China in the Middle East

During the 9th century, Arab traders regularly plied lucrative maritime routes that connected the Persian Gulf to southern China by way of the Indian Ocean. This commercial activity, which mostly involved jade, silk, and other luxury goods, went on for centuries and became part of what is now known as the Silk Road. In some ways, the world is now witnessing a restoration of that ancient trading relationship between two civilizations—except that oil and consumer goods have replaced jade and silk.

At the beginning of the 21st century, the Chinese Communist Party (CCP) presided over one of the most remarkable economic expansions in modern history. From 1990 to 2000, gross domestic product (GDP) grew an average of 9 percent each year, lifting millions out of poverty. In order to sustain this growth and continue providing jobs to the growing number of citizens entering the labor market, the government not only needed to find new markets for Chinese exports; it also had to secure additional energy sources to keep factories and the economy as a whole running. This led the CCP to adopt the “going out” (zou chu qu) strategy in 2001. This strategy called for expanding investment activity outward, taking on major foreign construction projects, and developing overseas natural resource supplies. The Middle East, with its unexploited emerging markets and abundance of oil, caught the attention of the Chinese government. Prior to 2001, China maintained a limited presence in the region, and its activities consisted mainly of oil purchases and arms sales. Since then, however, an increasing number of Chinese officials, businesspeople, and private citizens have answered the call to “go out” and have streamed into the Middle East.

China’s emergence as a major actor is already impacting the U.S. strategic position in the region. For example, U.S. attempts to craft sanctions on Iran during the summer of 2010 were complicated by China’s opposition, partly due to sizable Chinese energy investments in Iran. The opposition was withdrawn only after a
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revised United Nations (UN) Security Council resolution weakened the impact of punitive measures. U.S. officials also suspect that, despite the passage of the resolution, the Chinese have engaged in dealings with Iran that further undermine the effectiveness of the sanctions. For this and other regional issues, the United States will have to increasingly take Chinese interests and influence into account in developing its Middle Eastern policy.

Facets of China’s Presence

Whether measured in terms of economics, security, diplomacy, or soft power, China has become increasingly active in the Middle East over the last decade. Activity and increased presence do not automatically translate into actual influence (especially if defined in terms of getting other countries to take costly actions they would not otherwise undertake). However, China's expanding interactions with Middle Eastern countries may eventually expand common interests or create dependent relations that increase Beijing's regional influence.

Growing Economic Interdependence. One of the most obvious indicators of China's increasing involvement in the Middle East is the explosion in economic activity. From 2005 to 2009, the total trade volume between China and the Middle East rose 87 percent, to $100 billion, and the Middle East's exports to China grew by 25 percent. In contrast, exports from the Middle East to the United States declined by 45 percent during that same period. As a result, China surpassed the United States last year as the top destination for the Middle East's exports. On the other side of the trading ledger, China is also the top source of the region's imports, most of them being low-cost household goods that increase purchasing power for the average Middle East consumer. For example, a greater number of Egyptians are now able to afford cars due to the availability of inexpensive Chinese models, and in Gaza, residents enduring the Israeli blockade have come to depend upon cheap Chinese goods in their day-to-day lives.

Chinese investors and contractors have significantly increased their activity in the Middle East. Investment flows from China have grown tenfold, from $1 billion in 2005 to $11 billion in 2009, China is the largest foreign investor in both Iraq and Iran. Middle Eastern governments have also reached out by bringing Chinese contractors in to work on major infrastructure project investments. Saudi Arabia hired the state-owned China Railway Construction Corporation to work on the Mecca monorail project, which went into operation in November 2010, just in time to accommodate the 2.8 million people who arrived for Hajj. Egypt has also partnered with China to develop its Suez special economic zone, and the Iraqi government awarded five separate contracts to Chinese oil companies to develop its long-neglected oil fields. In addition, China signed an agreement with the Iranian government to build a railway line from Tehran to the Iraqi border as part of an overall plan to link the Middle East to Central Asia and China through rail. Chinese influence is also evident in Northern Africa, where the Algerian government hired Chinese construction firms for several major projects including an airport, a mall, 60,000 homes, and a 745-mile east-west highway, the longest on the continent.

