

The Middle Ground between Peace and War: Sanctions

Are economic sanctions more effective in a non-cooperative authoritarian state or a cooperative authoritarian state?

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Chapter 1: Introduction

Why do states go to war? Issues regarding non-proliferation, terrorism, human rights violations and many more can provide some answers. However, one of the main reasons to go to war is to elicit behavioral change in the receiver state. Military intervention has a lot of drawbacks with (civilian) casualties as the main drawback. An alternative option for eliciting coercive behavioral change in the receiver state is economic sanctions. These sanctions, if utilized correctly, put pressure on a state to change its behavior without requiring military intervention. Even though its effectiveness is marginal, and has been questioned by many researchers, there is some effectiveness, because states often utilize this option.

Economic sanctions theory suggests that these sanctions are more likely to work in a democratic state, yet they are far more often imposed on a non-democratic state. It is therefore logical that a lot of research has been conducted on the types of non-democratic states and their difference in the responses to economic sanctions. However, something this type of research has not taken into account is that economic sanctions are an international mechanism of coercion. Yet, the receiver states are only classified by their domestic policies, not by their international attitudes. Therefore, this thesis shall find a link between the effectiveness of economic sanctions, in two specific non-democratic states that are classified by their international attitudes. The research question driving this thesis is: are economic sanctions more effective in a non-cooperative authoritarian state or a cooperative authoritarian state? This thesis shall analyze this question via two case studies in which one target state meets the criteria of being a non-cooperative authoritarian state, and the other meets the criteria of a cooperative authoritarian state.

This thesis is divided into chapters. Chapter 2 looks at the existing theory and

its assessment for the effectiveness of economic sanctions. Deriving from the existing theory this thesis shall outline the framework in which it tests the new cooperative theory, which is outlined in chapter 3. Chapter 4, the final chapter before the empirical findings, outlines the data collection and case study selection. Chapter 5 introduces the sanctions put on the target states, the type of sanctions, and the effectiveness of the sanctions. Chapters 6 and 7 are comprised of the empirical research regarding the research question. The cooperative theory shall test five mechanisms: budget, opposition, type of sanction, commitment to the sanction, and dependence. Chapter 6 outlines the first two mechanisms that are domestic to the target state. Chapter 7 outlines the latter three mechanisms that are international and may also affect the sender state. Each mechanism shall be outlined by an expectation of how the mechanism works, the two case studies (Iran and China), followed by an assessment of the impact of the sanctions via this mechanism. While the theoretical aspect of the thesis expects that economic sanctions are more effective in the cooperative authoritarian state for each mechanism, apart from commitment, the empirical findings through the mechanisms actually show a stronger link to the international factors. The domestic mechanisms do not contribute to the effectiveness of the economic sanctions as the theory would expect. The international mechanisms show a stronger link to effective economic sanctions and the cooperative authoritarian state. Chapter 8 concludes the thesis by answering the research question after all the mechanisms have been analyzed. The expectation is mostly met because the cooperative authoritarian state does show a slightly stronger link with effective economic sanctions than the non-cooperative authoritarian state.

Chapter 2: Economic sanctions: a short background

2.1 Types of economic sanctions and how to utilize them

Economic sanctions consist of two main types of sanctions: trade sanctions and financial sanctions; other sanctions entail travel, military, diplomatic and cultural sanctions (Bossuyt, 2000). Trade sanctions limit and restrict the imports and exports of the target state. Trade sanctions can be selective (limited to trade concerning the dispute) or comprehensive (Bossuyt, 2000). Trade sanctions can range from import and export controls on a certain product, or a complete embargo against a certain industry or state. Financial sanctions on the other hand are concerned with monetary issues. According to Bossuyt financial sanctions can include: “restricting government assets held abroad, limiting access to international financial markets, restricting international payments, and lowering the sale and trade of property abroad” (Bossuyt, 2000). Trade and financial sanctions may be comprehensive (targeting more than one sector) or selective (targeting only the sector causing/facilitating the unwanted behavior).

Aside from the classical terms of comprehensive and selective sanctions there are also two “modern” (surfaced and utilized mostly in the past decade) types of sanctions: smart sanctions and facilitative sanctions. Smart sanctions target a particular area, group or person. Wallensteen argues that smart sanctions assume that “leaders can be separated from their populations in a simple way” (Wallensteen, 2000). If used in a coercive setting smart sanctions have to be able to separate the leader (target) from the mass population (bystanders). The smart sanction approach only works if leaders are dependent on the international community (Wallensteen, 2000). A completely different type of sanctions is the facilitative sanction. The facilitative sanction uses sanctions as a “reward” for positive behavior instead of

coercion against “unwanted” behavior, which has been termed as ‘the inversion of the usual sanction model (Targeted Financial Sanctions Project, 2004).

States utilize economic sanctions as a way to alter the target state’s policy. Economic sanctions are used to pressure civilians who in turn pressure the government for change (Bossuyt, 2000). Much of the literature however claims that economic sanctions do not work, or are difficult to implement and reinforce. Hovi, Huseby and Sprinz expect nearly impossible favorable conditions: goals are limited, relations between states are friendly, sanctions are implemented in one action, significant cost for the target, and few states needed for implementation (2005). Drezner argues that the low cost to sender and target state is a reason to choose sanctions over military conflict (Drezner, 1998). The relative low cost could explain why states are willing to utilize economic sanctions even if the probability that the economic sanctions target the intended change is low. Despite the low effectiveness states do utilize them, therefore there are factors in the target state and/or the sender state that facilitate a positive outcome when utilizing economic sanctions.

Lektzian and Souva (2007) find that economic sanctions are less likely to be effective when targeting non-democratic regimes, for two basic reasons: sanctions produce rents that non-democratic leaders use to hold on to power; and in non-democratic states it is less likely that its members will bear the costs of international coercion (Lektzian and Souva, 2007). Democratic regimes are by nature less likely to have economic sanctions used upon them in comparison to non-democratic regimes. Lektzian and Souva (2007) do not further distinguish between the different types of non-democratic regimes. Therefore, it is important to look at research on effective sanctions in an authoritarian state.

2.2 Economic sanctions in an authoritarian state

There are a few important concepts to be noted from prior research on the effectiveness of economic sanctions in an authoritarian state: a general model for effective economic sanctions, international aspects, and place and timing of economic sanctions.

Wallenstein has outlined the “double grip solution” for effective economic sanctions in an authoritarian state: the target state faces external pressure from the international arena by the imposing sanctions and the target state faces internal pressure from strong opposition (Wallenstein, 2000). Opposition has often been noted as an important factor for effective economic sanctions (e.g. Kaempfer and Lowenberg, 1999; Gebert, 2013). Mertens dictatorship model uses opposition as well. The model is based on Wintrobe’s dictator model which analysis includes how dictators stay in power, how political repression and budget interact (Wintrobe, 1998). The important factors are: loyalty to the dictator, level of power, level of repression, and the budget of the dictator. Mertens (2000) adds to that model by adding the type and magnitude of sanctions, and the nature of groups in opposition to the dictator to that model. These factors interact with each other: if economic sanctions are in place the dictator may be able to increase its budget by taking the rents produced from the economic sanctions (Mertens, 2000). Alternatively, the budget may undermine the loyalty to the dictator and the level of repression rises (Mertens, 2000). From his study Mertens (2000) concludes that economic sanctions can be effective, but one may have to judge its effectiveness differently. Instead of the altered behavioral outcome that was desired the sanctions may slow down the behavior in a state, or outline that the behavior is not internationally tolerated. Furthermore, one needs to look at the purpose of the economic sanctions. If the purpose is to appease the general population in the sender state because the target country violates international norms,

merely expressing concern for this type of behavior by way of non-damaging economic sanctions might be enough (Mertens, 2000).

Contrary to Mertens, Grauvogel and von Soest (2013) take on a more narrow view of effective economic sanctions; they analyze why economic sanctions in authoritarian regimes have not caused these states to become democracies. Interesting from their research is that they take into account a “density of ties” where they analyze economic, social and geographic linkages (Grauvogel and von Soest, 2013). However, economically Grauvogel and von Soest (2013) only look at the five most important European trade relations and those of the United States and not at trading partners in other parts of the world, as authoritarian states are likely to have. Geographical linkages show that economic sanctions are more likely to work the closer the target state is to the sender state (Grauvogel and von Soest, 2013). Finally, social linkages are only monitored through the extend of internet access per 1000 inhabitants (Grauvogel and von Soest, 2013). The study finds that claims of legitimacy of the regime are important in assessing why economic sanctions have not been effective in turning these regimes into democracies (Grauvogel and von Soest, 2013). What is missing from the research is that not all economic sanctions are sent for the purpose of democratization or overthrowing the current regime. Furthermore, while the study takes the international arena into account, it does not look at the dependence of a target state upon the international arena.

Kim (2013) does take this into account. Kim looks at the ‘structural-network power’ of a state, or rather the power of a state from its “networks of international relations” (Kim, 2013). This study shows that the higher the structural network power of a target is (more entrenched into the international system), the more likely the sanctions work. Kim’s conclusion is logical because democratic states often have a higher structural-network, and sanctions are easier to impose on these states.

Finally, it is important to note where and when sanctions should be imposed upon an authoritarian regime. Kirshner contributes to the notion of smart sanctions that target the central government or responsible parties by stating that economic sanctions may also target core groups whose support is essential for the regime to remain in power (1997). “The essential question is not just who is hurt by which sanctions, but whether the afflicted groups matter politically to a leaders support coalition” (Brooks, 2010). Major (2012) further argues that timing is the greatest importance when assessing the effectiveness of economic sanctions. Economic sanctions can be effective if there is some sort of domestic disturbance of the status quo (Major, 2012). Interesting about Major’s work is the notion that sender states should seize an opportunity when it arises (2012). Yet, Major’s argument should also have assessed the following question: do sender states have full access to information about the ongoing of the domestic status quo of the target state? Finally, Hovi, Huseby, and Sprinz conclude that threats of economic sanctions are a very effective tool for coercive diplomacy.

Therefore, existing research has been conducted on how economic sanctions are driven to be effective in authoritarian states, yet prior research does not take the international linkages between the states fully into account. This thesis puts emphasis on these international linkages when determining the effectiveness of economic sanctions in authoritarian states by testing the mechanisms (detailed more under testing the cooperative theory) used in prior research.

Chapter 3: Cooperative theory

3.1 the definition of the cooperative-authoritarian state

Prior research demonstrates a link between the type of regime and the effectiveness of economic sanctions. This link however, is solely based on the domestic level. Geddes' classification of authoritarian regimes distinguishes three types of regimes: personalist, single-party, and military regimes, that all focus on domestic characteristics of the state (1999). This thesis looks at the difference in the type of authoritarian state by its international actions; non-cooperative authoritarian state and cooperative authoritarian state. The difference between the cooperative authoritarian state and the non-cooperative authoritarian state lies in the international arena: how much does the authoritarian state contribute to international affairs and cooperates internationally.

First, both types of states share the basic domestic features of an authoritarian state. An authoritarian state is by nature non-democratic. Linz' definition of an authoritarian state is still very accurate today:

“Political systems with limited, not responsible, political pluralism, without elaborate and guiding ideology, but with distinctive mentalities, without extensive nor intensive political mobilization, except at some points in their development, and in which a leader or occasionally a small group exercises power within formally ill-defined limits but actually quite predictable ones” (Linz, 1964, p.225).

Therefore, an authoritarian state is ruled by a concentrated political power that is not freely elected by the people. Political interests groups are highly limited and there is little to no free press and media.

The non-cooperative authoritarian state fits the classical definition as outlined

above. The non-cooperative authoritarian state is only active in the international arena in a limited way: it only has a few international partners and participates a little in the international arena along the lines of international organizations. Therefore, overall the non-cooperative authoritarian state is limited in its influence on the international arena.

The cooperative authoritarian state has similar domestic elements of an authoritarian state, but is much more focused on normalization with democratic states. A cooperative authoritarian state is cooperative only in the international arena: it is focused on engaging in relations with other nations, assisting in development of other nations, and it is active in high politics on an international level. Although most domestic elements are similar to the non-cooperative authoritarian state, the international aspect of the cooperative authoritarian state may lead to slightly higher levels of democracy as an ‘international by-product’. This international distinction may cause some domestic changes as well for the cooperative authoritarian state. Domestically the perception of corruption and rule of law are likely to be better but do not necessarily have to be so. The rule of law entails the “extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence” (Transparency International, 2014). Likely the cooperative authoritarian state needs the perception of corruption to be lower as well as an acceptable level of the rule of law for foreign investors, foreign businesses, and other international relations to confide in the stability of the state, although these levels do not come close to those of a democratic state. Furthermore, the cooperative authoritarian state may show slightly higher levels of freedom and democracy from their interaction with the international community, although these will not rise to the extent of the state being classified as a democracy.

In conclusion, the main difference between the non-cooperative authoritarian state and the cooperative authoritarian state therefore lies in the international arena. A cooperative authoritarian state will be present in many international organizations and will contribute to international actions such as those of the United Nations. The cooperative authoritarian state furthermore strives to be competitive on a global scale.

3.2 Testing the cooperative theory

This thesis applies the mechanisms¹ from the model of the “double grip solution” (Wallenstein, 2000) and the Dictatorship model of Mertens (2000) to analyze and compare the effectiveness of economic sanctions in a non-cooperative authoritarian state and a cooperative authoritarian state.

The two mechanisms that need to be included in this model are the level of commitment from the sender’s state, and how dependent the target state is on the international arena. First, the “double grip solution” (Wallenstein, 2000) lingers on the commitment of the sender state by the external threat (economic sanctions), and Mertens (2000) also deals with this in his conclusion. The commitment of the sender needs to be further factored in. If the sender is unwilling or incapable of committing to the sanctions the target state feels no pressure to comply. The second factor that needs to be included is how dependent the target state is on the international arena. States that are more dependent on the international arena should feel more pressure when that international arena utilizes economic sanctions and the costs of non-compliance should be higher.

Furthermore, the thesis only looks at economic sanctions placed upon target

¹ It does not apply the models for empirical testing set out by Wallenstein and Mertens as they discuss (the effectiveness of sanctions in regards to) a single dictator. Therefore the mechanism of budget has been changed to the budget of the state rather than the budget of the single dictator. This thesis does use the same mechanisms for testing the effectiveness of the sanctions (budget of the state, loyalty to the government, opposition to the government, repression, and the type of sanctions).

states by the United States and the European Union. This study analyzes one cooperative authoritarian state and one non-cooperative authoritarian state. The cooperative authoritarian state by definition may have more influence in the United Nations. To limit this bias this thesis will focus on the sanctions by the United States and the European Union.

Dependent variable: effectiveness of economic sanctions.

The effectiveness of the economic sanctions is assessed by a theory set out by Guimelli and Ivan (2013): coercive, constraining, or signaling. However, in the theory set out by Guimelli and Ivan (2013) two important situations are left out: the sanctions have no effect whatsoever, or the sanctions go over and above what the sender intended to do. These two factors shall be added (see figure 1).

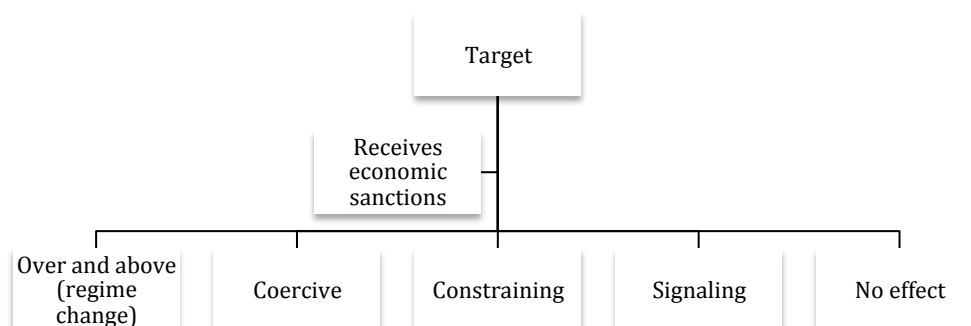


Figure 1: The five measures of effectiveness in economic sanctions

The economic sanctions will be perceived as effective if coercive measures lead to the target state altering its policy. Partially effective would entail the target state to be constrained in its practices. Neither a signaling response or a no-effect response will be considered effective economic sanctions (see figure 2). Over and above is not considered effective nor not effective (see figure 3). Over and above will in all cases mean that the sender state did not have enough control over the economic

sanctions, nor about what happened once they were in place. Although the outcome of over and above may not show negative (less democracy) reactions it is not considered effective economic sanctions because the sender state has not gained the desired outcome, and has lost control.

