neorealist approach fails to predict that ... | The neorealist approach is inapplicable to analyze ... |
|--------|--|---|--|
| EU | <ul style="list-style-type: none"> • southern member states prioritized security and economic interests over normative goals when engaging with Egypt under Mubarak • member states enhanced security and economic ties with Sisi at the expense of normative pursuits • member states prioritized economic interests over normative goals in Iran • member states agreed to curb Iran's nuclear ambition at the expense of economic interests towards the end of Ahmadinejad's presidency and under Rouhani | <ul style="list-style-type: none"> • some member states voiced reservations about intensifying security and economic cooperation with Mubarak due to human rights concerns • member states squared security and economic goals with democracy promotion in light of the Arab revolts • member states resolved to maintain business ties with Iran rather than putting a brake on its nuclear program through sanctions | <ul style="list-style-type: none"> • (strictly speaking) member states' security pursuits in terms of regulating migration flows and combating terrorism and radicalization |
| China | <ul style="list-style-type: none"> • China voted in favor of Resolution 1929 to pressure Iran to suspend nuclear activities • China formed a balancing alliance with Iran during the Arab revolts to check the West's power expansion | <ul style="list-style-type: none"> • China rolled back its criticism of Iran's nuclear activities during the Arab revolts and provided economic support to water down Western sanctions • China, citing the non-interference principle, resisted Western efforts to suppress Iran's nuclear drive | <ul style="list-style-type: none"> • China's dominant concern of defending regime security during the Arab uprisings |

That said, neorealism suffers from several setbacks when accounting for the EU's and China's treatment of goal conflicts. The theory fails to explain why some EU member states were committed to democracy promotion and human rights protection in Egypt,

even though they understood such a policy could jeopardize the critical security cooperation between the two sides. Similarly, given the general neorealist expectation that normative issues are of little importance, it comes as a surprise to neorealists that EU member states would agree to place a strong emphasis on promoting deep democracy in Egypt during the Arab Spring. Apart from these limitations, neorealism is also unable to justify the EU's and China's handling of the security-economic goal conflict in Iran, as the two actors endeavored to preserve economic ties with the Islamic Republic despite the nuclear threat posed by the country.

Perhaps more problematically, the neorealist approach, although being clear and systematic, assumes that states weigh foreign policy options based on the assessment of their relative material power vis-à-vis the rest in the international system. Such a top-down perspective and narrow definition of national interests makes neorealism inapplicable to many scenarios of goal conflicts identified by this study. For example, in regard to the security-normative and security-economic goal conflicts in China's Egypt policy-making, the two most important security goals China aimed to achieve were about defending the CPC's authoritarian rule and preserving Xinjiang's stability. However, from a neorealist perspective, neither goal can be regarded as a real security concern, because they belong to domestic politics and would not induce a change in China's relative power position in the international environment. Neorealism, as a result, cannot be applied to examine how China dealt with goal conflicts during the Arab insurgencies. Similarly, it should be noted that the security concerns of EU member states in Egypt and the southern Mediterranean—irregular migration, organized crimes and the proliferation of terrorism—are also essentially different from the security problems neorealists focus on, which should derive from the relative power position of a state against others in the international system. So, strictly speaking, the neorealist approach is also unsuitable to analyze the goal conflicts faced by EU member states in Egypt. In sum, as a highly limited approach to FPA,

neorealism proves to be inadequate to account for the EU's and China's foreign policy decisions examined by this study.

8.3.2. The bureaucratic politics approach

Contrary to neorealism, the bureaucratic politics approach argues that foreign policy decisions are sourced not in anarchy and the distribution of power but in the bureaucratic infightings within a government system. Table 8.4 shows that the bureaucratic politics model basically fails to account for the EU's and China's solutions to goal conflicts. In fact, the bureaucratic politics prediction that the way a foreign policy actor resolves goal conflicts depends on its own inter-institutional rivalries has been disconfirmed by all observations made in this study regarding the EU's and China's foreign policy decisions.