The Middle East has seen a growing influx of Chinese tourists. This is reflective of an overall trend of rising Chinese outbound tourism, but it is also indicative of Chinese travelers' interests in the Middle East. Local tourism industries in countries such as Jordan, the United Arab Emirates (UAE), and Egypt are increasingly catering to this growing market. For example, Egypt opened a tourist office in Beijing, and the national carrier, Egypt Air, started almost-daily flights between the two countries. Egyptian tour guides have received Chinese language training, and hotels have made special arrangements to accommodate Chinese tourists, who often travel in groups. Jordan greatly simplified entry procedures for Chinese visitors by allowing them to obtain landing visas instead of having to apply through the Jordanian Embassy, a process that used to take up to 4 months. For non-oil-producing countries whose economies rely heavily on the tourism industry, Chinese visitors represent a significant source of hard currency.

Expanding Scope of Military Activities. While the United States maintains a dominant military role in the
Middle East, China has notably expanded the scope of its military activities and presence there. 2010 was a particularly active year for Chinese military diplomacy in the region as senior Chinese officials embarked on a flurry of visits to Egypt, Lebanon, Turkey, Oman, the UAE, and Qatar, all of which produced official pronouncements vowing strengthened defense cooperation. Two notable events may have been the impetus behind these visits. First, Chinese warships made port calls in the UAE in March and in Egypt in July, marking the first time in its history that the People's Liberation Army (PLA) navy had ever ventured into the region. Second, the Turkish air force secretly invited the PLA air force to take part in its annual Anatolian Eagle exercise in September, the first time that Turkey and China engaged in military exercises together. Moreover, the Iranian government even allowed Chinese fighter jets to travel through its airspace to join the drills.

The Chinese arms industry has also opened its doors. From 2005 to 2009, China exported over $600 million worth of arms to the Middle East. While this pales in comparison to the $12 billion that the United States sold to the region during the same period, China is increasingly seen as an alternative to Russia as a supplier of advanced weapons. For example, Egyptians, dissatisfied with the quality of Russian arms, have switched to Chinese products. Iran’s attempts to purchase an advanced Russian S–300 air defense system failed, and it has expressed interest in acquiring a Chinese version instead. In the case of Iran, China’s arms trading activity goes beyond simple transactions to include transfer of designs, manufacturing techniques, and technology. A Chinese–constructed missile plant in Iran went online in March 2010 and will produce antiship missiles with ranges that could reach targets in the Persian Gulf.

The PLA has gradually expanded its physical presence in the Middle East primarily through participation in multilateral operations. The Chinese navy has deployed vessels in the Gulf of Aden to take part in international antipiracy patrols since a UN Security Council resolution authorized the action in 2008. China also has a contingent of 345 soldiers in the UN Interim Force in Lebanon and two observers in the UN Truce Supervision Organization. While these deployments have been gradual and largely noncontroversial in nature, they represent a significant turn toward expanding China’s presence and role in the region. The antipiracy mission, in particular, was described by the PLA navy commander as the first time China has “gone abroad” to protect its “strategic interests” with military force.

**Diplomatic Agility.** China is unique among the foreign powers in the Middle East in that it simultaneously maintains largely positive and substantive relations with the region’s four major ethnic groups: Arabs, Persians, Turks, and Jews. Part of this is due to China’s foreign policy principle of “noninterference in internal affairs,” which endears it to regimes that receive criticism from Western governments over their human rights records. However, Chinese diplomats have also been careful to maintain low profiles and adhere to noncommittal positions on controversial regional issues. The Chinese government regularly engages the Middle East’s major regional organizations such as the Gulf Cooperation Council, the Arab League, and the Organization of the Islamic Conference (OIC), often sending senior leaders such as President Hu Jintao and Premier Wen Jiabao to their conferences. This engagement has facilitated the growing economic exchanges between China and the member-states of these organizations, but also occasionally serves some of China’s strategic interests. For example, in 2009, after the Chinese government cracked down on rioters in the Muslim-majority Xinjiang province, it received OIC Secretary-General Ekmeleddin Ihsanoglu on a visit to the troubled region. He refrained from criticizing the Chinese government and only expressed hope that “development on the cultural field will go hand in hand with the economic field.” This provided China with significant political cover and helped smooth over relations with Middle Eastern governments.