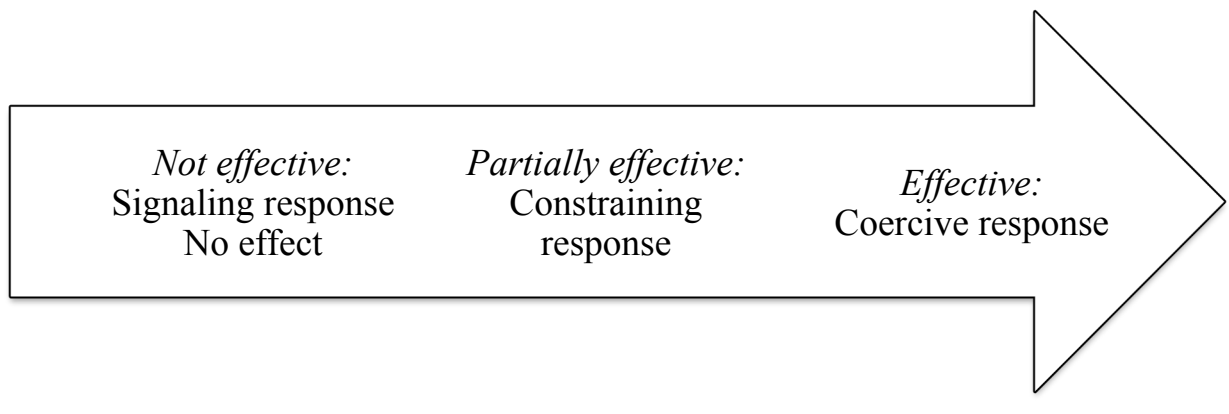


Figure 2: Ranking the measures of effectiveness of economic sanctions

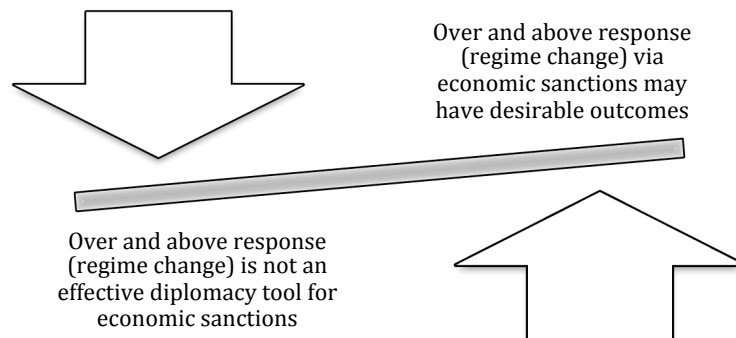


Figure 3: The outlier of the effectiveness of economic sanctions

Independent variable: non-cooperative authoritarian state or a cooperative authoritarian state.

Independent variables (domestic/ target state): budget of the state, level of loyalty to the government, level of repression, and level of opposition. The budget is measured in terms of GDP. The level of opposition is measured by number of opposition, and their acts against the government. Loyalty to the government and level of repression

are secondary independent variables. Loyalty to the government and level of oppression fall under the mechanism opposition.

Independent variables (international/sender states): type of the economic sanctions, commitment of the sender state to the economic sanctions, and level of dependence of the target state. Type of economic sanction is analyzed by economic sanctions that the sender state implements, and whether those sanctions are the proper ones. The commitment of the sender state is assessed by the actions of the sender state following the sanctions including potential costs and opportunities to keeping the sanctions in place, reinforcing them, or removing them. Finally, dependence of the target state looks at dependence on trade relations, and strategic partnerships with other states.

Hypothesis

The hypothesis for this study is that *economic sanctions are more effective in a cooperative authoritarian state*. The mechanisms testing the hypothesis are the two domestic independent variables (budget and opposition) and the three international independent variables (type of sanction, commitment, and dependence). All mechanisms are expected to work together. While they are outlined reported as separate entities, they work together in the effectiveness of the economic sanctions. Mechanisms that impact each other are referred to each other within the text.

This hypothesis is based upon prior research that shows that democratic states are more likely to cooperate when they are under pressure of economic sanctions. The cooperative authoritarian state is likely to show slightly higher levels of democratization, but more importantly it has closer international relations with the democratic states. It is most likely that the cooperative authoritarian state is more sensitive to economic sanctions than the non-cooperative authoritarian state. The

reason for this expectation comes from the expectation that the cooperative authoritarian state behaves more like a democratic state on an international level than a non-cooperative authoritarian state does (Kim's argument on high-structural network power fits into this argument). Due to the international participation of the cooperative authoritarian state it is likely the cooperative authoritarian state is more dependent on the sender states of the sanctions, as well as the sanctions are more likely to negatively impact the target state due to dependence on the sender state.

The expectation is that all variables show a more favorable outcome to effectiveness in the cooperative authoritarian state; all except for the commitment mechanism. Commitment will most likely be lower towards the cooperative authoritarian state: due to generally friendly pre-existing relations between target state and sender state the sender state may even show very few signs of commitment in fear of damaging that generally friendly relation (and benefits that follow that i.e. trade, investments, and military support). All other variables are expected to work along the same lines of prior research, and show that they lead to more effectiveness of economic sanctions in the cooperative authoritarian state. Budget and opposition are expected to contribute more to the effectiveness of the economic sanctions in the cooperative authoritarian state. Due to the cooperative authoritarian state's international character the budget will be most likely sooner and harsher be influenced by any sanctions. The opposition is expected to react to economic sanctions in the cooperative authoritarian state. This expectation is derived from the cooperative authoritarian state's international character; most likely a cooperative authoritarian state does not want to appear completely non-democratic when democratic states are important partners in international relations. For the international mechanisms the type of sanction will be more easy to find in the cooperative authoritarian state: the sender state can impose the correct sanctions

because there are trade and financial relations between the states, and due to the generally open relation between the two states the sender state is able to assess where (which sector of the receiver state) and when (timing argued by Major) will most likely lead to an effective (coercive) outcome. Finally, since the cooperative state is more dependent on the international community, due to its international cooperation, it will be easier for the sender states to use economic sanctions as a coercive tool for change.

The hypothesis shall be tested on two cases: one cooperative authoritarian state and one non-cooperative authoritarian state. The outcome of the hypothesis shall therefore only be applicable to these two case studies; other states may show different results. Further research on this subject can be conducted with a larger sample of cooperative authoritarians states and non-cooperative authoritarian states.

Chapter 4: Methodology

4.1 Data collection

The data collection for the proposed theoretical methods comes from academic papers, academic working papers, and scholarly books. The majority of sources were found by using the online library of Leiden University by making use of online research databases such as EBSCO host, JSTOR, and other large databases for academic works. Scholarly books were retrieved through the library of Leiden. Other academic works such as academic papers and academic working papers were retrieved through the use of Google scholar. The data collection on the variables tested also looks at European Union and United States sanction reports, European Union council decisions, freedom reports within the target country, economic prosperity reports (GDP), and newspaper reports.

Most of the data collection comes from secondary literature, although certain calculations and analysis comes from primary literature. These types of data collection can be found in parts of the thesis such as the budget and the dependence mechanisms in which factors such as trade and GDP are analyzed.

4.2 Case study selection

The case studies have to consist of two states where economic sanctions were imposed by the European Union and the United States upon one non-cooperative authoritarian state and one cooperative authoritarian state. The consistent factor is the sender. The target state changes by the case study. The methodology for the applicability of the case studies is an observation using case-study analysis (van Evera, 1997, p. 50). The chosen method for case study comparison is a method of difference as it looks at one non-cooperative authoritarian state and a cooperative authoritarian state (van Evera, 1997, p. 57).

Iran as the non-cooperative authoritarian state

As outlined above there will be a small difference in the domestic factors between the non-cooperative authoritarian state and the cooperative authoritarian state, but most differences will be noticeable on the international level.

First, the non-cooperative authoritarian state will show low scores internationally on indexes such as global innovation, economic freedom, involvement in UN peacekeeping operations, and involvement in international organizations. For global innovation Iran scores low, scoring as number 120 of the 143 (Global Innovation Index, 2014). Iran's economic freedom falls into the repressed section and has a low economic freedom index of 43.2 (Miller, Holmes, Feulner, 2013). Furthermore, Iran currently has a total of number of two contributions to the UN peacekeeping operation. In 2010 this figure was the same (United Nations Peacekeeping, 2014). This amount is 0.002% of the total amount that all states contribute combined. Finally, Iran is involved in 53 international organizations, yet Iran's status as observer in many international organizations, such as the WTO, is a significant indicator that Iran is not as motivated to international cooperation, as expected from a non-cooperative authoritarian state in the international arena.

Secondly, as a by-product of little international cooperation domestically the level of corruption, control of corruption, rule of law, and freedom score low. Iran has a rank of 144 out of 177 when it comes to perceived corruption, 20% efficiency on the control of corruption, and 20% on rule of law (Transparency International, 2014).

In the democracy index Iran scores a 0 on electoral process, 2.86 on functioning of government, 2.78 on political participation, and a 2.5 on political culture² (Economist Intelligent Unit, 2013).

China as the cooperative authoritarian state

Like Iran, China also has a small proportion of the qualities of a cooperative authoritarian state that are evident from the domestic factors while the rest is evident from the international factors.

First, it is important that China strives for international cooperation through higher marks on indexes such as global innovation, economic freedom, involvement in UN peacekeeping operations, and involvement in international organizations. First, China scores high on global innovation, 29 out of 143 (Global Innovation Index, 2014). Secondly, in terms of economic freedom China rests in the mostly unfree section under economic freedom, with an economic freedom index of 51.9 (Miller, Holmes, Feulner, 2013). Moderately free to mostly unfree are applicable to the cooperative authoritarian state because it wants to prosper in international business, yet wants to retain certain control over which businesses. Furthermore, China currently has 172 policemen, 36 military experts, and 1984 numbers in troops, making a total of 2192 (United Nations Peacekeeping, 2014). In 2010 this was 111, 53, 1733 respectively, which made the total of 2044 (United Nations Peacekeeping, 2014). In 2014 China's contribution is a total of 2.2379% of the world's contribution to the UN peacekeeping operations. Finally, China is active in 74 international organizations. China's permanent seat at the UNSC, and its interests in regional blocks that are

² For the democracy index the Economist Intelligent Unit has been used as a source, and not the Freedom House. The reason for doing so is that for the type of research conducted in this thesis the Economist Intelligent Unit is a better fit. In the Freedom House analysis both China and Iran are "Not Free" and score low on freedom.

geographically out of China's location are signs that China is very involved in the international arena and qualifies as the cooperative authoritarian state.

Domestically China might show lower levels of perceived corruption and rule of law, as well as scoring a higher mark on the democratic index (although that mark should still fall under an authoritarian state).

China has a rank of 80 out of 177 when it comes to perceived corruption, 33% efficiency on control of corruption, and 45% on rule of law (Transparency International, 2014). Finally, China scores a 3 in the democracy index of the economist intelligent unit (Economist Intelligent Unit, 2013). China scores a 0 on electoral process, 4.64 in functioning of government, 3.84 on political participation, and a 5 on political culture (Economist Intelligent Unit, 2013).

Chapter 5: Economic sanctions and their effectiveness

5.1 Iran

The timeline for the economic sanctions for Iran begins in 1979. In 1979 the economic cooperation between Iran and the United States became minimal Iran started falling into the category of a non-cooperative authoritarian state. Cooperation between Iran and the European Union, on the other hand, has worked *relatively* well until 2009. Starting in 2009 the European Union enforced increasingly harsher measures upon Iran regarding international cooperation. However, the analysis of the sanctions starts in 2006, as those economic sanctions gave way to the sanctions currently in place, analyzed in this thesis, and gave way to various levels of effectiveness.

Sanctions to Iran are constantly changing, but of all the sanctions in place the most pressuring ones are issued for non-proliferation purposes and human rights issues. In table 1 the appropriate sanctions against Iran are outlined in terms of sender states, types of sanctions, and the effectiveness thereof³. Overall the sanctions, through the mechanisms listed below have caused for a signaling effect (not effective) for human rights purposes, and a constraining effect (partially effective) for the non-proliferation sanctions. The human rights sanctions are only signaling because Iran has been made aware that the human rights violations are not internationally accepted, but human rights are continuously violated (examples of human rights violations are detailed under opposition). The Human Rights Watch reports a surge in death penalties and executions, as well as a stagnation of the freedom of speech (Human Rights Watch, 2014). The non-proliferation sanctions are constraining because Iran

³ Both the United States as the European Union utilize more sanctions against Iran. Noted here are only the most prominent ones. For a full list of the United States' sanctions against Iran visit <http://www.state.gov/e/eb/tfs/spi/iran/index.htm>, for a full list of the European Union's sanctions against Iran visit http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf. A list of what these measures entail is listed in the appendix of this thesis.

entered into the Joint Plan of Action to monitor and regulate its nuclear development in turn for some relieving of sanctions (detailed further under type of sanction and commitment). This Plan, allowing for an easement of sanctions in return of controlled and reduced nuclear power, constraints Iran in its nuclear aspirations, but it does not stop it completely.

Behavior receiver state	Economic sanction from sender state	Type of sanction	Judgment of effectiveness
Nuclear aspirations	<p><i>United States</i> Executive order 13382 sanctioning WMD proliferators (2005); Iranian Sanctions Act (ISA) which sanctions foreign firms for doing business with Iran previously ISLA (2006); Comprehensive Iran Sanctions Accountability and Divestment Act of 2010 (CISADA) targeting Iran's energy and financial sectors (2010); executive order 13590 targeting Iran's oil sector by sanctioning foreign firms that equip Iran with investments in oil, gas, or petroleum sector (2011); US Patriot Act, section 311, limiting Iran's access to the US financial system (2011); National Defense Authorization Act, sanctioning foreign banks that deal with Iran's Central Bank (2011); executive order 13599, freezing Iran's central bank assets abroad (2012); executive order 13622, sanctioning foreign financial institutions purchasing oil, petroleum, petrochemical products from Iran (2012); Iran Threat Reduction Act, sanctioning banks in the energy sector (2012); National Defense Authorization Act sanctioning those who provide help to Iran's sectors of energy, shipbuilding, shipping, port sectors, and those who provide semi-finished metals (2012); Nuclear Iran Prevention Act, sanctioning the Central Bank of Iran for oil purchases (2013).</p> <p><i>European Union</i> Ban on dual-use goods, by and for the EU-member states to prevent nuclear Iran (2010); SWIFT cut-off (2012); oil embargo, also targeting precious metals and freezing the international assets of Central Bank of Iran (2012); additional sanctions including a ban on natural gas, exporting sensitive materials to Iran, WMD development, shipbuilding, and oil storage capabilities (2012).</p>	<p><i>United States</i> Comprehensive trade and financial sanctions</p> <p><i>European Union</i> Comprehensive trade and financial sanctions</p>	<p><i>United States</i> Stand-alone sanctions are hardly effective (such as the United States sanctioning the Iranian Central Bank), yet sanctions that target foreign firms and entities doing business with Iran are moderately effective. Thus, stand-alone sanctions have a signaling effect, while sanctions with another entity have a constraining effect. Not one sanction in itself is very effective, the combination thereof is.</p> <p><i>European Union</i> The most effective sanction is the oil embargo, which has a constraining effect. The other sanctions have a signaling to constraining effect together (not apart).</p>

Human rights violations	<p><i>United States</i> U-turn sanctioning banks that deal with Hezbollah members (2006); Iran Freedom and Support Act assisting human rights organizations (2006); Comprehensive Iran Sanctions Accountability and Divestment Act of 2010 (CISADA) sanctioning banks that deal with the Iranian Revolutionary Guards Corp (IRGC) and those that are involved with human rights abuses (2010); executive order 13572 blocking international property of IRGC and human right violators (2011); executive order 13606, sanctioning human rights violations through network disruptions monitoring and other information (2012); Iran Threat Reduction Act, sanctioning human rights violations (2012); executive order 13628, blocking property of entities determined to be involved with censorship (2012).</p> <p><i>European Union</i> Ban on dual-use goods, by and for the EU-member states against internal repression (2010); blacklisting of human rights violators (2011).</p>	<p><i>United States</i> Comprehensive trade and financial sanctions; smart sanctions in the form of blocking international property, and blacklisting of individuals.</p> <p><i>European Union</i> Comprehensive trade and financial sanctions; smart sanctions in the form of blacklisting of individuals.</p>	<p><i>United States</i> All sanctions together have a signaling effect at best. It does not have 'no effect' because the United States sends a message to all other states as well. Therefore if these sanctions came from a 'less influential' state than the United States they would most likely have 'no effect', yet in the case of the United States they are signaling.</p> <p><i>European Union</i> The ban on dual-use goods has a signaling response at best. The blacklisting of human rights violators hardly has any effect and falls more under the 'no effect' category.</p>
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Table 1: Economic sanctions upon Iran

5.2 China

The timeline of sanctions for China begins in 1989 when China could already be classified as a cooperative authoritarian state (it moved into that category in the post Mao area). The economic sanction against China of both parties consists of an arms embargo that was implemented after the events on Tiananmen Square in 1989. In 1997 several European Union states wanted to reconsider this trade sanction in the context of the European Union to normalize relations with China (Spiri, 2014). Although the scope of the sanction has been limited the measure is still in place.