Table 8.4: Explanatory record of the bureaucratic politics approach to FPA

| Actors | The bureaucratic politics approach correctly predicts that ... | The bureaucratic politics approach fails to predict that ... |
|--------|---|---|
| EU | <ul style="list-style-type: none"> • inter-institutional conflict played a role in the EU's Egypt and Iran policy-making | <ul style="list-style-type: none"> • political leaders, instead of foreign policy bureaucracies, determined how the EU would solve goal conflicts in Egypt and Iran • domestic actors (such as energy giants and economic interest groups) outside the bureaucratic system shaped member states' approaches to goal conflicts |
| China | <ul style="list-style-type: none"> • inter-institutional conflict played a role in China's Egypt and Iran policy-making | <ul style="list-style-type: none"> • when crisis was occurring, the top leadership dominated foreign policy-making, while the impact of bureaucratic rivalry was limited • foreign policy bureaucracies, although having divergent departmental interests, joined forces in defending China's core national interests |

Nevertheless, one should not downplay the value of the bureaucratic politics model. This approach turns out to be helpful for showing that in many cases, goal conflict can be a natural reflection of the departmental rivalries within a state (or a group of states), as each bureaucratic unit tends to prioritize its own version of national interests in search of additional benefits for the organization. In the EU's Egypt policy-making, for example, each DG of the European Commission tried to highlight the importance of the foreign policy goal that it deemed most relevant to increase the department's mandate and resources—be it to foster closer trade relations with Egypt, promote democracy or enhance cooperation on border control. Moreover, in regard to China's foreign policy decisions during the Arab revolts, this study reveals that different central government bureaucracies tended to evaluate the implications of the Egyptian revolution through their own prism: some were prone to take an aggressive stance towards the uprisings in order to mitigate the negative repercussion on domestic stability, whereas others focused on how to sustain China's cooperation with Egypt after Mubarak's departure. The bureaucratic politics approach, in this light, is correct to point out that bureaucratic rivalries could have an impact on the way the EU and China dealt with conflicting goals.

The problem of this approach, however, is that it assumes bureaucratic infightings would play a decisive role in determining the EU's and China's foreign policy decisions. After exploring the two actors' treatment of goal conflicts in Egypt and Iran, this study argues that the bureaucratic politics approach is misleading due to the following reasons.

First, the bureaucratic politics assumption understates the influence of political leaders in foreign policy-making and their control over foreign policy bureaucracies. When dealing with conflicting goals in Egypt, the EU prioritized security and economic cooperation with the Egyptian authorities while sidelining its normative goals in the country not because some EU institutions won the battle over others in

some bureaucratic struggles. Instead, this was because the High Representative and office-holders of a majority of member states perceived security cooperation as more urgent and more important than democracy promotion. Similarly, in regard to China's Iran policy-making after Rouhani took office, the Xi leadership decided to refrain from embarking on new economic projects in Iran until a final settlement was made on the nuclear issue. The decision to prioritize security over economic goals ran against the interests of state-owned companies and bureaucracies such as MoC and SASAC. Nevertheless, none of these players dared challenge the plan formulated by the leadership and act according to its own will. The bureaucratic politics model, in this context, is wrong to depict the role of political leaders as nominal while taking bureaucratic rivalries as the determining factor. The explanatory power of this model proves to be particularly limited in regard to security decisions and crisis management, which featured a heavy involvement of political leaders in the policy process.

Second, the bureaucratic politics model is flawed for taking for granted the competitive nature of inter-agency relations while minimizing the potential of coordination among separate government units in the service of some fundamental interests of the state. This study shows that when demonstrations swept across the Arab world in 2011, the immediate reaction of the Chinese authorities was to take a confrontational stance towards the uprisings in order to prevent a spillover of the revolutions. This policy went in contrast to the interests of some foreign policy players such as MoFA and MoC, which aimed to maintain China's political and economic cooperation with the post-revolutionary governments. However, it turned out that despite the inconsistent preferences, different bureaucratic bodies acted collectively during the Arab uprisings based on the consensus that defending regime security is the fundamental prerequisite for the protection and advancement of their organizational interests within the government.

Third, the bureaucratic politics approach, while highlighting the conflict of departmental interests within the bureaucratic system, fails to account for the domestic constraints faced by foreign policy makers outside the government apparatus. Although domestic politics within EU member states is not the focus of this study, the analysis of the EU's treatment of incompatible security and economic goals in Iran still reveals that member states were reluctant to sacrifice economic interests and approve comprehensive sanctions on Iran not really because of the bureaucratic infightings within their governments. Instead, it was due to the pressure imposed by domestic constituents, economic stakeholders and interest groups involved in the foreign policy process. These players, although not part of the bureaucratic system, played a pivotal role in shaping the sanctions policies of EU member states.