**Soft Power.** China’s soft power—the ability to obtain preferred outcomes through the attractiveness of its culture, political ideals, and policies—is yet another important facet of its influence in the Middle East. From an historical standpoint, the ancient Silk Road legacy provides a positive point of connection between China and
the Middle East, while the CCP’s actual involvement in the region’s turbulent modern history has been minimal. Both Chinese and Middle Eastern officials regularly invoke the Silk Road reference in their present-day dealings with each other.16 The Chinese development model, which has produced economic growth while maintaining regime stability, particularly appeals to Middle Eastern governments, especially in comparison to Western calls for both political and economic reforms.

Among the general public in the Middle East, multiple opinion polls have indicated that China’s image is consistently viewed more positively than that of the United States. An Arab youth survey conducted by a Dubai-based public relations agency in 2009 revealed that China received higher favorability ratings than the United States among 18–24-year-olds.17 Likewise, Pew Global Attitude Project surveys from 2005 onward show favorable views of China ranging between 45 and 53 percent, while those of the United States languish between 19 and 38 percent.18 Similar findings from the BBC World Service Opinion Poll in 2010 show that 43 percent of those surveyed viewed Chinese influence as positive versus 29 percent for the United States.19 Finally, in the Brookings Arab Public Opinion Poll conducted in 2010, when asked for one’s preference of a superpower, China advanced from its third-place ranking in 2009 to second place, while the United States remained second to last.20

These positive, albeit idealized, views of China’s culture, economy, and political policies have resulted in rising interest in Chinese language study. A growing number of Middle Eastern businessmen feel that learning Chinese is essential for their future business interests. Confucius Institutes, organizations funded by Beijing to teach Chinese language and culture abroad, are already operating in Lebanon, Jordan, Iran, Israel, Egypt, and Morocco. The newest one opened in the UAE in March 2011.

Another source of Chinese soft power in the Middle East is the presence of over 21 million Muslims within China’s own borders. The Hui ethnic group makes up about 45 percent of this population. Originally descendants of Persian and Arab traders who migrated to China during the Silk Road era, they have largely integrated into Chinese society while maintaining a distinct Muslim identity. Many of them are able to speak Arabic due to Qur’anic instruction received in religious schools, so an increasing number have found work as translators for Middle Eastern traders in China.

Potential Sources of Backlash

One of the features underlying Chinese influence in the Middle East is that Beijing is generally welcomed and viewed as nonthreatening by the region’s governments and their people. That said, certain Chinese policies and practices have stirred resentment on multiple occasions and could serve to undermine the country’s influence over the long term if left unmanaged. In some ways, Chinese strengths in the economic and political spheres have proven to be double-edged swords as well.

For example, the Middle East’s burgeoning trade with China has benefited the region’s oil-exporting governments as well as consumers in the form of lower prices for imported Chinese goods. However, local nontechnical industries have struggled to compete with their Chinese counterparts and have suffered as a result. During a session of the Iranian parliament in July 2010, a lawmaker complained that Chinese imports posed a “serious threat” to domestic businesses.21 Palestinian businesses that produce the iconic kaffiyeh headscarves are being underpriced by Chinese offerings by as much as 40 percent, which has led to the shuttering of all but one Palestinian factory. In Egypt, Chinese dominance of the marble industry has put nearly 90 percent of local factories out of business. Many lanterns that are hung in Egyptian homes during Ramadan are also now imported from China, threatening the economic survival of local craftsmen.

The typical practice of Chinese contractors bringing in their own laborers to work on infrastructure projects further exacerbates the Middle East’s high unemployment. In 2009, simmering resentment in Algeria against Chinese construction workers exploded into violent clashes.22 A Chinese company and its workers operating
in an Iraqi oil field were threatened and attacked by local residents who were angry over failing to receive any benefits in the form of jobs or monetary compensation. Similar dynamics have surfaced in other developing countries such as Zambia and Angola, where the Chinese are active in resource extraction.

China’s heavy-handed policies towards its predominantly Muslim Uighur population in Xinjiang could also hurt its relations with the Middle East. While reactions from Middle Eastern governments to Beijing’s handling of the Xinjiang riots last year were largely muted, there were two notable exceptions. Turkey’s Prime Minister Tayyip Erdogan labeled the crackdown “a kind of genocide,” and senior clerics in Iran leveled criticism at China in their public sermons. These remarks reflected a certain level of popular anger in some countries, especially in Turkey due to the Uighurs’ Turkic origins. The crackdown also drew condemnation and vows of revenge from al Qaeda in the Islamic Maghreb. Despite the negative repercussions, the Chinese government regards maintaining tight control over Xinjiang as essential to national security. Consequently, there is little room for any compromise that could substantively resolve Uighur grievances against the government.