In table 2 the appropriate sanctions against China are discussed in terms of sender states, type of sanction, and the effectiveness thereof⁴. Overall the sanctions,

⁴ Throughout the thesis a few market access and intellectual property violations shall be discussed. There are plenty of these cases to be found, so not all of them shall be discussed. For further information on a variety of cases view, for the WTO cases

through the mechanisms listed below have caused for a signaling to constraining effect (not effective to partially effective) for human rights purposes, and a constraining to coercive effect (partially effective to effective) for the market access and intellectual property rights (IPR) sanctions. The human rights issue is still as prominent as in 1989, which outlines a signaling effect, yet China actively tries to remove the arms embargo from the European Union (further detailed under commitment), thus China is constrained in its arms purchases. The market access and IPR sanctions have a constraining to coercive effect. In certain cases these sanctions limit China's ability to continue with their current behavior, China needs to find new solutions or come to a mutual understanding, or a coercive effect in which China alters its behavior (further detailed throughout the mechanisms of budget, type of sanction, commitment, and dependence).

Behavior receiver state	Economic sanction from sender state	Type of sanction	Judgment of effectiveness
Human rights violations	<i>United States</i> Tiananmen Square economic sanctions that fall under Arms Export Control Act, which established public notice 1109 (ban on munitions export), and amendment 126:1 to the International Traffic in Arms Regulations government regulations which imposes an arms embargo including denying licenses of exports and imports of defense articles and defense services (starting in 1989 after the Tiananmen Square incidents); the Consolidated Appropriations Act post-Tiananmen Square entail that U.S. representatives have to vote "no" or abstain in international institutions when it comes to China (except for those that meet basic human needs); also under the Consolidated Appropriations Act the funding from the United States into the United Nations Population Fund (UNFPA) may not be used for a country program in China.	<i>United States</i> Comprehensive trade and financial sanctions.	<i>United States</i> Signaling effect only. The trade sanctions have signaled their intentions, but have not stopped or limited China's behavior. China has historically not been dependent on the United States to provide them with arms, and there is little effect to these sanctions. The financial sanctions have had a signaling effect as well, but also have not stopped or limited China's behavior.

http://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm, and http://madb.europa.eu/madb/barriers_result.htm?sectors=none&countries=CN&measures=none for a more detailed version of the barriers implemented by the EU.

	<p><i>European Union</i> European Council Declaration on 27.6.1989 entails an arms embargo against China, interrupting military cooperation, and lowering cooperation in regards to cultural, scientific and technical programs.</p>	<p><i>European Union</i> Comprehensive trade sanctions.</p>	<p><i>European Union</i> The arms embargo has had a signaling to constraining response since China actively pushes to remove the arms embargo.</p>
Market Access violations and IPR violations	<p><i>United States</i> Denying access to the General System of Preference (GSP) treatment, which removes tariffs from products of developing countries; Intellectual Property Rights (IPR) Cooperation Framework Agreement (2012); on the issue of solar panels the United States raised tariffs despite China's Most Favored Nation status, by the Commerce Department (2014).</p> <p><i>European Union</i> The EU has 40 trade barriers to issues concerning market access and IPR violations with China including: high tariffs on textile and leather (1996); Enforcement IPR violations in pharmaceuticals (2005); internal taxation on imports of automobile parts (WTO dispute DS 339) (2006); Discriminatory Treatment in postal and courier services (2008); and FDI limitations in service construction (2008).</p>	<p><i>United States</i> Targeted trade sanctions.</p> <p><i>European Union</i> Targeted trade sanctions.</p>	<p><i>United States</i> Constraining to coercive response. The United States is the largest trading partner of China, and therefore the removal of market access is hurtful for China's economy. In terms of the IPR violations China has compromised a lot on paper, yet undermines its compromises in reality.</p> <p><i>European Union</i> Constraining to coercive response. The EU reverts to a tactic of diplomacy instead of the zero-sum game of the United States. Compromises are made which lead to a constraining response from China, and sometimes a coercive response as the behavior is changed all together (in a particular sector, not overall behavioral change).⁵</p>

Table 2: Economic sanctions upon China

⁵ Discussed above are the primary sanctions upon Iran and China, not the only sanctions. Sanctions against Iran can also be perceived as pro-democracy sanctions and anti-terrorism, whereas sanctions against China can also be perceived as conflict management in the greater Asia Pacific area as well as weapons control. Sanctions against both states have also developed over time, in the case of Iran only those sanctions from 2006 are mentioned, whereas for China's human rights violation the sanction has remained relatively constant and the same, therefore the sanction from 1989 is listed.

Chapter 6: Domestic factors: budget and opposition

6.1 Budget

Theory on economic sanctions states that the budget of a state is an important aspect to consider in the effectiveness of economic sanctions; if the economy of a state is impacted by sanctions the government will feel pressured to take action to remove such sanction. The cooperative authoritarian state thrives on the international trade, and will have plenty trading partners and strategic economic alliances among the sender states. The cooperative authoritarian state will not want to risk those partnerships and alliances in a potential economic sanction dispute. Thus, in the cooperative authoritarian regime one expects a quick impact in the budget when sanctions are imposed, and a quick response to solve the issue from the target state. Expected is that the non-cooperative authoritarian state is able to withstand sanctions longer because its budget is not impacted as much; expected is fewer trade relations with the sender states. The economic sanctions may even cause a ‘rally around the flag’ behavior in its citizens if the budget is affected, but the government finds a way to turn it to their advantage. Theory then suggests that the non-cooperative authoritarian regime will face less financial damage due to the economic sanctions, thus faces fewer reasons to comply. To award effectiveness to the economic sanctions the budget of the target state should be impacted by the sanction in the following five years⁶.

6.1.1 Iran

Prior to the oil embargo of the European Union the budget of Iran has historically not been impacted by the economic sanctions that have been placed upon the state. In fact

⁶ Ideally the budget should be impacted much sooner, but theory shows that the first round of sanctions are hardly ever the correct ones, and time needs to be given to the sender state for finding the best suitable sanction. However, in all instances the budget of the target state should be affected by the sanctions within five years for the mechanism of budget to contribute to effective economic sanctions.

Iran, until recently, has been a rather profitable state. However, when one looks at Iran's GDP growth at the moment it currently experiences a negative GDP growth: -5.8% (Worldbank, 2014). Since 2010 sanctions on Iran are targeting "Iran's ability to sell crude oil on the world market, to import refined petroleum products, and make it more difficult for Iran's Central Bank and other financial institutions to engage in transactions abroad" (Belfer Center, 2014). It seems that has had an impact on Iran's GDP growth, and overall budget of the state. A further discussion on the impact of the oil embargo and its effectiveness on GDP growth and GDP per capita is needed, including a review of public opinion on the sanctions and its impact, and a short discussion on the lack of impact of human rights sanctions on the budget.

First, as figure 1 shows the oil embargo has had a large impact on the budget of Iran. The economy of Iran is heavily dependent on the oil sector; "crude oil account for nearly 80% of Iran's total exports, and oil exports are approximately half of the government's income" (Barkhordar, Saboohi, 2013). In the period from 2002 to 2008 the average oil price grew four times its original price, and therefore oil revenues "quadrupled from 185 trillion Rials in 2002 to 703 trillion Rials in 2008" (CBI, 2011). The oil embargo has contributed heavily to the drop in Iranian oil exports. In 2011 the oil exports were approximately 2.5 million barrels per day, whereas in 2013 this is only 1 million barrels per day (Belfer Center, 2014). A direct result from this is a decline of 55% in oil exports. As Iran's most important source of income this has led to a severe demise of GDP. Pre-financial crisis Iran's GDP growth was at 7.8% in 2007 (Worldbank, 2014). Logically, with export to the European Union in regards to oil as the main source of income the GDP growth fell quickly in 2008 (0.6%), however it climbed again until 2010 (Worldbank, 2014). The economic sanctions of the European Union in regards to the oil embargo hit Iran hard in 2011, 2012, and 2013 leading to a negative GDP growth.

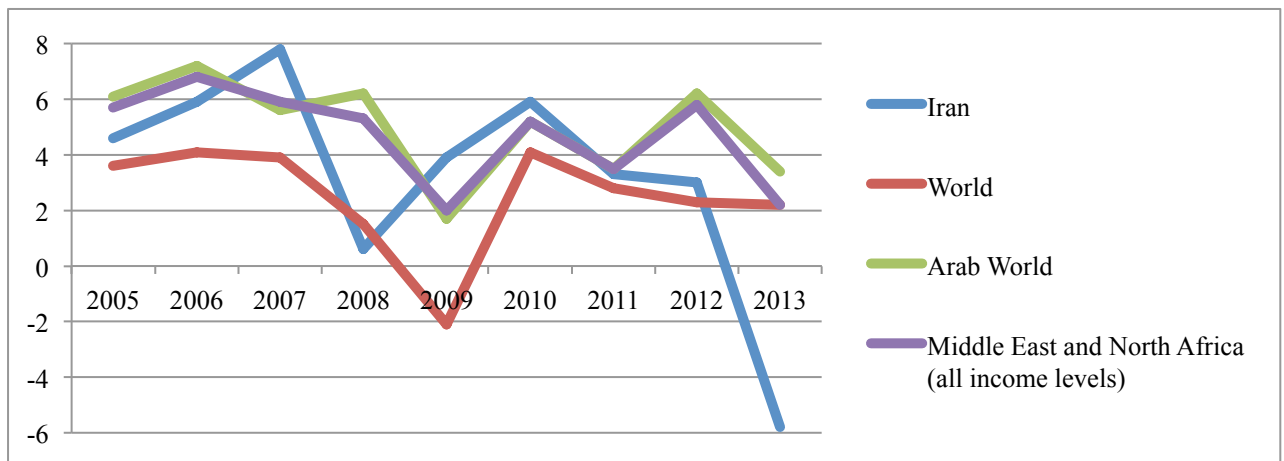


Figure 4: GDP growth Iran comparative
 Formulated from figures of the Worldbank, 2014

GDP per capita figures, in figure 5, shows the same downwards trend after 2011.

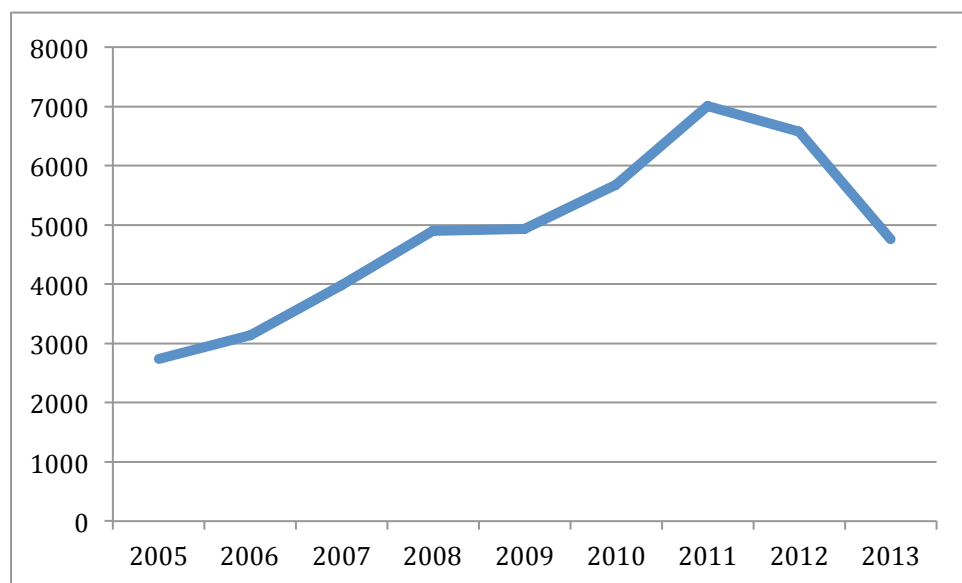


Figure 5: GDP per capita Iran.
 Figures in US Dollars
 Formulated from figures of the Worldbank, 2014

Inflation has also risen severely since 2010 (Arab Times, 2014). In 2013 inflation was approximately 30% and unemployment around 20% (Bowers, 2013). Although in 2013 domestic practices of a “convoluted multiple-exchange-rate regime and suppression of currency trading” helped to avoid a repetition of the spiral hyperinflation of 2012 (Hanke, 2014).

Secondly, this type of economic sanctions affects the government, as the budget of the state declines, yet it also affects the general population. Contrary to smart sanctions comprehensive sanctions are most likely to negatively affect the general population in a much larger capacity than it negatively affects the government. In 2011, the upper classes regarded the economic sanctions to have the least negative impact on economy, whereas the most poor regarded the sanctions as most negatively (Elson, Nader, 2011). In 2011 most Iranian's wanted to see a continuation of the nuclear program. Interestingly enough, this has not changed in 2013. In 2013 85% of Iranians claim that the economic sanctions have negatively affected their livelihood, and for 50% the economic sanctions have impacted them very negatively (Loschky, 2013). However, when asked who was to blame for the crippling economic sanctions most of them (46%) answered the United States, a mere 13% blamed the Iranian government, and an even lower amount (6%) faulted the Western European states and the United Nations (Loschky, 2013). However, a total 96% argued that Iran being a nuclear power is worth enduring economic sanctions (somewhat agree or fully agree) (Zogby Research, 2013). Thus, what can be concluded from these polls is a form of 'rally around the flag' concept. The Iranian population agrees that Iran should be able to be a nuclear power, despite the pain it has caused the budget. Blame is focused on the sender states, not the potential wrongdoings of the government.

The human rights sanctions have not had an impact on the budget of Iran. It is possible that some entities (via blacklisting) have felt the negative consequences of the human rights sanctions, but the overall budget of the state has not diminished due to these sanctions. Logically blacklisting, and financial sanctions against organizations that violate human rights is not likely to have a large impact on the budget of the state.

In short, the budget of Iran has been negatively affected by the economic sanctions. However, nationalism and overall prestige has taken the upper hand even for those directly economically affected, to endure the economic sanctions in favor of continuing the nuclear aspirations. The general population is less likely to demonstrate this ‘rally around the flag’ idea in regards to human rights and democratization. However, in terms of human rights and democratization the sender states have economic sanctions in place that are far less crippling to the economy (see type of sanction).

6.1.2 China

In China the 1989 sanctions have not had an impact on the budget of the state during following decades. The arms embargo limits China’s abilities to purchase goods that may be used in producing arms, yet China can obtain arms from Russia. Market access and IPR sanctions could affect the budget, but they do not either. The trend that China’s budget is not affected by the economic sanctions can be traced through GDP growth historically, and contemporary.