8.3.3. The constructivist approach

Table 8.5 shows that the explanatory record of the constructivist approach to FPA is no more effective than the neorealist one. Particularly regarding the EU, the constructivist assumptions that the Union's foreign policies would be norm-consistent and that, during goal conflicts, normative objectives would take precedence over other targets are falsified by both the EU's Egypt and Iran policy decisions. Under both Mubarak and Sisi, the EU intentionally downsized its normative ambition in order to prevent democracy promotion and human rights issues from destabilizing the local society or obstructing critical security and law enforcement cooperation with Egyptian leaders. Even though the Union managed to strike a balance between the security and normative aspects of its Egypt policy in light of the Arab uprisings, the former still turned out to be more forceful and effective than the latter when it came to implementation. In the same way, normative issues were not the focus of the EU's Iran policy either. Despite the autocratic rule and widespread human rights abuses in Iran, such matters were overshadowed by member states' enthusiasm for defending or restoring economic ties with the country.

Table 8.5: Explanatory record of the constructivist approach to FPA

| Actors | The constructivist approach correctly predicts that ... | The constructivist approach fails to predict that ... |
|--------|--|---|
| EU | <ul style="list-style-type: none"> • the EU adjusted the ENP in light of the Arab revolts, placing greater emphasis on democracy promotion | <ul style="list-style-type: none"> • the EU strengthened security and economic cooperation with Mubarak and Sisi while turning a blind eye to the violations of democratic values and human rights • during the Arab uprisings, the economic and security dimensions of the EU's Egypt policy still turned out to be more forceful than the normative aspect • the EU strived to protect and expand economic ties with Iran regardless of the human rights violations in the country |
| China | <ul style="list-style-type: none"> • China highlighted the norm of non-interference to resist Western unilateral sanctions against Iran despite concerns about the latter's nuclear advancement | <ul style="list-style-type: none"> • in the wake of the Arab uprisings, China sidelined its non-interference principle in order to prevent a spillover of the revolutions |

In comparison to the EU, the constructivist approach appears to be more effective in explaining how China dealt with goal conflicts. Admittedly, the biggest deficit of constructivism in this regard is that it fails to predict China's decision to abandon the non-interference principle in the wake of the Arab revolts. More specifically, constructivists cannot explain why China responded negatively to Mubarak's departure and made all efforts to prevent a regime change in Syria, thereby entering into a sharp confrontation with the Egyptian Islamists. But apart from this failure, the constructivist approach generally holds true by assuming that China's foreign policy decisions would be norm-consistent. For example, when it came to dealing with Mubarak and Sisi, constructivists correctly predict that China would underline the importance of respecting sovereign rights and oppose foreign intervention in Egypt's internal affairs. Meanwhile, the constructivist approach also performs well in accounting for China's Iran policies during the nuclear crisis, as the government

helped Iran resist Western unilateral sanctions even though decision makers were frustrated with the latter's ongoing nuclear development.

Whereas the constructivist approach seems to provide more insight into China's foreign policy decisions than that of the EU, a second look at the two actors' normative pursuits indicates a different explanation. As concluded in Section 8.2, both the EU and China were prone to prioritize the security and economic aspects of their foreign policies over the normative agenda. In this context, the security-normative and economic-normative goal conflicts faced by the EU present difficult tests for constructivists because, in both Egypt and Iran, the EU's normative agenda was not only irrelevant but also detrimental to its short-term security or economic interests. That said, when it comes to China, except for the short period following Mubarak's departure when Beijing abandoned the non-interference principle, the norms China aimed to promote in Egypt and Iran generally helped consolidate authoritarian order in these countries and contribute to China's core interests of defending regime security and domestic stability. As a result, in comparison with those of the EU, the China cases examined by this study offer easy tests for constructivists, whose stronger performance should therefore not be overstated. Taking this factor into consideration, it can be concluded that similar to neorealism and the bureaucratic political model, the constructivist approach demonstrates limited and nearly equal explanatory force when accounting for the EU's and China's practices on resolving goal conflicts.

Now that I have compared the explanatory records of the three approaches, I will come to the concluding part of this dissertation. In the next chapter, I will revisit the research questions proposed by this study, summarize the main findings, and indicate some questions to be explored by further research.

9. Conclusion

9.1. The solutions to goal conflicts

The questions raised in this dissertation were how the EU and China handled incompatible goals during their Egypt and Iran policy-making and how their choices can be explained. The study identified three scenarios of goal conflicts: the incompatibility between security and economic goals, between security and normative goals, and between economic and normative goals. In order to analyze the strategies employed by a foreign policy actor to solve these problems, this project proposed a typology of the choices an actor might make to resolve goal conflicts: totally abandoning one goal, prioritizing one target over the other, and striking a balance between the two.

