



# China's Global Influence: Perspectives and Recommendations



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# 6 Chinese Relations with the Middle East and North Africa

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1 The views and recommendations expressed in this chapter are those of the author and do not necessarily reflect the policy or position of the Near East South Asia Center for Strategic Studies, US Department of Defense, or US Government.

This chapter examines China's policy in the Middle East and North Africa (MENA). The analysis underscores the following points: First, unlike East and Southeast Asia, the Middle East is not Beijing's main regional priority. Despite China's fast-growing military, economic and strategic capabilities, the nation's primary focus is on its immediate neighborhood. Second, China's interest and influence in the Middle East have grown significantly in the last two decades. Third, as China (and other economies grow), the United States (US) share of the world economy will shrink. However, this does not mean China (or other countries) is about to replace the American position. The competition between the US and China should not be seen in zero-sum terms. In the foreseeable future, the US will maintain its position as the most crucial global power in the Middle East and elsewhere.

China's relations with the MENA region go back several millennia. In the Middle Ages the Silk Road highlighted the extensive trade volume between the two civilizations. The Silk Road was not only about exchanging commodities, but, more important, it was about the two regions becoming more familiar with each other's cultures, religions, languages, political and social lives. In modern times, however, the two sides came under European colonialism and were overwhelmed by their internal weaknesses and their efforts to establish themselves as credible players in the emerging global system. Most Middle Eastern countries were either under the protection of the British or the French empires or were parts of these two empires, they were not sovereign states and did not have independent foreign policy from the one dictated to them by their colonial masters. In the aftermath of the Second World War, ideology was the main driver of China's domestic and foreign policies and Beijing was largely consumed by internal developments such as the Great Leap Forward and the Cultural Revolution.<sup>2</sup> In foreign policy, China lacked the necessary financial muscle and military capability to attract allies in the Middle East and elsewhere.

Within this context, there was very little interaction between China and the MENA region. One exception was Egypt's recognition of the People's Republic of China (PRC) in 1956. In the ensuing decades, China gradually transformed from a regional power with limited economic and military capabilities into a global one trying to assert and

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2 Jon B. Alterman, "China in the Middle East," 6 June 2013, <https://www.csis.org/analysis/china-middle-east>.

defend its growing strategic interests.<sup>3</sup> A milestone in this transformation was Beijing's assumption of the United Nations (UN) Security Council seat held by Taipei in 1971. Another major milestone was China's adoption of economic reform since the late 1970s and early 1980s. As a result, the Chinese economy has become one of the fastest growing economies in the world and Chinese cheap products (including weapons) have flooded the world. Stated differently, in the last few decades China's diplomatic, economic, and military interests and footprint have substantially expanded in the Middle East and elsewhere. This expanding Chinese leverage was the underlying force behind diplomatic recognition and growing economic and military ties with almost all MENA countries. In other words, by January 1992 China had established diplomatic relations with all countries in the Middle East, which laid a solid political foundation for mutual economic cooperation.<sup>4</sup>

A close look at the mushrooming Beijing's commercial and military ties in the MENA region illustrates the depth of the relations between the two sides. China is the largest trade partner to several regional powers. It has USD65 billion in investment agreements with Saudi Arabia; it is building a USD10.7 billion Sino-Oman industrial city in Duqm (Oman); it is a large and growing player in the Israeli high-tech sector and in 2017 its trade volume with Iran exceeded USD37 billion.<sup>5</sup> Chinese tourism in Egypt has been growing fast since a comprehensive strategic partnership was signed between the two countries in 2014 and Beijing is taking the lead in building a new capital and enlarging the Suez Canal.<sup>6</sup>

These large and fast-growing economic ties have been supplemented by equally important arms sales and other forms of military engagement. China opened a naval base in Djibouti on the periphery of the MENA region in 2017 and in the last few years Chinese ships have conducted port calls in the Persian Gulf, Egypt, Israel and other regional powers. Despite these growing military activities, it is important to point out that Chinese leaders are aware of the limitations on their capabilities

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3 François Godement, "China Analysis: The End of Non-interference?" *European Council on Foreign Relations*, 24 October 2013, [https://www.ecfr.eu/publications/summary/china\\_analysis\\_the\\_end\\_of\\_non\\_interference216](https://www.ecfr.eu/publications/summary/china_analysis_the_end_of_non_interference216).