First, as seen in figure 6 GDP growth in China is historically a volatile

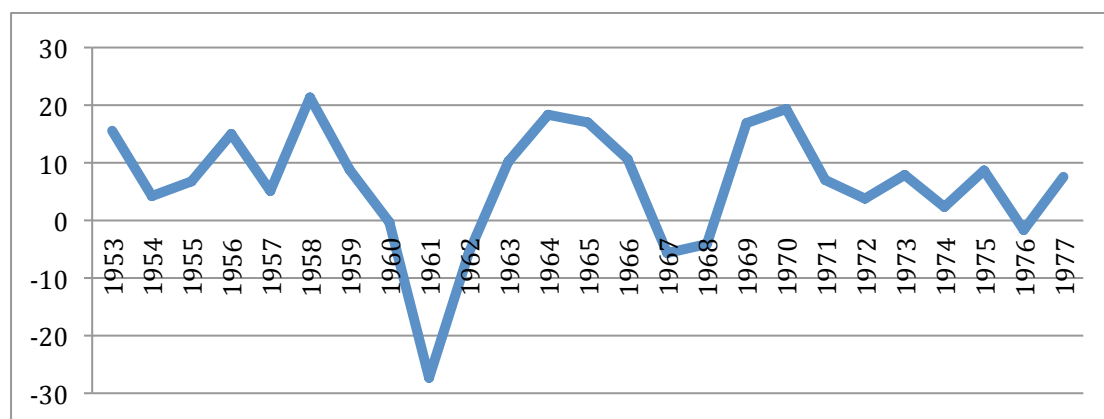


Figure 6: Historical GDP growth China
Based upon figures from Askari et al (2003)

practice. China’s volatile GDP growth started to become relatively stable since 1996 (Askari et al, 2003). The volatility of the GDP growth in China does not come from

an impact of the economic sanctions; to assess this a closer look at the year 1961, 1967, and 1976 is needed. In 1961 the United States used an all-encompassing embargo against China, and the communist block. In 1960 the United States had a total of 193.4 million USD in exports to the communist block; 143.1 million to Poland, 39 million to Russia, and 3.9 to East Germany (CIA, 1961). Therefore, the economic sanctions of the United States against China were well in force in 1961. However, due to the strong ties with the communist block it is most likely that China's sudden drop in GDP growth came from other factors than the economic sanctions of the United States. Domestically, in 1961, China has implemented the Great Leap Forward, which came to a drastic end in 1961. The best explanation for the sudden drop in GDP growth therefore is not the economic sanctions by the United States, but rather the domestic policy of the Great Leap forward combined with famine, and drought in 1961. In 1967 the drop was due to another domestic practice: the Cultural Revolution, and in 1976 Mao had died and his successor Deng Xiaoping was to revolutionize China by the Four Modernizations. Historically economic sanctions had no effect on the budget of the state, trade was conducted with other nations, and a negative GDP growth was due to domestic practices.

Currently, the Chinese GDP growth remains at a stable level. Since 1996 the volatility of the GDP growth has decreased, and China has a stable level of GDP growth. The Chinese GDP growth is above World levels, and it has kept this status through the financial crisis that hit Europe and the United States. As figure 7 shows China's GDP growth is affected around the time of the financial crisis, but is relatively stable and high.

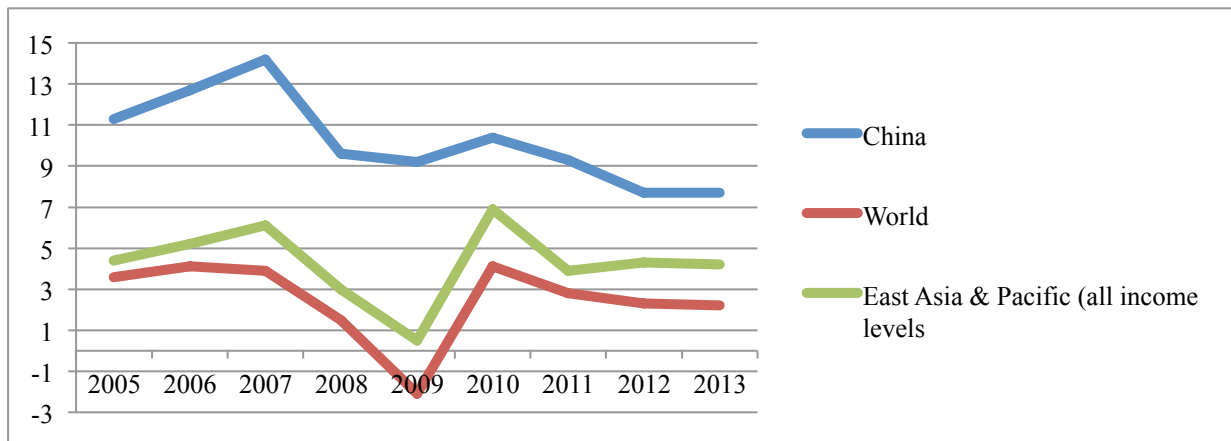


Figure 7: GDP growth China comparative
Formulated from figures from the Worldbank, 2014

GDP per capita, in figure 8, shows the correlating positive view of growth.

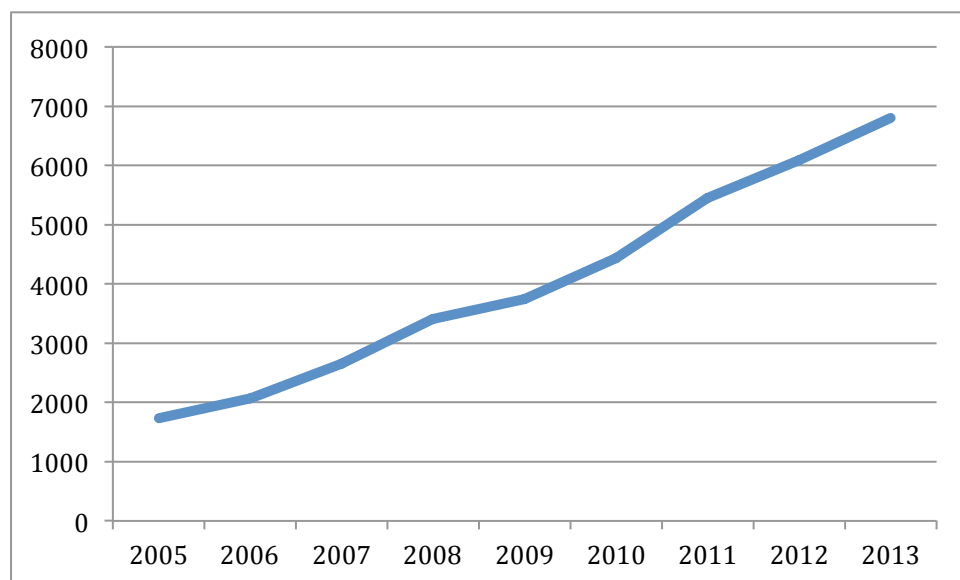


Figure 8: GDP per capita China
Figures in US Dollars
Formulated from figures of the Worldbank, 2014

The human rights sanctions appear not to have an impact on the budget of the government. The market access and IPR sanctions also do not appear to have an impact on the budget of the state, but it does have an effect. A contemporary example is the high tariffs placed on the Chinese solar power cells. This sanction of the United States has diminished sales, and thereby revenue, for several Chinese companies (Goldpinath and Gold, 2014). Although the NPD Solarbuzz market research group argues that the decline in Chinese solar panels is exaggerated: via outsourcing the

diminished group of Chinese companies are listing record numbers of sales (NPD Group, 2014). It appears that the market access and IPR sanctions do not greatly impact the budget of the state either due to solutions found by China, or via mutual compromises (further detailed under the mechanism commitment)

In short, the economic sanctions have not substantially impacted the GDP growth and GDP per capita of China. Domestic policies of China have had a more significant impact. An explanation for this occurrence is China's international cooperation. It was not until the 1980s that China became a state that can be classified as a cooperative authoritarian state. Prior to the 1980s China relied mostly on its domestic production of goods and on the help of the communist block. The United States' embargo led to more international isolation for China, yet it meant that China relied more on its allies in East Europe and Russia (Askari et al, 2003). It was not until the 1980s when China became the cooperative authoritarian state, with more international relations and partnerships, but also with fewer 'harsh' economic sanctions imposed on them.

The mechanism of budget does not show the causal relationship to the theory as it was expected in the cooperative authoritarian state. In China the budget is hardly impacted by the economic sanctions, except for the occasional market access or intellectual property violation that causes for fewer exports and revenue to the government. As will be detailed under the international headings, these market access violations may pressure China in to alter its behavior as it can damage China's exports (therefore its budget). These issues are often quickly resolved. Therefore, while the mechanism of budget appears to not have an impact on the effectiveness of economic sanctions in China, the threat of it may have an impact (more on this in the international mechanisms). In Iran this classical mechanism plays the role exactly as is described in

the literature; it pressures the government for changes. Mostly the general population is affected: the rich are least affected by the sanctions, and the poor the most. Yet, by keeping the sanctions in place eventually the government felt its severity as well.

6.2 Opposition

Economic sanction theory also suggests that opposition plays an important role in the effectiveness of economic sanctions. Unlike prior theory the factors of repression and loyalty to the government in place shall be taken into account with the opposition instead of analyzed separately; as they not truly separate. The opposition as a variable to analyze the effectiveness of the economic sanctions is, according to Wallenstein (2000), one of the two important factors of the “dual grip solution”. The cooperative authoritarian regime has more international influences operating within the state as well as international influences operating upon its citizens. The international influences are likely to be of influence upon the opposition to the government in a cooperative authoritarian regime. It may be possible that the cooperative authoritarian regime allows for some controlled opposition to show its international partners it is not completely anti-democratic. Expected is that opposition to the government is more likely to play a role in the cooperative authoritarian state than in the non-cooperative authoritarian state. For the mechanism of opposition to contribute to the effectiveness of economic sanction the opposition parties should respond to the economic sanctions within a year of the sanctions⁷.

⁷ This is a rather broad time frame, but certain sanctions are increased over time, while others disappear quickly. The best time for the opposition to play a role will mostly be determined by the case studies themselves; it may be so that despite sanctions the opposition needs to await a better time to act, thus needing more than the year timeframe.

6.2.1 Iran

Iran's major factions in domestic politics can be classified into three groups: conservatives, reformists, and radicals (Clarke, 2013). The conservatives seek stability in the region, and want to preserve the current regime (Clarke, 2013). The reformists seek to improve Iran's relations with the region, while also seeking to improve relations with Europe and the United States (Clarke, 2013). The radicals, including former president Mahmoud Ahmadinejad, are in favor of nuclear power, and have ties to the Revolutionary Guard Corps, which "has led to an alignment of the conservatives and the reformists against the radicals" (Clarke, 2013).

In Iran there is a link between the opposition and their help with effective non-proliferation economic sanctions. In 2013 Iran's elections showed a victory for the reformist Rouhani. Rouhani pledged to ease the non-proliferation sanctions (BBC, 2013). On November 23rd of 2013 a deal was constructed between the P5 +1 (the United States, the United Kingdom, China, Russia, France, and Germany) and Iran (ADL, 2014). Iran would "put severe restrictions on its nuclear program" (including inspections from IAEA), while the P5+1 agreed to "suspend sanctions on petrochemical exports, trade in gold and precious metals..." as well as not imposing new sanctions (ADL, 2014). Therefore, what seemed impossible before the elections, was possible with a shift in domestic politics. What the results are in actual figures in regards to the nuclear development in Iran remains to be seen, yet a first agreement has been made possible. Despite this relative success the ongoing human rights violations in Iran have made the opposition rather an unfair practice: during presidential and local elections many opposition members were placed under house arrest such as Mir Hossein Mousavi, Zahra Rahnava, and Mehdi Karubi (Human Rights Watch, 2014).

The main opposition party (between 5000 and 10000 members) is the National Council of Resistance, or MEK, which has a past linked with terrorism (in 2012 Hillary Clinton removed them from the FTO list). Under the leadership of Maryam Rajavi it argues that Iran is “spreading radical fundamentalism by attaining nuclear weapons for the purpose of eliminating opponents” (Al Arabiya, 2014). This standpoint is interesting because the party usually concerns itself with human rights issues, women issues, and an integration of Iran into the global community (Masters, 2014). The party even condemns the sender states of economic sanctions for their inability to note the human rights violations, but rather their focus on the nuclear proliferation of Iran (Lord Carlile of Berriew, 2014). Yet, now the deal has been brokered with the sender states in regards to the nuclear proliferation of Iran, the focus for the opposition groups seems to be more on nuclear Iran as well. There is some fear with the government of Iran in regards to this party. There is a fear that they are seeking youth support by targeting students (Lord Carlile of Berriew, 2014). However, most of the party members in Iran are locked up, and most of the party members that are not currently detained are abroad.

The reason why opposition groups such as the National Council of Resistance seek help with the students is because they are most likely to rise up. In 2009, after the presidential elections, it were students and workers that took to the streets in the first massive street protest since 1979 (Al Jazeera, 2012). In 2011, the Arab Spring, leading reform politicians Mousavi and Mehdi Karroubi were arrested (Al Jazeera, 2012). The trend with general uprisings seems to be that prior to 2009 there were very few uprisings, and easily contained (in the 1980s for example many of the opposition party Tudeh were arrested and executed). However, since 2009 opposition has been rising, it is not easily contained (the 2009 uprising lasted until February 2010), and there seems to be a fear within the government for the possibility of opposition groups

to riot the youth to turn against them.

The role of opposition seems to have some effect in Iran on the nuclear proliferation issue. It is important to distinguish between the human rights issues and the nuclear proliferation issue. The criteria of opposition seems to have a link with non-proliferation measures; opposition is aware that they can mobilize youth, the government fears that connection, and a new president of Iran brokers a deal for an easement of economic sanctions. However, the National Council of Resistance is also heavily focused on human rights issues, yet as they are not faced with harsh economic sanctions the new president of Iran has not (yet) made an agreement for those. Thus, while there is a link between opposition and the effectiveness of the economic sanctions in Iran, it is most likely not the strongest mechanism to facilitate the effectiveness economic sanctions.

6.2.2 China

In contrast to theoretical expectations, opposition does not play a substantial role in the effectiveness of economic sanctions in China. The lack of effectiveness is a result of the absence of a significant opposition in China. The lack of this type of opposition is easily traced through a historical approach to opposition, the contemporary approach, and the levels of repression that make opposition nearly impossible.

First, historically China has seen some opposition movements, which were staged or had no real power. Prior to China's status as a cooperative authoritarian state, pre-1970s, there were several interest organizations that the general population could join such as the Women's Federation, the Peasant Association, and the Communist Youth League (Chan, 2013, p.132). However, these interest organizations were completely devoid of power (Chan, 2013, p.132). Movements and revolutions were state encouraged such as the Hundred Flower Movement of 1956 – 1957, and

the Cultural Revolution of 1966 – 1969, and both were heavily encouraged by Mao Zedong (Chan, 2013, p.132). However, true opposition to the regime was not seen since 1949 when Mao Zedong's party took office.

Second, contemporary China experiences a lot of resistance, from 8700 cases of resistance in 1993 to 10 times that amount in 2005 (87000) (Cai, 2008). In 2003 there was a total of 3900 incidents involving an attack on the state itself (Cai, 2008). When there is a case of resistance the regime has four different options to respond: concessions, concessions with discipline, repression, or tolerance. In a case study of 78 resistance issues against the state repression was the one most opted for (54 times), 10 times concessions, 10 times concessions with discipline, and only in 4 cases did the Chinese government opt for tolerance (Cai, 2008). In these cases punishment was “sought after for a total of 584 citizens: 308 were detained, 21 arrested, and 255 were sentenced to jail” (Cai, 2008). Interestingly it is mostly the local government that acts upon these forms of resistance with the help of the central government at times. China is heavily decentralized, yet leaders in lower forms of government are appointed by the high-level officials of the central government which allows for isolation in the resistance movements, does not directly challenge the central government, and it is often of short-term (Cai, 2008).