By choosing the EU and China for comparison and analyzing the ways they dealt with goal conflicts in Egypt and Iran, this dissertation determined that the two actors, notwithstanding their differences in terms of sovereignty, regime type, political ideology, policy-making mechanism, etc., turned out to take similar measures to arrange their conflicting goals in the two target states. In Egypt, both the EU and China tried to prioritize the security goal of preserving local stability and authoritarian order over their economic and normative pursuits. When dealing with Iran, both actors placed their economic interests ahead of the nuclear issue—and ahead of one's normative agenda, as for the case of the EU.

Given that the EU and China—as two totally different foreign policy actors—took similar measures to deal with goal conflicts, the various differences between them can be ruled out as irrelevant factors in accounting for this outcome. First, whether an actor is a sovereign state or not does not make a big difference in the way it deals with competing foreign policy goals. The EU is a regional organization composed of many

member states, whereas China is an international actor with indisputable sovereignty. Nevertheless, both were faced with similar kinds of goal conflicts in their Egypt and Iran policy-making, and both tried to solve these problems by prioritizing security or economic goals.

Second, regime type does not help to elucidate their solutions to goal conflicts either. The EU is made up by a group of democracies, whereas China is a one-party state. The two actors sought to attain totally different and even contradicting normative goals in Egypt and Iran: the EU pledged to promote democracy and protect human rights, while China, for the sake of securing regime survival, defended sovereign rights and upheld the non-interference principle. Regardless of this difference, when value-based goals conflicted with the EU's and China's security or economic objectives, both actors were ready to de-prioritize their normative agenda.

Similarly, other factors such as policy-making mechanism also cannot account for the EU's and China's solutions to goal conflicts. Regarding foreign policy decision making, the EU features the fragmentation of power, whereas in China the supreme authority belongs to a couple party leaders. Despite that China has a much more centralized policy-making mechanism, Beijing's Egypt and Iran policies were by no means more consistent than that of the EU, and on many occasions, the two actors had to scale down similar kinds of pursuits in order to attain the foreign policy targets they deemed more urgent.

9.2. Theoretical explanations

So, if all these factors prove to be irrelevant to shed light on the EU and China's similar reactions to goal conflicts, what could be the explanation? This study chose three approaches to FPA—the neorealist, bureaucratic politics, and constructivist

approaches—and tested whether they could account for the two actors' foreign policy decisions.

Based on the empirical findings made in this research, none of the three approaches were adequate to explain the decisions made by the EU and China to solve goal conflicts. The overall explanatory force of neorealism was limited as it failed to justify the EU's and China's Iran policies in terms of prioritizing economic interests over the security goal of curbing Iran's nuclear ambition. More importantly, the neorealist approach features a narrow definition of national interests, making it generally inapplicable to analyze the EU's and China's Egypt policy decisions. This is particularly true of China, which placed a strong emphasis on preserving regime security—an issue deemed irrelevant by neorealists since it has little impact on the relative power position of a state in the international system.

Second, the bureaucratic politics model provided some insights into the inter-institutional rivalries behind the EU's and China's foreign policy-making, but overall, its assumption that bureaucratic infightings would play a decisive role in determining the actors' reactions to goal conflicts was disconfirmed by the empirical findings. This study showed that the bureaucratic politics model is flawed since it downplays the political leaders' control over foreign policy-making, overemphasizes the competitive nature of inter-agency relations, and fails to consider domestic constraints outside the government apparatus.

Finally, the constructivist approach performed no better than the other two theories. The constructivist assumption that an actor's foreign policy decisions should align with the norms it aims to promote turned out to be wrong as the EU placed security interests ahead of normative goals in Egypt and enthusiastically promoted economic cooperation with Iran regardless of its human rights violations. In addition, China's foreign policy decisions, particularly amid crises such as the Arab insurgencies, were

also far from norm-consistent. After investigating the government's Egypt and Iran policy-making, this study has found that the Chinese authorities only adhered to the non-interference principle when it contributed to the CPC's regime security and showed no hesitation to intervene once this interest was under threat.

Since all three approaches failed to answer the question why the EU and China took similar measures to deal with conflicting goals, what could be the explanation? This study refers to domestic politics as a better account of the two actors' foreign policy decisions. In fact, empirical analysis reveals that the EU's and China's solutions to goal conflicts, though bearing striking similarities, were formulated according to different calculations, which have to be traced in the domestic developments of each actor.