As China increases its influence in the Middle East, its refusal to take sides on political issues may also end up angering regional governments. For example, in an annual China–Arab League forum held in May, the Arab participants were rebuffed in their attempts to have the Chinese sign off on a joint statement declaring East Jerusalem the capital of the Palestinian state. Arab League Secretary-General Amr Musa expressed his displeasure, stating, “When we talk about political coordination, we are talking about issues of interests to China. China’s interests are served if we support it in these issues. Also, we want China to support us in issues that concern us. These two things have to go hand in hand.” These sentiments show that while China’s reluctance to broach politics can endear the country to Middle Eastern governments weary of Western calls for democratic reform, it can also engender displeasure when expectations for “political coordination” grow.

A Shifting Strategic Environment

While the United States is still the predominant external actor in the Middle East, China’s growing presence will affect the U.S. ability to maneuver and influence events in the region. To be sure, China currently sees its interests best served by accommodating U.S. primacy in the Middle East rather than challenging it. However, at the same time, the CCP also wishes to cultivate an image as a “responsible” international actor or major power, and this will mean deepening its involvement in the region. It is this desire that has Beijing playing a more visible role in Middle Eastern affairs by, for example, appointing a special envoy to the Middle East, taking part in antipiracy patrols, and sending a peacekeeping force to Lebanon.

This dynamic has not been lost on Middle Eastern governments as they increasingly seek to enlist and sway Chinese support toward their political and security issues. For example, when the UN Security Council was deliberating over sanctions on Iran in mid-2010, Israel sent a delegation to Beijing in an attempt to persuade the Chinese government to lend its full support to the sanctions effort. At the same time, the Israelis warned of energy supply disruptions in the event of an Israeli military strike against Iran. In another issue involving Iran, China’s National People’s Congress invited the speaker of the UAE Federal National Council in September to present the emirates’ case for gaining control of three islands in the Persian Gulf that Iran currently occupies. The UAE hailed China’s offer to mediate the dispute.

Thus far, China has maintained a careful balance and managed to avoid taking any clear sides in political disputes. However, this position may not be sustainable as Chinese involvement and influence in the Middle East grow. In the past, joint press statements issued by Chinese and Middle Eastern officials often affirmed support for Beijing’s one China principle, an issue that is a “core interest” to the CCP. Middle Eastern governments may wish to start using this, among other
things, as a bargaining chip to gain Chinese support for certain political issues. Amr Musa alluded to such a possibility when he stated, “If you protect my interests, I will protect yours. If you take a position that does not reflect that will, I will take a similar position.”

Not only are Middle Eastern countries seeking to gain Chinese support in their regional disputes, but they also increasingly see relations with China as a way to establish a measure of independence from the United States. For example, Saudi Arabia has been one of the most important U.S. regional partners since the 1970s. However, Saudi Arabia has also been eagerly developing its relations with China. After King Abdullah acceded to the throne in 2006, he chose China as the destination for his first international trip. More significantly, this also marked the first time that a Saudi king had ever visited China. The need to maintain this close relationship is understandable since China surpassed the United States as the top buyer of Saudi oil in 2009. While the United States is still Saudi Arabia’s primary security partner, the Chinese have become the Kingdom’s largest economic partner.

All of these dynamics portend a future in which Chinese policies in the Middle East may eventually run up against those of the United States. In fact, a former Chinese special envoy to the Middle East recently wrote, “Bilateral quarrels and clashes [between the United States and China] are unavoidable.” The U.S. Middle East policy will have to increasingly take into account China’s growing presence and influence in the region. Differences are likely to arise, but debilitating conflicts are not necessarily inevitable if the two powers take proactive steps to engage each other and manage their interests, some of which are convergent, in the region.