An explanation for the increase in resistance in China is the reduced overall capacities of the state to engage in command and control government (He, Warren, 2011). China has rapidly become a market-oriented state and full control of all forms of opposition comes at a high economic price; this is called resource restraint (He, Warren, 2011). Indeed, China is undergoing “market-reforms simultaneously as socio-economic transformation and urbanization”, which leads to conflicts and resistance from citizens (Cai, 2008). Unlike the earlier protests these are not set in motion by the central government. However, the current resistance movements are not

organized into an interest group or a political party that can function as an opposition, nor does the resistance last long.

Third, it is difficult for opposition to arise in China because repression is common as one of the two central objectives for the regime; economic growth, and the repression of pro-democratic forces (Pei, 2014). An example of such a repression is the arrest of Cao Haibo who was charged with violations of Chinese law and sentenced to 8 years in prison in 2012 for starting a pro-democratic movement. Cao Haibo had tried to create a pro-democratic party called the "China Republican Party", which had only been in existence one day when he was arrested (NBCnews, 2012). Bo Xilai, a political leader who in the past had a chance to rise through the ranks, was given a show trial and sentenced to life imprisonment (Human Rights Watch, 2014). Another example is Xu Zhiyong, the intellectual leader of the New Citizens Movement (civil rights activists that call on public officials to disclose their assets) who was detained as well (Human Rights Watch, 2014). Repression also finds its way into other aspects in China such as the curtailing freedom of information via the media and the internet. The Xi Jinping administration issued harsher restrictions on dissent: including two legal documents which allow for easier processing of criminal charges against activists and Internet critics (Human Rights Watch, 2014).

In short, China cannot control all of its opposition because it is determined to pursue economic growth. A concentrated form of opposition is migrated through lower levels of the government isolating the incidents and the incidents only being short-term incidents. The central government does not face heavy opposition from these resistance movements. Therefore, opposition cannot facilitate the effectiveness of economic sanctions as opposition is not likely to be able to rise, nonetheless make an impact.

Interestingly enough the theory of economic sanctions, again, appears not to have a strong hold in the cooperative authoritarian state. Opposition is able to rise in Iran, yet in China it is subdued quickly. China has more repression and less opposition to the government. It could easily be tied into the budget factor: in China the general population is much less affected by economic sanctions. The general population hardly faces any consequences from the arms embargo and only certain employees and entities occasionally ‘feel the sting’ of from the market access and IPR violations. However, the resistance to the government does show that the general population in China is concerned with the human rights status in their state. The sanctions could tie into this form of opposition and facilitate opposition in terms of human rights concerns. Yet, the sanctions are not enhanced, not altered, nor diminished. Neither sender party utilizes the possibility of the opposition (more on the lack of enhancement of the sanctions in the international mechanisms). In this cooperative authoritarian state the domestic mechanisms have very little impact on the effectiveness of economic sanctions. Similarly to the mechanism of budget Iran follows the theory: opposition plays a part in the effectiveness of sanctions. The dual-grip solution seems to be working in Iran: external pressure on the budget from the sender states, and internal pressure from opposition (the new stance on the policy via the new Iranian president, and via the fear of opposition parties’ influence).

Concluding from the analysis of the domestic factors is that the cooperative theory does not work along the domestic mechanisms in the case of China. To assess the effectiveness of economic sanctions when dealing with a cooperative authoritarian state (China), one must therefore look at other (international) factors instead.

Chapter 7: International factors: type of sanctions, commitment, and dependence

7.1 Type of sanctions

Hufbauer, Schott, Elliott, and Oegg (2007) point out that smart sanctions could work in any authoritarian state because they specifically target a group or a leader. However, it is usually more difficult to find information on where to target non-cooperative authoritarian states because there are fewer international relations, making sender states less aware of specific information on the government and its partners, which is needed to implement smart sanctions. If the sender state implements economic sanctions without sufficient information on the target state it will be a guess which economic sanction will have an impact on the target state. Therefore, the economic sanctions will most likely be less effective in the non-cooperative authoritarian regime because it is more difficult to assess which types of sanctions will warrant the target state to comply and alter its policy. Moreover, it will also be more difficult to find suitable areas that the sender state may target to elicit behavioral change as it will have fewer relations with the non-cooperative authoritarian state. Furthermore, it is also important to look at the timing of the economic sanctions as Major has pointed out (Major, 2012). The sender states are not only required to assess the right type of sanction, but also the right timing of that sanction. It will be more difficult to assess both the type of sanction needed and the timing of the sanction regarding the non-cooperative authoritarian state. The time frame for assessing whether the type of sanction has the desired outcomes should be five years⁸.

⁸ Within five years the sanction should have some effect, at least partially effective, otherwise it is clear that the sanction is not targeted appropriately. If there is no effect after five years it is clear that the sender state has not utilized the sanction correctly and preferably the sanction should be increased or altered.

7.1.1 Iran

The type of sanction in Iran has been difficult to assess; the United States and the European Union have tried many different economic sanctions that did not result in the behavioral change they were intended to provoke. The United States has almost completely banned all relations with Iran. The following paragraphs will assess the unilateral sanctions from the United States, and the multilateral sanctions from the European Union (and in partnership with the United States).

Unilateral sanctions are sanctions that are imposed upon one country by a single other, in this case on Iran by the United States. However, as has been discussed in table 1 unilateral sanctions from the United States have generally not been effective. In 1987 the United States banned all imports of Iranian goods, and exports to Iran is severely limited (Belfer, 2014). The amount of sanctions the United States has imposed on Iran have limited the state's striking force because any further sanctions will not have much effect to the already nearly non-existent trade between the two countries. One interesting form of sanctions that the United States has imposed is ISA (the Iranian Sanctions Act).

ISA targets Iran's non-proliferation issue and is very controversial in many other states because it authorizes penalties against foreign firms that engage in certain trade with Iran (Katzman, 2010). The majority of objections come from parent companies that are located in Europe (Katzman, 2010). ISA entitles that companies or persons that make an "investment of more than 20 million USD in Iran's energy sector, sell weapons of mass destruction to Iran, or destabilizing numbers and types of advanced conventional weapons" are to be sanctioned (Katzman, 2010). While this type of sanction is heavily disputed in the majority of European countries, companies do recognize the need for compliance, because receiving sanctions from the United

States is a negative mark against a company and does more harm than good.

However, a major flaw in ISA is that it only constrains investments in Iran, not trade with Iran, and therefore many transactions which are the main target of ISA's policy remain unscathed. Thus, ISA would appear not to be very effective. However, in 2008 the Iranian deputy Oil Minister said that Iran needed approximately 145 billion USD in new investment over the next 10 years in order to maintain its thriving energy sector (Katzman, 2010). ISA is *party* responsible for a lack of investments in Iran.

Additionally, in regards to the United States' non-proliferation sanctions against Iran it utilizes the measure of targeting Russia for assisting Iran with its nuclear and ballistic missiles programs (Katzman, 2010). The United States has withheld 60% of any United States assistance to Russia unless it terminated the program (Katzman, 2010). It makes sense that the United States seeks these types of measures, since nuclear help to Iran will not come from the United States nor from the European Union. Iran will look at other partners for this type of assistance. The United States in return tries to isolate Iran by sanctioning any state that is willing to help Iran.

Finally, the only unilateral sanction from the United States that could still directly affect Iran as a unilateral sanction, is a smart sanction that is targeted directly at an individual or a firm; most likely those close to the government. This type of sanction is used for both human rights violations and non-proliferation issues with Iran (see table 1). Smart sanctions are regarded as very promising since it directly impacts the government. However, in the United States' case it is not very promising because it is not an appropriate 'punishment'. The United States uses smart sanctions to limit individuals' access to the United States or have their assets abroad frozen⁹. The reason why this is not very effective is that these are usually entities that already

⁹ For the entire list of entities blacklisted by the United States see Katzman, 2010.

have very little business in the United States, and are not likely to visit the United States.

In regards to multilateral sanctions there is a difference between trade sanctions and financial sanctions. The trade sanctions are outlined as European trade sanctions, whereas the financial sanctions shall be outlined as an initiative from the United States, which has spread throughout the world.

First, the trade sanctions from the European Union are exactly the right type of sanction to warrant a coercive policy for Iran's non-proliferation issue. The oil embargo of the European Union was a harsh economic sanction for Iran's budget. The European Union was able to target Iran where it would be felt the hardest, their main export and source of income, oil. Although some critics argue that the European Union lacks in implementing sanctions because it only has jurisdiction over its member states and not all companies listed in Europe as well as the European union not having enough resources to audit behavior and enforce actions (Jacobson, 2008). On the latter argument against effective European sanctions the amount of resources differ to track and enforce actions; Germany has much more resources on tracking down violations to Italy for instance (Jacobson, 2008). Therefore the European Union has chosen the correct type of sanction, it has hit Iran in its most vulnerable industry, yet the European Union itself may not be the best sender for these sanctions.

Second, the United States Under Secretary of the Treasury, Stuart Levey, has been targeting foreign banks to stop dealing with Iran for its proliferation issues (Katzman, 2010). This sanction includes a clause that requires the United States to vote against all international loans to Iran. As a result the IMF, among other international institutions, has "dried up most of its financing for the energy industry of Iran", and many other projects (Katzman, 2010). In 2008 this also led to other banks "pulling out of services concerning Iran, such as financing for exports to Iran or

processing dollar transactions for banks in Iran, such as UBS (Switzerland), HSBC (Great Britain), and Germany's Commerzbank A.G. and Deutsche Bank A.G., as well as some banks in Asia" (mostly in South Korea and Japan) (Katzman, 2010). A risk of losing access to the United States' market is not worth the risk for most banks, and the majority of them do not want to succumb to the same conditions as the Dutch ABN AMRO bank when in 2005 it received a fine of 80 million USD for having an inadequate program when it comes to compliance with sanctions against Iran (and Libya) (Jacobson, 2008). Therefore, after some 'leg-pulling' on the United States' side there is a multilateral financial sanction. This sanction has made it very difficult for Iran to import goods from, for example, the United States since they are no longer in the SWIFT international banking system. It is difficult for companies exporting goods to Iran to be paid due to this international banking system sanction. The other reason why this is a very effective multilateral sanction, is the lack of funds at international organizations. Iran needs investments in certain key areas, yet they have had difficulty receiving investments through international organizations in the form of a loan (further on investments see dependence).

Finally, timing, argued by Major is very important. When a domestic factor allows for international actors to engage with them on one of the issues on the agenda, the international actor should take it. Iran had such a time; the Green movement of 2009. The Green movement consisted of protesters demanding the former president Ahmadinejad to be removed from office. The United States was unable to act alone in unilateral sanctions at the time, due to the already all-encompassing embargo. The European Union at the time could have pressed for more severe sanctions, yet most of the European Union sanctions happened post 2009. The timing to engage in severe economic sanctions with the help of the general population, in terms of human rights violations, was optimal in 2009, yet neither of the sender parties took it.

In short, unilateral sanctions are not very effective because the United States is not able to target the sanctions at the regime where it would feel obliged to alter its current behavior. Multilateral sanctions are by far more effective because they are able to target the regime where it feels pressure to alter its behavior. The problem with multilateral sanctions is that they come from a sender that is unable to implement them to perfection; leaving room to interpretation. The United States has been the force behind financial multilateral sanctions, which were felt by Iran. Interesting to note is that the severe trade sanctions from the European Union were a direct cause to Iran's nuclear aspirations, not to its human rights violations. For all sender states involved the type of sanction concerning the human rights violations are not targeting the regime in a way that would make it alter its behavior; it is not pressuring. This might have contributed to the lack harsh human rights sanctions during the Green movement of 2009.

7.1.2 China

The type of sanction against China is divided into two types: unilateral sanctions and multilateral sanctions. Unilateral sanctions are sanctions that only the United States has imposed. Multilateral sanctions are sanctions that the United States in combination with the European Union, or the European Union, have imposed.

First, the United States commonly uses sanctions against China for issues of human rights and market access and IPR issues (Askari et al, 2003, p. 22). In regards to the latter the United States often brings these issues, especially those concerning market access and intellectual property rights, to the platform of the World Trade Organization. Issues such as anti-dumping and state endorsed funding of companies are often discussed at this platform. As further detailed under commitment the United States is also able to enforce harsh targeted trade sanctions upon China in regards to

IPR and market access issues such as high tariffs and limiting market access in the United States. Interestingly enough this only covers issues that are of importance to the United States' own economy. These sanctions are targeted trade sanctions and are targeting exactly the behavior of China that the United States wishes to counter. However, they do not always warrant a coercive behavioral response (further detailed under commitment).

Second, human rights issues are still very present in China, yet the United States hardly utilizes economic sanction measures to tackle those. The direct economic sanction of foreign-aid restrictions (“no” votes or abstentions by the United States representatives in international financial institutions) to China as a reaction to the events of Tiananmen Square is still effective (Lum, 2011). However, based upon data from 1990 to 1997 it was proven to not be an effective measure; China was considered for 200 loans by multilateral development banks such as the Asian Development Bank (ADB), Global Environmental Facility (GEF), and the World Bank, the International Development Association were the United States voted “no” in 27 cases and in 173 cases abstained, yet all loans were approved (Askari et al, 2003, p, 65). Furthermore, the United States has also prohibited assistance to the United Nations Population Fund in regards to projects in China (Lum, 2011). Thus, while the United States is well aware of human rights issues in China, it does not properly utilize economic sanctions as a measure to deal with these issues. Economic sanctions are almost exclusively focused on issues that are of importance to the United States economy itself.

The only multilateral sanction that is still in place against China by the European Union and the United States on a human rights issue is the Tiananmen Square sanction. However, this sanction is not air-tight and is subject to many different interpretations. Within the European Union the states can choose which

interpretation they give to the sanction. In the wake of the 1989 Tiananmen Square the European Council strongly condemned the “brutal repression taking place in China” (European Union, 2014). The European Union intended to adopt the following a range of items including implementing independent observers, an arms embargo on trade, a “suspension of bilateral ministerial and high-level contacts”, and a reduction of funding for several programs (European Union, 2014). In practice the European Union allowed for each member state to give its own interpretation of what these sanctions entailed. The United Kingdom, for instance, interpreted to mean the following may not be trade with China:

“lethal weapons, such as machine guns, large caliber weapons, bombs, torpedoes, rockets and missiles specially designed components of the above and ammunition military aircraft and helicopters, vessels of war, armored fighting vehicles and other such weapons platforms any equipment which might be used for internal repression” (United Kingdom, 2014).

France, in 1997, changed their interpretation of the sanctions. "With the Chinese leaders, we discussed reinforcing cooperation in three areas: very high-level strategic dialogue; the exchange of information and training; and cooperation in the technical, technological and infrastructure fields” (Paris Agence France Presse, 1997). A French parliamentary report even went as far as stating that France delivered arms to China worth 104 million Euros (Hancock, 2014). Since 2003 China has been pressuring the European Union to end the embargo; in October of that year China pressured the European Union by use of its “Policy Paper on the EU” which stated to “remove barriers to greater bilateral cooperation in defense industries and technology” (Smith, 2004). While the Policy Paper did cause for a reexamination of the embargo, it is still in place today.

Finally, the European Union also utilizes the options at the WTO against

China in connection with market access and IPR. Outlined in table 2 are a few of the 40 cases of trade barriers currently in place against China. Some of the 40 cases outlined date back to the early 2000's while others are solved quickly such as the Bra wars (see commitment). The general rule of thumb is that sanctions that could harshly impact China are solved quickly, while others are put on the backburner. Therefore, while it may be the correct type of sanction, it may not show the appropriate change in the behavior of China and Chinese policies concerning market access and IPR.

Thus, whether it is a unilateral sanction or a multilateral sanction the market access and IPR sanctions appear to target the intended behavior. Whether that will lead to a change in the behavior shall be analyzed under the mechanism commitment. In terms of the multilateral sanction against the human rights issues finding the appropriate target seems to be more challenging. The arms embargo does not provide a consensus within the sender states. Therefore, the arms embargo does target the intended behavior (human rights violations), but it is still not the correct type of economic sanction since the multilateral sanction causes for different interpretations.