In Egypt, the EU prioritized preserving authoritarian order and sidelined its normative agenda because many member states, especially those in the south, were in need of a strong Egyptian leadership to maintain regional stability and help them with border control and counter-terrorism. This need overrode the considerations of other states and non-governmental actors, which tended to place a stronger emphasis on the EU's responsibility of promoting democracy and protecting human rights in Egypt. Meanwhile, for China, the decision to prioritize security interests over other goals mainly derived from the authorities' domestic concerns such as preserving Xinjiang's stability and preventing the spread of insurgencies such as the Arab Spring to China, especially during the leadership transition of 2011-13.

Similarly, when it came to Iran, the EU prioritized the goal of protecting economic interests over introducing severe sanctions because member state governments, in light of the eurozone crisis and oil price surges, had real concerns about the negative impact of Iran sanctions on their economies. In comparison to the EU, China also placed a strong emphasis on maintaining economic cooperation with Iran during the

nuclear crisis but for different reasons. This policy mainly served China's goal of backing Iran during the Arab revolts and obstructing the Western attempt at regime change, which was perceived by Beijing as a threat to domestic stability.

In sum, this study demonstrated that the EU and China—being two totally different actors on the international stage—formulated similar policies to resolve the goal conflicts they faced in Egypt and Iran, yet the rationales behind the two actors' decisions were not the same. The neorealist, bureaucratic politics, and constructivist approaches all failed to explain the EU's and China's reactions to goal conflicts. In this context, empirical analysis implies that their foreign policy decisions can be better elucidated by investigating the two actors' domestic politics and its interactions with external developments.

9.3. Empirical and theoretical implications

Foreign policy analysts and commentators often criticize international actors for their lack of coherence in pursuing critical national interests vis-à-vis a target state.

However, this study indicated that people have either not realized or not paid enough attention to the fact that for any international actor with various widespread overseas interests, the goals it seeks to achieve in another state are often contradictory and mutually exclusive, making it almost impossible for the actor to articulate a coherent and consistent foreign policy strategy.

Particularly regarding the EU, commentators tend to take for granted that the Union's foreign policies will be characterized by internal conflicts since it is an international organization made up of 28 member states. However, by combining the EU and China—two actors that are not normally explored together—for comparison, this study underlined that goal conflict should not be regarded as an attribute of the EU, since the same problem also commonly occurs in the foreign policies of sovereign

states with more centralized decision-making processes. Similarly, neither is goal conflict a special feature regarding the promotion of democracy and human rights, for which the United States and European countries were often criticized as lacking strong commitment to. Instead, the practice of neglecting normative goals in order to consolidate security or economic interests can be found in China's foreign policies as well, even though the government advocates totally different norms from those of Western countries.

Theoretically, this dissertation compared the relative strengths and weaknesses of three FPA theories in explaining the paths taken by the EU and China to solve goal conflicts. It showed that each theoretical perspective underlines an aspect of the two actors' foreign policy decisions, but none of them are perfect in predicting how different scenarios of goal conflicts can be handled. Along these lines, the project demonstrates to future researchers that when investigating the reasons behind an actor's strategies to manage conflicting goals, it is unrealistic to look for a comprehensive theoretical approach to account for that actor's foreign policy choice. Instead, to predict an actor's solutions, one has to focus on the domestic concerns of policy makers and explore how these issues are affected by the external developments on the ground. In this regard, domestic politics or domestic political factors seem to offer a more reliable starting point to explain an actor's foreign policy decisions in the face of goal conflicts.

9.4. Suggestions for further research

This study offered only a preliminary examination of the EU's and China's treatment of goal conflicts by using Egypt and Iran as two target states. In light of some of the latest developments, further observations are needed to advance our knowledge about the two actors' foreign policies in the Middle East. Regarding the EU, in mid-2016, the European Council adopted the Global Strategy for the European Union's Foreign

and Security Policy.⁷⁰⁸ The release of this foreign policy document, although overshadowed by the Brexit referendum, did bring about interesting changes in the EU's neighborhood policy as the document downsized the EU's normative ambition, highlighted the new approach of "principled pragmatism," pledged to enhance "resilience" in the Union's surrounding regions, and called for differentiated policies designed for each neighborhood country. It remains to be seen how these proposals would transform into a change of practice for the EU in dealing with goal conflicts in Egypt in comparison with other Middle Eastern countries.