4 Xiaodong Zhang, "China's Interests in the Middle East: Present and Future," *Middle East Policy* 6, no. 3 (1999): 150-59, doi:10.1111/j.1475-4967.1999.tb00332.x.

5 Daniel Kilman and Abigail Grace, "China Smells Opportunity in the Middle East's Crisis," *Foreign Policy*, 14 June 2018, <http://foreignpolicy.com/2018/06/14/china-smells-opportunity-in-the-middle-east-s-crisis>.

6 Heba Saleh, "Egypt Sees Chinese Investment, and Tourists as a 'Win-Win' Boost," *Financial Times*, 30 October 2018, <https://www.ft.com/content/e490d960-7613-11e8-8cc4-59b7a8ef7d3d>.

to project power and have sought, so far, to avoid direct involvement in regional disputes.

## REGIONAL PERCEPTION OF CHINA

This growing economic and military Chinese presence in the MENA region raises an important question: Why have regional powers welcomed cooperation with Beijing? The answer varies from one country to another based on historical, economic, and strategic circumstances. Generally, the following reasons can explain the rising Chinese role in the region:

- Unlike other global powers (Europe, US and Russia), China has neither historical baggage, i.e., colonialism or perceived bias toward one side in regional conflicts nor ideological drive. Most peoples and governments in the MENA region perceive China as more pro-Arabs and less pro-Israel or at least taking a more even-handed approach to the Arab-Israeli conflict than Europe and the US;
- China has the financial resources most MENA countries, particularly non-oil producing countries need. The Asian Infrastructure Investment Bank (AIIB) and the One Belt, One Road (OBOR; 一带一路)<sup>7</sup> initiative, both launched by China in the last few years, have the potential to create thousands of jobs and support economic development in the MENA region, particularly in Egypt, Turkey and Iran;
- China became a net oil importer in the early 1990s and has since deepened its dependence on supplies from the Persian Gulf. In the coming two decades most oil exports from Gulf producers will go to China.<sup>8</sup> This ensures energy security to China as the world's largest oil consumer and income for Persian Gulf states as the world's largest oil producers and exporters. In the last few years the US energy outlook has substantially improved and the nation has become a net natural gas exporter and much less dependent on oil and gas supplies from the Middle East;
- The so-called "Chinese Model" appeals to many countries

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7 The Editors have chosen to conform to the "One Belt, One Road" formulation of the initiative as initially propagated and as it is still discussed in Chinese language documents. For a complete explanation of this decision, see the introduction to this volume, p 9.

8 "BP Energy Outlook," BP Global, accessed 25 November 2018, <https://www.bp.com/en/global/corporate/energy-economics/energy-outlook.html>.

in the MENA region. In the last few decades the Chinese economy has grown by an impressive rate while maintaining domestic stability. In other words, China has pursued economic reform with little, if any, political reform. Many regional leaders value this dual strategy. A close examination of policies adopted by Crown Prince Mohammad bin Salam of Saudi Arabia and President Abd al-Fatah al-Sisi of Egypt (among others) shows how MENA region leaders are interested in pursuing economic reform and show little, if any, interest in political liberalization;

- Unlike Western partners, the Chinese leaders do not “lecture” their MENA counterparts on human rights, democracy, and transparency. Beijing has refrained from intervening in the MENA countries’ domestic affairs and has refused to take sides in domestic disputes;
- Despite relatively low quality, China has emerged as an important arms supplier to several countries in the MENA region and elsewhere, particularly to those under restrictions from buying Western weapons. Banned from buying American and European weapons for decades, Iran has turned to China. Similarly, when the US Congress refused to allow the sale of some missile systems to Saudi Arabia in the early 1980s, Riyadh bought similar systems from China. When the US refused to sell armed drones, the United Arab Emirates and other countries bought them from China. In the recent controversy over the murder of the Saudi journalist Jamal Khashoggi, President Trump has argued that if the US does not sell arms to Saudi Arabia, it will buy them from Russia and China;
- Finally, some MENA leaders perceive warming relations with China as a counterbalance to the US. Having a competitor to the US, the argument goes, would improve their bargaining position. The doubt and concern some MENA countries have toward the US made this option more appealing. The list of developments that have contributed to rising suspicion in US intentions and commitments includes the Iraq War, the Barack Obama administration’s response to the Arab uprisings in 2011, the Syrian civil war, the negotiations with Iran that led to the signing of the Joint Comprehensive Plan of Action (JCPOA), and the Trump administration’s calls for withdrawing American troops from the Middle East. This tactic of playing one global power off against another global power is further complicated

by the wrong perception that the US is a declining global power that seeks to disengage from the MENA region while China is a rising power with plans to expand its economic and strategic ties with the region.