Hovi, Huseby and Sprinz, (2005) argued that effective economic sanctions should come from one party (or a select few), where relations are generally friendly, and are implemented in one (or a few minor) step(s). In Iran the exact opposite occurs, and indeed results in difficulty in assessing which type of sanction should be in place, and when to place it. Relations have not generally been friendly, sanctions have added up, and due to the multilateral actions it has been difficult to reach consensus. Timing, argued by Major, has also not been utilized. In China there are many problems with the multilateral aspect of the sanctions; too many conflicting ideas. Therefore, the cooperative authoritarian state does link better with an understanding of which type of

sanction to implement, yet it is not as simple as one would expect; too many conflicting ideas. Thus the theory by Hovi, Huseby and Sprinz (2005) does not hold up in the case studies of Iran and China where it shows that unilateral sanctions are less effective, because the target state is able to undermine those sanctions by looking for other trading partners. Multilateral sanctions are more effective because they undermine the possibility of such other partnerships. Unilateral sanctions with threats to potential other trading partners, such as the United States used with ISA are a potential middle ground.

7.2 Commitment

Sender states will most likely be less committed to economic sanctions in the cooperative authoritarian state because they have: more (friendly) interactions with the cooperative authoritarian state, more knowledge about the domestic practices of the cooperative authoritarian state, and are afraid of retaliation by the cooperative authoritarian state. First, sender states have fewer interactions with the non-cooperative authoritarian state in comparison with the cooperative authoritarian state. The sender has less to lose in terms of pre-existing international relations, and would be more inclined to use the full force of economic sanctions. Secondly, the reason why the commitment to the economic sanctions will be higher in the non-cooperative authoritarian state could be due to “fear”. In a non-cooperative authoritarian state it is more difficult to find out what the state is actually pursuing internationally as well as developing domestically (terrorism and nuclear weapons are prime examples). Commitment to limit this threat may be perceived higher in non-cooperative authoritarian regimes. Finally, the cooperative authoritarian state may be able to retaliate by imposing sanctions of their own or withdrawing from other international commitments. Therefore, higher commitment to the economic sanctions can mean

that the economic sanctions are more effective in a non-cooperative authoritarian state¹⁰. The timeframe of commitment to the sanctions differs from case to case.

Commitment to the sanctions should remain until the sanction warrants the intended behavior in the target state, until a compromise has been made or until the public at home is satisfied with the intended sanctions in order to obtain maximum results¹¹.

7.2.1 Iran

The commitment to the sanctions against Iran is comprised of a commitment to non-proliferation sanctions, and a commitment to human rights issues sanctions. The commitment to these sanctions shall be analyzed from the United States and the European Union.

The United States is very committed to the non-proliferation sanctions. This is partially because Iran cannot become a nuclear power, and partially because it would harm the United States' national security. In 2006 the United States National Security Strategy identified nuclear proliferation by "rogue states (including Iran) as the greatest threat to United States national security" (Clarke, 2013). However, since the United States already has very little bargaining power (in the form of trade and other friendly relations), it has to rely on the compliance of other states to go along with the sanctions of the United States; the European Union for instance. The United States is very committed to the sanctions as seen above it has an almost complete trade embargo with Iran, and it aspires to convince other states to enforce the same

¹⁰ Important to note is that the mechanisms of commitment and dependence are interlinked. The more two states are dependent on each other, the less committed the sender state will be to impose harsh economic sanctions. The reason why these two mechanisms are separated in this thesis is that the dependence does not always drive the commitment (as outlined in the oil dependence in the case of Iran), and one state is always more dependent on the other than the latter on the former (there are no 100% equal partnerships). Furthermore, the more threatening the behaviour of the sender state is, the more committed the sender state becomes to the economic sanctions, despite of mutual dependence.

¹¹ Commitment may therefore increase (new sanctions), remain stable, or lead to a compromise in behaviour. This type of commitment will lead to effective sanctions. If the commitment decreases the likelihood of effective sanctions also decreases.

financial economic sanctions (in international institutions voting “no” against loans and convincing other banks to impose financial sanctions upon Iran). Commitment is therefore very high, but results are limited.

The European Union is divided on the commitment to the non-proliferation sanctions. Although it is often stressed that the European Union does not want Iran to become a nuclear power, the individual states are divided on what that entails. “In fact, a number of European governments, including France, Germany, and Italy, provided their companies with extensive export credit guarantees to encourage and facilitate trade with Iran.” (Jacobson, 2008). The Italian Prime Minister Berlusconi argued in October 2010 that the EU’s approach towards Iran should be more “gentle” (Kozhanov, 2011). Furthermore, multinational companies within the European Union are trying to seek a way around the economic sanctions put up by the United States; “by masking their participation in projects by using subcontractors of Asian companies” (Jacobson, 2008).

The commitment of both the United States and the European Union has led to Iran’s willingness to compromise after the increasing economic sanctions had a devastating blow to the Iranian economy. The discussed six-month Joint Plan of Action by the P5+1, has led to the commitment to the sanctions slightly faltering on the European Union side; as was promised by the Joint Plan of Action. Between February 2014 and June 2014 a total of 3.65 billion USD, leading up to a promised 4.2 billion USD, in Iranian frozen assets was returned to Iran (Christy, Zarate, 2014). However, whilst implementing the six-month Joint Plan of Action the United States continued on using smart sanctions against individuals or companies, in July 2013 the United States intensified their financial sanctions for oil purchases, and in April 2014 the United States intensified the economic sanctions for “aiding Iranian ballistic missile procurement and for support of the government of Iran in evading oil sector

sanctions” (Christy, Zarate, 2014). The compliance of Iran was a trade off between the easing of economic sanctions (nuclear) and Iran’s compliance. So far there have been no new European Union nuclear related sanctions (on December 16th 2014 the European Union Council of Foreign Ministers agreed not to seek further nuclear sanctions on Iran) (Arms Control Association, 2014). However, the United States has less progress with their agreement on not imposing new sanctions related to nuclear Iran. The S1881 bill wants to “expand sanctions imposed with respect to Iran and to impose additional sanctions with respect to Iran, and for other purposes” (United States Congress, 2013). While there is only a 36% chance of the bill passing, it does illustrate the United States’ commitment to implementing the economic sanctions further, potentially to halt Iran’s nuclear aspirations completely.

Commitment to human rights sanctions from the European Union comes from one *main*¹² sanction: in 2011 it blacklisted “a number of officials involved in Iranian human rights violations” (Kattan, 2013). The blacklist contained 31 Iranian citizens that were involved with human rights abuses including judge Abdolghassem Salavati (Erdbrink, 2011). In 2014 the number of Iranians on this blacklist has run up to 87 (European Union External Action, 2014). Those on the blacklist are subjected to a ban on entering the European Union, and their assets are frozen. Overall the European Union seems to have unfounded faith in Iran for improving their human rights policy. “The recent release of many prisoners of conscience and the commitments made by the new Iranian President after the 2013 presidential elections gives hope that the human rights situation in Iran will change for the better” (European Union External Action, 2014). The European Union states it wants to engage in a dialogue concerning the human rights violations.

¹² Other sanctions by the European Union are also targeting the human rights issue, such as the ban on dual-use weapons. However, all other sanctions are also in place against Iran’s nuclear program and/or have little effect. The main human rights (and solely human rights) targeting sanction is the blacklisting on persons and entities.

The United States on the other hand are more active in their pursuit of sanctions against human rights violations. In 2006 the United States even engaged in a facilitative sanction; it gave financial aid to human rights organizations (Kattan, 2013). The facilitative sanction is the inversion of the usual sanction model and uses a “reward” system to coerce behavior (Targeted Financial Sanctions Project, 2004). In 2011 the United States continued to blacklist individuals, blocking property of the Islamic Revolutionary Guard Corps, monitoring networks, and applying sanctions against censorship in Iran (Kattan, 2013). Commitment to human rights sanctions appears to be high for the United States, yet the actions of blacklisting individuals are considered to be “mainly symbolic” since hardly any Iranian officials travel to the United States or the European Union (Erdbrink, 2011).

In short, a very neo-realism way of thinking is implied in the commitment to the sanctions; nuclear power is considered to be more of a threat than humanitarian issues. Commitment to the nuclear threat of Iran is more strongly imposed, and potential solutions are found (Joint Plan of Action). Commitment to human rights sanctions remains a more ‘soft’ power.

7.2.2 China

There are two types of sanctions in place against China, and therefore two levels of commitment: commitment to the Tiananmen Square sanctions, and commitment to the market access and intellectual property rights sanctions.

First, the Tiananmen Square incident led to economic sanctions concerning human rights issues. As stated above, under type of economic sanctions, the European Union is divided on the subject, and looking to reform the economic sanctions in place. “The EU believes that engagement with China on such issues would be mutually beneficial and hopes to further entrench China in the international system” (Archick, Grimmett, Kan, 2005). Indeed part of the European Union wants to remove

the embargo to develop closer ties to China. The United States opposes this idea for two reasons: the human rights violations that gave cause to the embargo are still in place, and United States security interests in the area are at stake when the embargo is lifted (Archick, Grimmett, Kan, 2005). United States Senator Lugar even went as far as stating that “the technology the U.S. shares with European allies could be in jeopardy if allies were sharing that through these commercial sales with the Chinese” (Alden, Sevastopulo, 2005). It is therefore important to look at the commitment deviance in Europe, as well as the United States motivation.

The European Union is very divided on the issue of lifting the embargo. Whereas Germany under Schröder argued in favor of lifting the embargo, Germany under Merkel sees no need for an immediate need for the removal of the embargo (Sutter, 2012, p. 293). “Most Scandinavian states, as well as other European states with a strong human rights advocacy policy have sided with the United Kingdom against lifting the embargo” (Archick, Grimmett, Kan, 2005). France, and a few southern states (such as Portugal) of the European Union have sided in favor of removing the embargo (Sipri, 2012). The commitment of the European Union to the embargo is challenged either way they go. If the European Union removes the embargo there may be retaliation from the United States, and if the European Union keeps the embargo there may be retaliation from China. The United States, as outlined above, is heavily set against removing the embargo. The United States fears that United States technology, through European Union companies via the EU-US defense industrial cooperation, may end up in the hands of the Chinese if the embargo is lifted (Weitz, 2013, p.91). Therefore, regular threats have been made to limit such cooperation should the European Union lift the embargo (Weitz, 2013, p.91). On the other hand, if the embargo is not lifted, the Chinese may retaliate. Wen Jiabao has tried to assure Europe that lifting the embargo will not automatically lead to a large-

scale purchase of European weapons, but rather that the embargo needs to be lifted to “stop political discrimination against China” (Ching, 2005). Threats have been made to limit the Sino-European relationship if the embargo is not lifted (Ching, 2005). The relatively new Sino-European relationship is very important to both sides as the amount of trade is very high. Commitment from the European side seems to be a damned if you do, damned if you do not, situation.

The United States has a rather firm commitment on the economic sanctions following the Tiananmen Square. However, the motives behind them may fall into a morally grey area. The United States argues that the human rights issues are still in place, and the embargo on arms therefore must continue. Indeed it is believed that many prisoners of the Tiananmen Square incident are still imprisoned (Ching, 2005). However, no other steps are taken to combat human rights issues. China faces many human rights issues when it comes to repressing ethnic minorities in Tibet, Xinjiang, and Inner Mongolia, arbitrary detaining of citizens, and a lack of freedom of speech. Only an arms embargo seems to be the United States’ resolve on human rights issues. It leaves room to question whether the United States is committed to economic sanctions on the basis of combatting human rights issues, or on the basis of a stable region around China.

Secondly, contemporary issues have increasingly risen over market access and IPR. The United States and Europe do not have the same issues with China over these items therefore a case example of both sender states shall be analyzed.

The European Union had a dispute with China concerning market access over textile issues: the Bra Wars. The Bra Wars is a dispute over textiles, too many and too cheap textile products from China entered the European Union, and were therefore blocked at the European docks (Heron, 2007). Peter Mandelson, the European Union trade commissioner, and Bo Xilai, the Chinese trade commissioner struck an

agreement of restricting the imports from China slightly, and compensating the overflow of 2005 to 2006 (Heron, 2007). "Textile wars have been blown out of all proportion this summer," announced Peter Mandelson (White, Gow, 2005), and a solution to the issue was quickly found. A more contemporary issue concerning market access, product dumping, in the European Union is the case of solar panels. In 2013 China dumped 21 billion Euros worth of solar panels below cost-of-production into the European Market (Emmot, Blanchard, 2013). A threat from the European Union was initially made to impose rather significant tariffs on Chinese items, yet states with significant trade to and from China, such as Germany, opposed (Emmot, Blanchard, 2013). Eventually a deal was made where there was a set price per watt (Emmot, Blanchard, 2013). Commitment to these market access items therefore is rather high, but it is not a zero-sum game as one expects of sanctions. Rather in market access issues it tries to satisfy both parties in order to not damage relations.

The United States has this kind of significant disputes with China more often than the European Union. For instance the contemporary case at the WTO where the United States accused China of refusing the United States proper market access in relation to its automobile imports from the United States. In 2011 China imposed duties from 2 to 21.5% on United States automobiles (Beene, 2014). The United States took the claim up at the WTO, and won the case. Senator Stabenow was reported to say:

“China has had 14 years to start playing by the rules, but instead we see illegal and improper activities over and over again. As long as China keeps up this illegal behavior, we can and must respond with these kinds of strong enforcement actions” (Beene, 2014).

In the case of solar panels in the United States, the United States took the unilateral decision to raise tariffs on solar panels coming in from China (World Trade

Organization, 2014). It seems that the United States is less focused on compromises than the European Union is, but more focused on a zero-sum game even in market access cases.

On IPR issues the United States and China have gone through a rather turbulent history. In 1996 a Sino-United States agreement was reached on IPR (Young, 1996). The United States had promised to remove the threat of trade sanctions, if China, among other incentives, “closed 15 of compact disk plants, granted more market access, and other intellectual property agreements” (Young, 1996). The United States used trade sanctions as a threat to urge China to change its policy. China did sign the agreement, which would make the use of a trade sanction threat effective. However, many IPR rules were broken after 1996. In 2010 the United States brought the issue of protection of IPR against China to the WTO (World Trade Organization, 2014). In 2012 a new agreement was made between the United States and China in regards to IPR (United States Government, 2012). This new agreement was to replace prior agreements between the two states on IPR issues such as the 1995 agreement The U.S.-China Intellectual Property Rights Enforcement Agreement which was to target piracy of movies, music etc. (United States Government, 2012). Prior agreements between the two states have not led to a halt of IPR issues, although one can argue that there have been fewer issues. Therefore there is a lot of doubt if the new document has more success in stopping these issues.

Finally, commitment of the sender states may be influenced by China’s retaliation possibilities. China has historically been against the use of economic sanctions for coercive diplomacy, but now has started using it itself. China can use economic sanctions as a unilateral tool. “Given our nation’s increasing economic power, we should prudently use economic sanctions against those countries that damage world peace and damage our country’s national interests” (Reilly, 2012). The

main difference between the economic sanctions that the United States may use and the economic sanctions that China uses is that China does not openly declare their implementation, China's sanctions are "more bark than bite", and they are short lived (Reilly, 2012). It appears that China's retaliation is not very credible. Yet, in terms of retaliation against the economic sanctions as a result of Tiananmen Square China has made use of the financial crisis in Europe, with a combination of a carrot and stick diplomacy, to lift the embargo. Indeed, as outlined above, the European Union is already divided on the issue and has showed interest in lifting the embargo. The United States may well be alone in their embargo against China soon.

Therefore, commitment to the Tiananmen Square incident appears to be unstable at very best. Should the European Union decide to give up the arms embargo they will implement a strict code for supplying arms to China (Archick, Grimmett, Kan, 2005). However, the United States is persisting to keep the embargo at all costs, especially now that China's military is modernizing. Though it may be for the wrong reason, United States is committed to the sanctions. Overall there seems to be a higher commitment to resolving issues that are focused around market access and IPR, or rather issues that are directly affecting the sender state's economy. The European Union utilizes a mutual compromise solution to this problem, whereas the United States prefers the zero-sum game approach. From the small cases outlined above the approach from the European Union is more successful, it does not prohibit China from its behavior. The United States is much more committed to its own profits, and shows not to be willing to compromise.