Meanwhile, as for China, the Chinese leadership does not fancy the idea of becoming a major political player in the Middle East anytime soon. It can be expected that in the near future, Beijing's Middle East policy-making will continue to be driven by domestic issues, as demonstrated by this study. However, as China keeps consolidating trade, investment and energy ties with the region, the government is expected to encounter a growing number of goal conflicts between its domestic concerns and overseas ambitions. Moreover, it also seems Beijing's traditional approach to the Middle East will soon turn out to be inadequate to help the country secure and advance its ever-expanding external interests. For instance, as economic ties deepen, it is becoming increasingly difficult for China to consolidate amicable relations with a number of Middle Eastern opponents—such as Iran and Saudi Arabia—at the same time. Admittedly, Beijing is highly unlikely to openly take sides in Middle Eastern conflicts. But in light of the Saudi-Iranian confrontation looming large in the region, the Chinese leadership will have to take into account the geopolitical consequences of enhancing economic cooperation with either side of the conflict. For instance, the leadership will need to think twice about significantly strengthening China's economic partnership with Saudi Arabia, including its offer to

⁷⁰⁸ "Shared Vision, Common Action: A Stronger Europe—A Global Strategy for the European Union's Foreign and Security Policy" (European Union, June 2016), http://eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf.

invest in Saudi Aramco in a bid to support Crown Prince Mohammad bin Salman's ambitious economic reform plan.

Furthermore, it seems unsustainable for Beijing to continue increasing its economic presence in the region while refraining from contributing to the local security structure. In relation to this, in view of the implementation of the OBOR initiative, the government is struggling to keep the balance between defending China's interests abroad and adhering to the normative principle of non-interference in others' internal affairs. Researchers have recognized some of these incompatible goals in China's foreign policy-making, and some have even made suggestions to decision makers.⁷⁰⁹ But it remains unknown if, how and when their suggestions will lead to a policy change by the Chinese leadership.

Apart from suggesting additional data collection, I also recommend that future researchers include a wider range of goal conflicts in their studies. This dissertation limited the foreign policy goals under examination to the basic ones, namely, the security, economic and normative objectives of the EU and China. That said, goal conflicts can also be found in other policy areas such as military, religion, education and culture. This study briefly mentioned Beijing's cooperation with the religious authorities of Egypt in order to instill in Chinese Muslims the Islamic doctrine endorsed by the CPC, and the impact of such religious ties on China's Egypt policy-making. Investigating the interplay between China's or an EU member state's domestic Islamic affairs and its Middle East policy decisions could serve as an interesting starting point to identify some additional scenarios of goal conflicts faced by these actors.

⁷⁰⁹ See the Chinese debate on non-interference in Mathieu Duchâtel, Oliver Bräuner, and Hang Zhou, "Protecting China's Overseas Interests: The Slow Shift Away from Non-Interference," SIPRI Policy Paper (Stockholm International Peace Research Institute, June 2014); Yizhou Wang, *Creative Involvement: A New Direction in China's Diplomacy (chuangzaoxing jieru: zhongguo waijiao xin quxiang)* (Beijing: Peking University Press, 2011).

In addition to that, it should be noted that incompatible goals can be found not only between separate fields but also within the same policy area. This study revealed that China's security pursuits in Egypt entailed the internal conflict between defending regime stability during the Arab uprisings and persuading the Islamist government in Cairo to support Beijing's rule in Xinjiang. Similarly, China's Iran policy-making also contained the mutually exclusive security goals of preserving regime stability and defending nuclear non-proliferation. Such cases, which do not belong to the three basic scenarios of goal conflicts proposed by this project, require further exploration in future studies.

Overall, in an increasingly interconnected and interdependent world, goal conflict is a common feature in international relations and will continue to occur in the foreign policy decisions of nearly all major international actors. At the very moment when this thesis is being written, one can list a variety of contemporary examples: Germany seeks to use its economic might to pressure Turkey amid bilateral political tensions but has to prevent such measures from derailing the refugee deal it struck with Ankara; South Korea pledges to stabilize economic relations with China—its biggest trade partner—but finds it unavoidable to antagonize the latter by forging closer security ties with the United States to address North Korea's nuclear threat; Beijing is eager to forge closer economic ties with Central Asia but has to act cautiously in order not to challenge Russia's dominance in the region and thus jeopardize the China-Russia strategic cooperation. In light of the abundant number of cases to be explored, this study underscores that understanding goal conflict and the possible approaches to this problem is of significance both in academia and in practice. By shedding light on this pivotal issue, this dissertation paves the way for a more comprehensive examination of goal conflicts accompanied by additional case analysis.