## IMPLICATIONS FOR THE UNITED STATES

- **US-Sino competition in the MENA region should not be seen in zero-sum terms.** In August 2014 President Obama described China as a free rider that has refused to be a responsible stakeholder in the international system over the past thirty years.<sup>9</sup> Some in China want a new more assertive role in the MENA region and they see opportunities. Developments in Washington, Beijing and in the MENA region suggest that China is likely to expand its presence in the region in the coming few decades. This is not bad news for the US. China's economic engagement in the region and its expanding trade and investment volumes have the potential to create jobs, accelerate economic development, and contribute to political stability. These objectives, if realized, would serve the interests of the peoples in the region, in China and in the US. Indeed, Washington should press Beijing to expand OBOR to countries in need of reconstruction assistance, such as Iraq, Syria, and Yemen and contribute to post-conflict reconstruction efforts.

- **Expand military and security ties.** Several MENA countries face a strategic dilemma: While the US remains their principal security ally, China has become their major trading, investment and overall economic partner.<sup>10</sup> Despite China's growing presence in several MENA nations, security ties with Washington are not likely to be impacted. For several decades the US has invested in arming and training several regional militaries. These are long-term relations. Furthermore, military cooperation between the two sides has been cemented by legally-binding defense agreements and the presence of military bases in several countries. Simply stated, China does not have the military capabilities and infrastructure to match the US security strategy in the MENA region. While Washington has

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9 Thomas L. Friedman, "Obama on the World," *New York Times*, 9 August 2014, <https://www.nytimes.com/2014/08/09/opinion/president-obama-thomas-l-friedman-iraq-and-world-affairs.html>.

10 Bates Gill and Benjamin Schreer, "Countering China's 'United Front,'" *Washington Quarterly* 41, no. 2 (5 July 2018), <https://doi.org/10.1080/0163660X.2018.1485323>.

had military bases in several Middle Eastern countries for decades, Beijing officially established its first base in Djibouti in 2017. The US has a number of military bases and thousands of American troops are deployed in several countries in the Middle East. China does not enjoy these advantages. To date, Beijing has given few indications that it is determined to directly challenge US predominance in the region.<sup>11</sup> Rather, Chinese diplomacy and military activities have continued to exhibit strong signs of “cautious incrementalism” and “careful balancing.” The bottom line is: China’s immediate neighborhood remains its foreign and security policy’s priority. This is not likely to change in the foreseeable future.

- **Take advantage of US dominant soft power.** Finally, the US and China compete over economic and defense targets in the MENA region. But, when it comes to soft power, Washington, by far, has the upper hand. A large number of the political leaders, senior military officers, economic elite and public opinion makers are educated in the US and have strong contacts with their counterparts there. American soft power reinforces the nation’s strong military and economic presence in the MENA region. This is not likely to change any time soon. China’s growing role in the Middle East does not pose serious challenge to the US predominant presence and the decades-long relations it has in the region.

To sum up, while there is a divergence in how China and the US approach the Middle East, their interests are largely compatible. Beijing focuses on trade and investment while Washington is the key security partner. Still, both global powers want a Middle East that enjoys economic prosperity and political stability. Domestic stability and regional peace would serve the interests of both China and the US as well as the peoples of the Middle East. Whether the two global powers can work together to promote these objectives remains to be seen.<sup>12</sup>

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11 John Calabrese, “China and the Middle East: Redefining the International Order?” December 2018, <https://www.dur.ac.uk/resources/alsabah/publications/insights/JCalabreseSabahPapers.pdf>.

12 Jonathan Fulton, “China’s Changing Role in the Middle East,” *Atlantic Council*, 5 June 2019, accessed 11 June 2019, <https://www.atlanticcouncil.org/publications/reports/china-s-changing-role-in-the-middle-east>.