Two apparent conclusions can be made from these two case studies on the subject of commitment: the major drive of commitment, and a difference between commitment to a sanction and commitment to a desired outcome. First, what appears from these

two cases is that commitment may not be driven by the type of receiver state, but rather by the type of sanction. Neo-realism is apparent in these two cases: where it threatens the strategically interests of the sender state the commitment to the sanctions increases. Human rights violations therefore are put on the 'backburner' when it comes commitment, whereas nuclear power, and arms supply receive much more commitment. Second, there is a difference between a commitment to a certain sanction, and a commitment to elicit a coercive action from the target state. From these case studies can be concluded that the commitment to a certain sanction is not particularly high unless it is the main sanction in place. In China the human rights sanction is mostly the arms embargo, thus commitment to the arms embargo is relatively high (even from the European Union; despite its dividedness on the issue the arms embargo is still in place). However, when the target state actually needs to be pressured into change the commitment to a specific sanction is lowered, and sanctions are more likely to increase; sanctions disappear and new ones appear. This can be seen in Iran: the nuclear issue is a time sensitive issue and both sender parties raise sanctions quickly to alter its behavior. The commitment to alter the target state's policy is very high, even if the commitment to a certain sanction is relatively low.

7.3 Dependence

Non-cooperative authoritarian states are less dependent on the international community than cooperative authoritarian states. They are more likely to have fewer allies as well as fewer economic and trade partners within the sender state groups.

Less international dependence would entail that the sender has less leverage over the target state, after all the economic sanctions can only affect the target state if there are preexisting relations. Furthermore, as Wallensteen (2000) poses globalization makes it more difficult to successfully impose economic sanctions, because it is more

difficult to isolate states from their economic partners. This statement by Wallensteen (2000) becomes even more difficult to enforce if the sender states cannot isolate the target state from its economic partners because its economic partners are mostly located outside the scope of the sender states. Expectedly cooperative authoritarian states are more likely to comply due to their dependence on the international arena, including their dependence on the sender states. Expectedly between one to five years after implementation of the sanctions the target states look for other trading partners (outside of the sender state's block) or be pressured into compliance¹³.

7.3.1 Iran

To assess Iran's dependence on the international community an analysis for trade and foreign direct investment is needed.

First, in regards to trade there is a difference between the United States and the European Union on one side, and other partners of Iran on the other.

In 2006 a Russian Ambassador to the United Nations, Andrei Denisov, warned that sanctions against Iran would likely backfire since Iran is one of the major suppliers of oil and gas (Jacobson, 2008). Indeed the European Union was Iran's largest trading partner in 2008 (40% of Iran's exports and 25% of Iran's imports came from Iran) (Jacobson, 2008). However, after 2008 China became Iran's largest trading partner. Although the six-month Joint Plan of Action is in place it does not directly allow for more import of Iranian oil (United States Energy Information Administration, 2014). As illustrated in figure 9, in the European Union this is clearly seen by imports of Iran slowing down very fast, whereas exports to Iran slow down as well but not as radically (European Commission, 2014).

¹³ Should the target state be unable to find new trading partners, or the new trading partners cannot make up the same amount of trade as those lost from the sender state's block the target state is most likely to comply. In return the sender states must find alternatives for the target state's trade as well. In terms of comprehensive sanctions this entails completely new trading partners whereas targeted sanctions only entail a new trading partner for a certain industry or product.

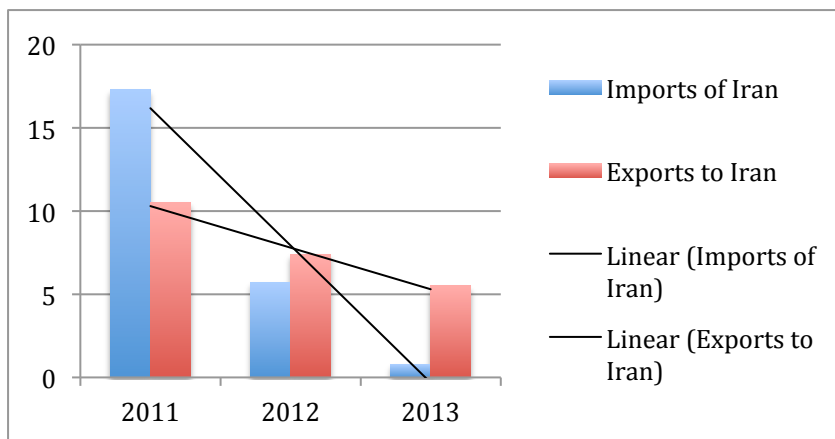


Figure 9: Trade EU-Iran
Numbers in billions of Euros

Figure 10 shows a different case: the United States presents a different, harsher, case where imports of Iranian goods have come to a complete stop. Exports of the United States to Iran have remained stable because they mainly consist of humanitarian goods (medical, dental, etc.) (Al Jazeera Americas, 2012). American “companies have complained for months that it is harder and harder to get paid because Iran's big banks have been blacklisted by the US Treasury” (Al Jazeera Americas, 2012).

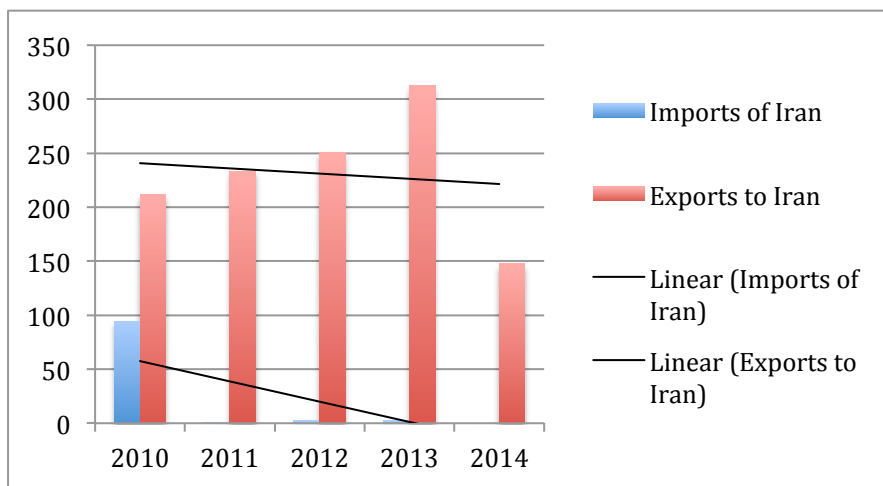


Figure 10: Trade US-Iran
Numbers in millions of Dollars

In 2014 China is the largest trading partner of Iran with importing 620.710 barrels of oil per day (Lakshmanan, DiPaola, 2014). Other large trading partners of Iran are India, Japan, South Korea, Turkey, and Taiwan (Lakshmanan, DiPaola, 2014). Oil

and natural gas are the most important exports for Iran (82% of the export revenues), and China has 21% of all trade, Japan 9.2%, and Turkey 9% (Trading Economics, 2014). China has an increasingly stronger relation with Iran in terms of oil supplies and investments in road infrastructure (Trading Economics, 2014). As of August 2010 both China and Turkey have been declared the main suppliers of petrol to Iran (Trading Economics, 2014). South Korea on the other hand is willing to join other powers in economic sanctions against Iran for its nuclear program, however, it does want to minimize any negative effects of the economic sanctions on any other front than the nuclear program (Trading Economics, 2014). India too has started reviving its trade relations with Iran since 2010 (Trading Economics, 2014). Despite the rise in other trading partners, exports fell with 47% in 2012/2013, and with 11% in 2013/2014 (United States Energy Information Administration, 2014). This decline is due to a “delay of upstream projects, declining oil production capacity, and impeded ability to sell” (United States Energy Information Administration, 2014).

Luckily for Iran there seems to be a new option since Russia has received sanctions against them in the wake of the Ukraine crisis. The European Union in particular wants to limit their dependence on oil from Russia, and Iran would be the perfect solution. If agreement were to be reached with Iran on its nuclear programme, “the European Union would also have access to Iran’s substantial gas reserves”. (AIV, 2014, p. 15). “An easing of sanctions on Iran could bring more gas from there by the same route”(Economist, 2014). So far this is only an opportunity, not yet something that is actually in place.

Secondly, the dependence of Iran can be measured through foreign direct investment. In 2008 experts claimed that without significant foreign direct investment in Iran’s oil fields, “the state’s oil exports could disappear by 2015” (Jacobson, 2008). Now that 2015 has started it is safe to claim that this statement was false, yet the oil

exports have decreased significantly. The oil exports, the most important export product of Iran, could have certainly used foreign direct investment into this sector. The economic sanctions have “limited foreign investment needed for technology and expertise to expand the capacity of oil and natural gas fields” (United States Energy Information Administration, 2014). Without foreign direct investment to restore the oil production, and cause of technological improvements, Iran had to rely on local companies as well as Chinese and Russian help (United States Energy Information Administration, 2014). Iran had to switch from companies such as Shell and Total to Indian Oil corp., China’s Sinopec, and Russia’s Gazprom (United States Energy Information Administration, 2014). Although these new partners can compensate some of the negative results of the sanctions, the sanctions still prohibit large amounts of foreign direct investment that is needed in these areas.

In short, the European Union and the United States have limited their dependence on Iran for oil and natural resources. The crisis in the Ukraine may cause for Russian products to become undesirable, and negotiations with Iran may be profitable, although these are not yet on the table. Iran has tried to diversify as well since it solely depending on the European Union and the United States would have caused for an even larger economic problem for Iran. Iran has found new partners with China, Japan, India, South Korea, and Turkey. These partners often voiced their concerns in regards to the European Union and United States’ sanctions against Iran, or have not joined in with these sanctions (very soft sanctions). Despite this transfer of Iran’s dependence exports fell, the general budget fell (as seen above), and foreign direct investment was not procured while it was needed.

7.3.2 China

China as a cooperative authoritarian state should be heavily reliant on international relations, but the global community is rather reliant on China as well. Logically this

would lead to a stale mate in terms of dependence on each other. To look at the economic dependence on each other a closer look at trade and foreign direct investment is needed.

First, in terms of trade 2013 China had 3.187.976 (million Euro’s) in trade worldwide (see figure 11) (European Commission Directorate-General for Trade, 2014).

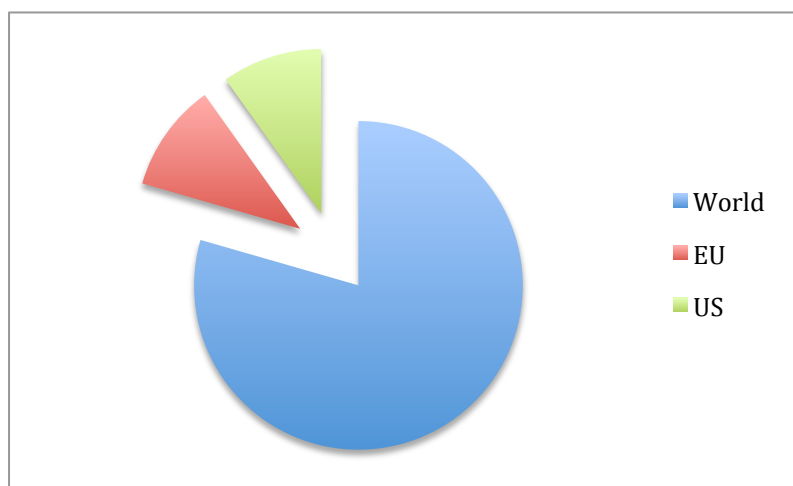


Figure 11: Total trade China

Figures 12 and 13 illustrate the distribution of trade, which shows that for imports the European Union is the most important trade partner, and for exports Hong Kong is China’s most important trade partner.

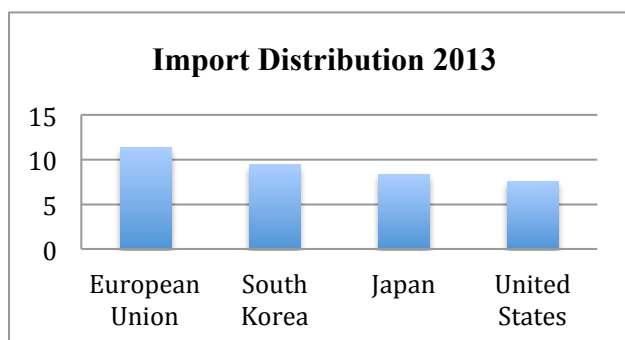


Figure 12: China - import distribution 2013
Percentages per trading partner of the total amount of import

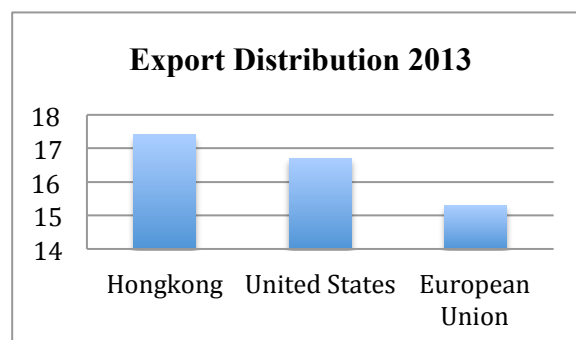


Figure 13: China - export distribution 2013
Percentages per trading partner of the total amount of export

Figure 14 outlines that the total amount of trade between China and the European Union has a steady pattern. Both imports from China and exports to China show a

steady growth (European Commission Directorate-General for Trade, 2014). Overall the European Union has a trade deficit with China, yet when it comes to services the European Union has a trade surplus (European Commission, 2014). Products imported from China are mostly manufactured products.

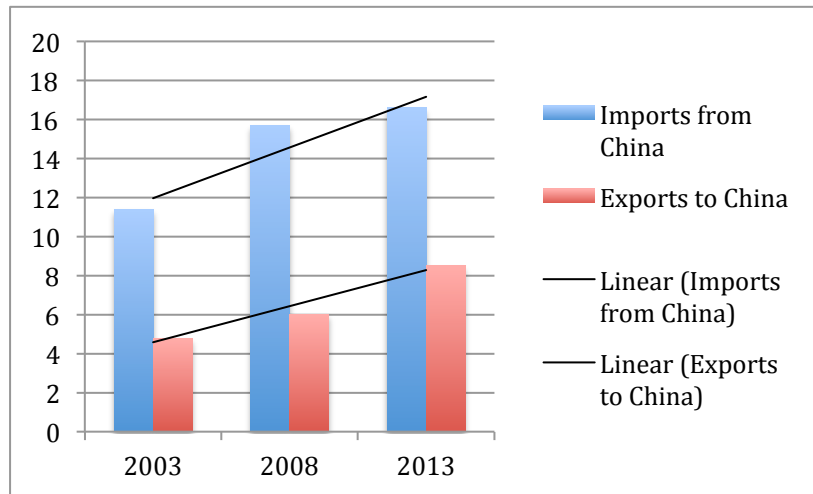


Figure 14: Growth of trade with China from the European Union Shows percentages of total amount of import of the European Union and export from the European Union

Figure 15 illustrates that the United States ran a trade deficit with China since 1985, and has grown extensively over the years (United States Consensus Bureau, 2014).

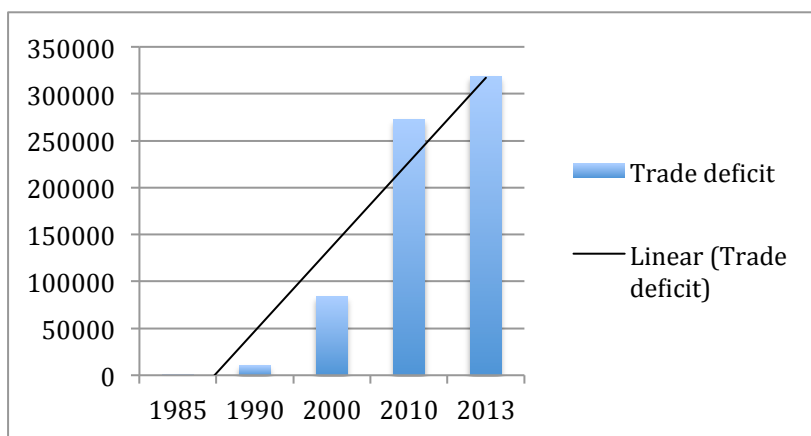


Figure 15: Trade deficit US-China Trade deficit in millions of Dollars

To counter this trade deficit Henry Paulson (former Treasury Secretary of the United States of America) began a dialogue with the China in 2006 to allow for United States

corporations to have access to China's domestic market, as well as allowing for the Yuan to rise instead of sticking to an artificially lowered peg (Paulson, 2008). In 2009 Tim Geithner (former Treasury Secretary of the United States of America) pressured China to loosen the Yuan Dollar peg (Paulson, 2008). The Yuan has indeed increased over the past 10 years; in July 2005 the currency rates were 8.28 Yuan per Dollar, in July 2009 this was reduced to 6.83 Yuan per Dollar, and in January 2014 the currency rate was 6.05 Yuan per Dollar (Xe, 2014).