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Abstract in English

Resolving goal conflicts in the Middle East: the EU and China in comparison

This dissertation seeks to answer the general research question of how international actors handle goal conflicts in their foreign policy-making and how their strategies can be explained. Choosing the EU's and China's Middle East policies as two most different cases for comparison, this study examines the paths taken by the two actors to deal with the security-normative, security-economic and economic-normative goal conflicts in Egypt and Iran. It demonstrates that the EU and China, notwithstanding their differences in various respects, turned out to take similar measures to arrange incompatible goals in the two target states. In Egypt before, during and after the Arab uprisings, both actors tried to prioritize the security goal of preserving local stability and authoritarian order over their economic and normative pursuits. When dealing with Iran during the nuclear crisis, both actors placed their economic interests ahead of the nuclear issue—and ahead of one's normative agenda, as for the case of the EU.

By adopting the most different systems method, this thesis argues that the variations between the EU and China in terms of sovereignty, regime type, political ideology, policy-making mechanism, etc. fail to account for the similar strategies adopted by the two actors to resolve goal conflicts. Nevertheless, while the most different systems design allows me to eliminate irrelevant independent variables, I find it difficult to rely on this method alone to determine the causal mechanism behind the two actors' similar foreign policy decisions. Consequently, this study uses the most different research design in conjunction with theory testing. Drawing on the neorealist, bureaucratic politics, and constructivist approaches to Foreign Policy Analysis, it develops theoretical predictions on how goal conflicts would be resolved and tests them against the empirical findings made on the EU's and China's Egypt and Iran policy-making.

The testing of theoretical predictions proves that none of the three approaches are sufficient to explain the choices made by the EU and China to tackle goal conflicts. Instead, this thesis refers to domestic politics as a fourth and better account of the two actors' foreign policy decisions. It demonstrates that the EU's and China's solutions to goal conflicts, though bearing similarities, were formulated according to different calculations, which need to be traced in the domestic developments of each actor.

In Egypt, the EU prioritized preserving authoritarian order and sidelined its normative agenda because many member states, especially those in the south, worried about public security in their homeland once the Middle East was in chaos. They therefore needed a strong Egyptian leadership to cooperate with on addressing cross-border problems such as refugee flows, illegal migration and the proliferation of terrorism. This empirical finding seems to confirm the neorealist prediction. However, a second look at the case reveals that the security concerns of EU member states do not fit in with the neorealists' narrow definition of national interests.

During the Arab revolts, China also defended authoritarian stability in Egypt, even though such a decision jeopardized China's economic interests and offset its efforts to promote the norm of non-interference. Unlike the EU, however, China's decision was made primarily due to the leaders' concerns about regime security such as preserving Xinjiang's stability and preventing the spread of insurgencies like the Arab Spring to China, especially during the leadership transition of 2011-13.

Similarly, when it came to Iran, the EU prioritized the goal of protecting economic interests over introducing severe sanctions to curb Iran's nuclear ambition and its human rights abuse. This was because member state governments, in light of the eurozone crisis and oil price surges, had real concerns about the negative impact of sanctions on their economies.

In comparison to the EU, China also placed a strong emphasis on maintaining economic ties with Iran during the nuclear crisis but for different reasons. This policy, while contributing to China's economic interests in general, mainly served the government's goal of backing Iran during the Arab revolts and obstructing the Western attempt at regime change, which was perceived by Beijing as a threat to domestic stability.

Abstract in German

Die Lösung von Zielkonflikten im Mittleren Osten: EU und China im Vergleich

Die vorliegende Arbeit sucht Antworten darauf, wie internationale Akteure Zielkonflikte in der Gestaltung ihrer Außenpolitik angehen und wie sich ihre Strategien erklären lassen. Am Beispiel der sehr unterschiedlichen Nahost-Politik der EU und Chinas werden die Wege untersucht, die beide Akteure einschlagen, um mit den Zielkonflikten umzugehen, die sich im Spannungsfeld von Werten, Sicherheit und Wirtschaft in den Beziehungen zu Ägypten und Iran ergeben. Es wird aufgezeigt, dass die EU und China trotz aller Unterschiede ähnlich Strategien im Umgang mit unvereinbaren Zielen in den beiden Staaten angewandt haben. In Ägypten haben beide Akteure vor, während und nach den Unruhen des Arabischen Frühlings den Sicherheitsinteressen, dem Erhalt regionaler Stabilität und auch autoritärer Ordnung den Vorrang gegeben vor normativen und Wirtschaftsinteressen. Im Umgang mit Iran in der Nuklearkrise haben beide vorrangig Wirtschaftsinteressen verfolgt, die EU auch noch vor ihrer normativen Agenda.

Auf Grundlage der Differenzmethode will diese Arbeit zeigen, dass die systemischen Unterschiede zwischen der EU und China etwa in Fragen von Souveränität, Regierungsform, politischer Ideologie, politischer Entscheidungsfindung etc. keinen

Einfluss haben, auf die von beiden Akteuren gewählten ähnlichen Strategien im Umgang mit Zielkonflikten. Aber auch wenn es die Differenzmethode erlaubt, irrelevante Faktoren auszublenden, so bleibt es doch schwierig, allein mit dieser Methode diejenigen Mechanismen zu bestimmen, welche dazu führen, dass beide Akteure zu ähnlichen außenpolitischen Entscheidungen finden. Von daher verknüpft diese Untersuchung die Differenzmethode mit theoretischer Überprüfung. Auf der Grundlage neorealistischer, administrativer und konstruktivistischer Ansätze der Analyse auswärtiger Politik wird theoretisch hergeleitet, welche Lösungsansätze von Zielkonflikten zu erwarten wären. Diese werden dann verglichen mit der empirischen Betrachtung der von der EU und China in Ägypten und Iran angewandten Politik.

Die Analyse wird zeigen, dass keiner der drei genannten Ansätze ausreicht, die politische Entscheidungsfindung der EU und Chinas im Umgang mit Zielkonflikten zu erklären. Die vorliegende Arbeit identifiziert Innenpolitik als vierten und wichtigsten Faktor, der die Außenpolitik der beiden Akteure bestimmt. Es wird gezeigt, dass bei aller Ähnlichkeit im Ergebnis, China und die EU ihre Lösungen für Zielkonflikte auf der Grundlage unterschiedlicher Überlegungen entwickelten, die jeweils innenpolitisch motiviert waren.

In Ägypten stellte die EU ihre Werte hintan und gab dem Erhalt des autoritären Regimes den Vorrang. Eine Reihe von Mitgliedstaaten, vor allem im Süden, sahen die Notwendigkeit einer starken politischen Führung in Ägypten, um mit den grenzüberschreitenden Problemen fertigzuwerden, etwa der Flüchtlingskrise und der Eindämmung des Terrorismus. Diese Beobachtung scheint übereinzustimmen mit einer neorealistischen Projektion. Bei näherer Betrachtung allerdings zeigt sich, dass die Sicherheitsbedenken der EU Mitgliedstaaten über die enge Definition nationale Interessen der Neorealisten hinausgehen.

Auch China stützte während der arabischen Unruhen das autoritäre Regime in Ägypten, obschon es damit seine wirtschaftlichen Interessen gefährdete und das sonst hochgehaltene Prinzip der Nichteinmischung in innere Angelegenheiten verletzte. Anders als die EU handelte China aus der Sorge seiner Führung um die Stabilität des eigenen Regimes, insbesondere in Xinjiang und dem Wunsch, ähnliche Unruhen zu unterbinden, vor allem während des Führungswechsels 2011 - 13.

Auch im Umgang mit dem Iran waren es vor allem wirtschaftliche Interessen, die die EU davon abhielten, sich in der Nuklearkrise oder im Interesse der Menschenrechte für stärkere Sanktionen einzusetzen. Angesichts der Krise in der Eurozone und steigender Ölpreise überwog in den Mitgliedstaaten die Furcht vor den negativen Auswirkungen härterer Sanktionen auf ihre eigene Wirtschaft.

China setzte ebenfalls viel daran, seine wirtschaftlichen Beziehungen mit Iran während der Nuklearkrise aufrechtzuerhalten, aber aus anderen Gründen als die EU. China ging es weniger um seine eigenen wirtschaftlichen Interessen, als darum, den Iran während der arabischen Unruhen zu stärken und damit den Versuch des Westens zu unterlaufen, hier einen Regimewechsel herbeizuführen, den China wiederum als Gefahr für seine eigene Stabilität sah.

Curriculum Vitae

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