Second, in terms of outward foreign direct investment from China the trend can be categorized into five different categories: "cautious internationalization from 1979 to 1985, government encouragement from 1986 – 1991, expansion and regulation from 1992 to 1998, implementation of the 'go global' policy from 1998 to 2001, and the post-WTO period starting from 2001" (Buckley, 2010, p.89). The final category of this foreign direct investment categorization entails for Chinese firms to seek international opportunities. Domestically the market has opened up to foreign firms, and competition has caused for firms to expand elsewhere. Chinese foreign direct investment is especially encouraged in sectors that are not found in China such as natural resources and minerals (Buckley, 2010, p.88). This type of foreign direct investment would focus itself on developing countries. Chinese outward foreign direct investment therefore very much self-serving. Chinese outward foreign direct investment has significantly grown over the past decade from 2.6% of GDP to 5.3% (Meunier,2012).

For the United States there is a significant difference between outward foreign direct investment in industries and corporations and in the purchase of federal debt. First, outward foreign direct investment in industries and corporations from China is close to 0.2% of all foreign direct investment of the United States (Meunier, 2012). Since 2007 large deals, such as Lenovo's 1.75 billion USD acquisition of IBM's

personal computer unit, are occurring more often. Therefore, despite the low amount of total foreign direct investment, there is a rise of Chinese outward foreign direct investment into the United States. Secondly, as of 2014 China holds the most foreign holdings of United States federal debt: 1.270 billion USD, a total of 21.9% of all foreign holders of federal debt (Labonte, Nagel, 2014). Consequences of this type of investment in the United States entails a historic unprecedented change (“developing countries are usually invested in, not the other way around”), and potential ‘dangers’ since China is an authoritarian state not a democratic one, and is on relatively good terms with North Korea (Labonte, Nagel, 2014).

In the European Union the outward foreign direct investment of China only accounts for approximately 0.2% of all European Union’s foreign direct investment, while the European Union has approximately 6.5% of all Chinese foreign direct investment (Meunier, 2012). Since the financial crisis in the European Union China has been more eager to engage in foreign direct investment in the European Union. In 2008 only 2% of all Chinese outward foreign direct investment went to the European Union, in 2010 this rose to 14%, and in 2011 it was even 34% (Meunier, 2012). Most outward foreign direct investment goes to Great Britain, and Germany (Meunier, 2012). One of the most often cited ‘dangers’ of this type of investments is a stronger support for lifting the arms embargo.

Foreign direct investment into China is important for China in terms of GDP growth, as a driver of international trade, employment opportunities, and a technological transformation (Xiaobao, 2002). “Inbound FDI has played an important role in China’s economic development and export success” (Worldbank, 2010). China receives most of its foreign direct investment from Taiwan and Hong Kong, but the United States is a major contributor as well (Long, 2005). As seen before the European Union is not a large contributor to China’s foreign direct investment with

only 6.5% of all foreign direct investment. Singapore and South Korea also contribute as significant assets to the foreign direct investment to China (Long, 2005). However, recently, 2014, foreign direct investment in China took a large hit: “China attracted \$7.2 billion of foreign direct investment in August, the commerce ministry said, down 14% from a year earlier and its lowest level since July 2010.” (Qi, et al, 2014).

Especially corporations in the United States feel less welcome in China, and are less willing to engage in foreign direct investment (Qi, et al, 2014).

Thus, for trade and foreign direct investment there is a significant mutual dependence between the target state and the sender states. China is investing heavily into the United States and the European Union, although the total amount of outward foreign direct investment does not amount for a significant portion. Consequences for this action in the United States are seen as potentially giving information to a state such as North Korea, while consequences for this action in the European Union can be seen as threatening to the arms embargo. Foreign direct investment to China is of importance to China’s development, and therefore should be stimulated.

Indeed the theory is mostly correct on the mechanism of dependence; the non-cooperative authoritarian state is more easily isolated, and the number of trading partners go down, while the cooperative authoritarian state needs the international community more. More importantly is the connection between the target state and the sender state in the case of the cooperative authoritarian state. What can be seen in China is a mutual dependence: China needs the United States and the European Union, but both sender states need China as well. It is therefore easier for the sender parties to impose harsh economic sanctions upon the non-cooperative authoritarian state. However, Iran has endured the United States sanctions for a long time before pressure built enough to think about a change of policy. For China, in regards to the

market access and IPR violations, the threat of sanctions was enough to alter the policies. Therefore, looking back at the budget mechanism, in China the threat of sanctions hurting the economy may work even if the economy has not been impacted via sanctions in the past decade. The dependence on the sender states for China is too high, and a mutual solution is preferred.

Chapter 8: Conclusion

8.1 Theoretical and empirical conclusions

In conclusion, as table three shows the mechanisms work differently in both case studies. In Iran for non-proliferation the sanctions have a high impact through the mechanisms, yet for the human rights violations the sanctions have a low impact through most of the mechanisms. In China the domestic mechanisms show hardly any contribution to either human rights violations or market access and IPR issues in regards to effective economic sanctions: budget is not diminished, and the opposition has no role. However, the international mechanisms for China do play a part for the market access and IPR issues in regards to effective sanctions. The international mechanisms do not show the same link for the human rights issue.

After analyzing the mechanisms it is important to assess what is effective and what is not. Table three outlines the effect of the mechanisms and the overall judgment on effectiveness of the sanctions. Sanctions against Iran's human rights violations show a signaling response, which is not effective. Iran was made aware of its behavior by the international community, but has not been pressured into change. Iran's nuclear violations show a constraining response via the Joint Plan of Action. China's case is different. China's human rights violations show a signaling response in regards to their halt of human rights violations, because human rights are continuously violated. However, it shows a constraining response as well. The arms embargo has caused for China to not be able to import arms from the United States and the European Union, whereas China tries to have the embargo removed. China therefore wants to be able to have access to this technology, but is currently constrained. China's market access and IPR violations show a constraining and coercive response. China occasionally agrees to deals in regards to the market access and intellectual property violations instead of a zero-sum game.

	Iran		China	
	Human Rights	Non-proliferation	Human Rights	Market Access and IPR
Budget	Low	High	Low	Low
Opposition	Low	Moderate High	Low	Low
Type of sanction	Low	High for the EU Moderate for the US (ISA)	Low	High
Commitment of the sender state	Low	High	Low to moderate for the EU Moderate for the US	Moderate for the EU High for the US
Dependence of target state on the international community	High dependence of Iran on the international community	High dependence of Iran on the international community	High mutual dependence on each other.	High mutual dependence on each other.
Judgment of effectiveness	Signaling effect	Constraining effect	Signaling to constraining effect	Constraining to coercive effect

Table 3: Judgment of effectiveness

This entails that the theory mostly works. Where the sanctions have low responses through the mechanisms the overall effect is signaling: for human rights violations in both Iran and in China. Where the sanctions have high responses through the mechanisms the overall effect is somewhat effective (constraining) or effective (coercive): for non-proliferation issues in Iran and for market access and IPR issues in China. However, there is a slight incompatibility between the mechanisms and the effectiveness for Iran's non-proliferation issue. The mechanisms should, due to the high responses through the mechanisms, show a coercive response, and not a constraining response. Presumably the European Union and the United States

preferred a controlled nuclear Iran over one which would pursue nuclear power despite of sanctions and engaged into the Joint Plan of Action.

Therefore, the case studies of Iran and China under the new classification of an authoritarian state show strong links to two statements: neo-realism is very active in economic sanctions, and the cooperative theory, with the case study China, shows that international mechanisms drive the effectiveness. First, neo-realism is very active in economic sanctions because commitment to the sanctions is much higher when it comes to sanctions against nuclear interests and strategical policies of the sender state (seen in with China's arms embargo by the United States). Sender states are much more committed, and impose harsher and long-lasting economic sanctions, when it threatens their own securities by way of geopolitical interests in the area, hegemony status, or national security. This neo-realism causes for sender states to be less hesitant to impose harsh sanctions even if they are dependent (to a certain extend) on the target state. Secondly, in the cooperative authoritarian state China shows hardly any link with effective economic sanctions and budget and opposition. The effectiveness of the sanctions in China does show a link with the international mechanisms of type of sanction, commitment, and dependence. In China the threat of sanctions affecting the budget may be effective, but that is caused by the dependence of China on the sender states. The cooperative authoritarian state, China, shows that there is more room for compromises, and it is less of a zero-sum game.

In short, the cooperative authoritarian state does show a slightly higher link with effective economic sanctions. However, arguably a more interesting observation is the large part that the international mechanisms play in the effectiveness of economic sanctions in China. Finally, there is a strong link between the commitment of the sender states, and their own security interests that need to be protected. Neo-realism is very much alive in economic sanctions even in the new classification of

cooperative authoritarian states.

8.2 Further research

There are several items that can contribute to this work in further research. First, the incompatibility between the mechanisms and the effectiveness for Iran's non-proliferation issue suggests that there is another mechanism important in Iran's case. This mechanism is most likely comprised of the international events occurring at the time of the sanction (sanctioning Russia may be such an international event for 2014), and the mechanism of decision making at European Union and United States levels. Other mechanisms may also play a role in this incompatibility. Secondly, further research on the cooperative authoritarian state theory should be conducted with a larger sample. To validate the theory that economic sanctions are more effective in a cooperative authoritarian state more states need to be analyzed: both cooperative authoritarian states and non-cooperative authoritarian states. China and Iran appear to be the perfect case studies, but they may prove to be outliers in their respected fields.

Appendix

9.1 Economic sanctions to Iran

By the United States

Statutes

- National Defense Authorization Act of 2013 (NDAA);
- The Iran Sanctions Act of 1996 (ISA);
- The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA);
- Section 1245 of the National Defense Authorization Act (NDAA);
- Iran Threat Reduction and Syria Human Rights Act (ITRSHRA).

Derived from United States Government (2014)

Executive orders

- Executive Order 13645; Authorizing the Implementation of Certain Sanctions Set Forth in the Iran Freedom and Counter-Proliferation Act of 2012 and Additional Sanctions With Respect to Iran;
- Executive Order 13628; Authorizing the Implementation of Certain Sanctions Set Forth in the Iran Threat Reduction and Syria Human Rights Act of 2012 and Additional Sanctions With Respect to Iran;
- Executive Order 13622; Authorizing Additional Sanctions with Respect to Iran;
- Executive Order 13608; Prohibiting Certain Transactions With and Suspending Entry Into the United States of Foreign Sanctions Evaders With Respect to Iran and Syria;
- Letter to Congress, Office of the Press Secretary, The White House;
- Executive Order 13606; Blocking the Property and Suspending Entry into the United States of Certain Persons with Respect to Grave Human Rights Abuses by the Governments of Iran and Syria via Information Technology;
- Letter to Congress, Office of the Press Secretary, The White House;
- Executive Order 13590; Authorizing the Imposition of Certain Sanctions With Respect to the Provision of Goods, Services, Technology, or Support for Iran's Energy and Petrochemical Sectors;
- Message to Congress - Iran Sanctions, Office of the Press Secretary, The White House;
- Executive Order 12957; Prohibiting Certain Transactions With Respect to the Development of Iranian Petroleum Resources.

Derived from the United States Government (2014)

Persons/entities sanctioned under ISA and TRA

- Belarusneft;
- BimehMarkazi-Central Insurance of Iran;
- Cambis, Dimitris;
- FAL Oil Company Limited;
- Ferland Company Limited;
- Impire Shipping ;
- Indemnity;
- Kuo Oil (S) Pte.Ltd;

- NaftiranIntertrade Company;
- Niksima Food and Beverage JLT;
- Petrochemical Commercial Company International;
- Petróleos de Venezuela S.A.;
- Royal Oyster Group;
- Speedy Ship;
- Sytrol;
- Zhuhai Zhenrong;
- Dettin SpA;
- Goldentex FZE.

Derived from the United States Government (2014)

By Europe

- Council Decision 2011/235/CFSP for human rights issues;
- Council Regulation (EU) No 359/2011 for human rights issues;
- Council Decision 2010/413/CFSP for non-proliferation issues;
- Council Regulation (EU) No 267/2012 for non-proliferation issues.

Derived from the European Commission

Human rights issues

- Restrictions on admission of persons;
- Freezing of funds and economic resources of persons and entities.

Derived from the European Commission (2014)

Non-proliferation issues

- Arms embargo;
- Dual-use goods embargo;
- Goods and technology for enrichment embargo;
- Prohibition of purchasing arms related material from Iran;
- Ban on arms and services related to the arms embargo;
- Ban on investment related to the embargoes;
- Export controls on sensitive goods;
- Export controls on services;
- Control on investments;
- Equipment for oil and natural gas industries embargo;
- Ban on investments in the Iranian nuclear industry;
- Ban on financial assistance and loans to Iran;
- Funds restriction;
- Subsidiary and branches restriction in regards to banks;
- Restrictions on insurance;
- Restrictions on trade in bonds;
- Restrictions over business with Iran;
- Inspections of cargo from Iran;
- Measures to prevent certain specialized training and teaching;
- Freezing of funds of natural persons;
- Ban on import of petrochemical products from Iran;
- Ban on trade in gold and other precious metals from Iran.

Derived from the European Commission (2014)

9.2 Economic sanctions to China

By the United States

Tiananmen Square economic sanctions by the United States

- Limiting United States' foreign assistance;
- U.S. "no" votes or abstention in the international banks;
- Ban on OPIC programs;
- Ban on export of defense articles or defense services;
- Ban on import of munitions;
- Ban on purchase of goods and services listed on the International Trafficking in Arms Regulations;
- Denial of Generalized System of Preferences status;
- Export controls on dual-use items: satellites, nuclear technology, and computers;
- Suspension of export licenses for crime control and detection instruments and equipment;
- Export and licensing restrictions on targeted entities in regards to nuclear issues;
- Presidential authority to restrict Chinese military companies and Chinese government-affiliated businesses from developing commercial activities inside the United States.

Derived from Rennack, 2006

The cooperation framework objectives

- Improve IPR protection and enforcement of both states;
- Create a legal environment for IPR protection, support market competition, and remove state interference in business transactions and decisions;
- Further understand IPR issues;
- Create an international environment that promotes investment and economic development;
- Safeguards IPR holders;
- Promote the development of the United States-China bilateral economic relationship.

Derived from the United States Government (2012)

By Europe

Declaration of European Council, Madrid, 27.6.1989

"In the present circumstances, the European Council *thinks* it necessary to adopt the following measures":

- By use of independent observers attend trials and monitor human rights issues;
- Interruption of EU member states' military cooperation with China including an arms embargo;

- Suspension of high-level contacts;
- Postponement of new cooperation projects;
- Reduction of cultural, scientific, and technical cooperation projects;
- Prolonging visas of Chinese students that wish it.

Derived from the European Commission (2014)

Market Access and IPR issues – examples

- High tariffs on linen and leather. Barrier ID 960019. EU companies are less competitive in the Chinese market, thus preventing producers of low medium range products to penetrate the Chinese market. Status: ongoing;
- Difficulties in enforcement on IPR. Barrier ID 050031. Shortcomings of IPR enforcement in China. Status: ongoing;
- Imports of Automobile Parts (WTO Dispute DS 339). Barrier ID 060007. Failure to comply with the GATT principle. Status: ongoing;
- Postal and Courier Services. Discriminatory Treatment. Barrier ID 085105. Against potential monopoly. Status: ongoing;
- Construction - rigid compulsory qualification system. Barrier ID 085100. Against exclusion of EU companies in Chinese construction. Status: ongoing (negotiations are currently taking place).

Derived from the European Commission (2014)

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