**Recommendations**

Although the United States and China hold differing interests and priorities in the Middle East, areas of convergence exist that could provide opportunities for positive engagement and cooperation. U.S. strategic interests in the region as outlined in the 2010 National Security Strategy include:

- cooperating with regional governments in counterterrorism
- maintaining access to energy
- ensuring the security and stability of U.S. allies and partners
- pursuing nonproliferation, especially in the case of Iran
- working toward Arab-Israeli peace
- supporting the integration of the region into global markets.

The Chinese government has not officially articulated its Middle East interests in such a document, but writings from China’s academics and its activities in the region point to the following priorities:

- securing access to energy sources
- developing markets for Chinese exports of goods and labor
- combating terrorist support for Uighur separatists
- obtaining diplomatic support from Middle East governments against Taiwan.

As the priorities show, the United States and China, as the world’s first- and second-largest consumers of energy, share a vital interest in stable and secure energy sources in the Middle East. However, they hold different approaches toward achieving their goal of energy security. The United States has sought to bolster the reliability of the international energy market, while China prefers acquiring equity stakes in energy exploration and production projects. Nevertheless, there are still some areas where cooperation would yield benefits to both countries:

- Strengthen the international energy market. In order to reduce any zero-sum competitive dynamics for Middle Eastern energy resources, the United States will need to perform actions that reassure
China about the reliability of the international energy market. A good first step was taken during the May 2010 U.S.-China Strategic and Economic Dialogue. The two sides issued the U.S.-China Joint Statement on Energy Security Cooperation, which declared the importance of establishing "open, transparent, highly efficient, and competitive energy markets" and outlined steps for formal cooperation between the U.S. Energy Information Administration and China’s National Energy Administration in data sharing and technical assistance. Washington and Beijing should continue to build in substantive ways upon this initial foundation.

◆ Improve the long-term security of shipping lanes. The United States and China have worked together effectively at a tactical level to counter piracy in the Gulf of Aden since 2009. Further cooperation is possible for a long-term solution to the piracy problem that would involve economic development of Africa’s eastern coastline and maritime infrastructure. This would tackle the challenge in a comprehensive, long-term way that addresses not only security, but also the poverty and economic underdevelopment that are at the root of the piracy problem. For China, this effort would also complement its already extensive economic activities in Africa as well as lay the groundwork for the improvement or construction of port facilities that could be used to safely refuel and resupply ships from China and other nations.

While the United States and China can potentially cooperate on energy security, the two sides’ interests will most likely diverge in other areas. The issue of applying sanctions to Iran illustrates how U.S. interests in non-proliferation and ensuring Israel’s security might conflict with China’s interest in gaining access to Iranian oil and developing an export market for its arms industry. Potential negative effects of this and other differences can be managed through the following approaches:

◆ Reinvigorate dialogue on Middle East issues between the State Department and the Chinese Foreign Ministry to discuss each side’s interests, expectations, and red lines in areas such as arms sales, nonproliferation, the Middle East peace process, and counterterrorism cooperation. Identifying converging interests could form the basis for addressing more challenging issues.

◆ Maintain U.S. military commitment to the Middle East. While the U.S. military’s presence in the Middle East is often singled out as a source of resentment for extremists, U.S. commitment ultimately underwrites not only the security of U.S. allies and partners, but also ensures the freedom of navigation and safety of commercial shipping in Middle Eastern waters. China recognizes that it benefits significantly from these effects and would be hesitant to jeopardize this state of affairs through any actions that would directly frustrate U.S. interests in the region.

The National Security Strategy’s prescribed approach toward China is to both pursue a “positive, constructive, and comprehensive relationship” and “prepare accordingly to ensure that U.S. interests and allies . . . are not negatively affected.” This two-handed strategy is also how the United States should deal with China’s emergence in the Middle East. Pursuing cooperation and proactive engagement with Beijing on the one hand while solidifying U.S. hard power primacy in the region on the other will ensure that China’s rising influence can be shaped to contribute to peace, stability, and development in the Middle East.

Notes
3 This and other trade statistics were compiled from the International Monetary Fund’s Direction of Trade Statistics database.


27 Beijing’s one China policy states that the People’s Republic of China is the sole legitimate government of the Chinese people and that Taiwan is an “inalienable” part of China. When Beijing asks governments to publicly declare their support for the one China policy, it implies that the governments will forego any official contacts with the Taiwanese government. For more information, see “The One-China Principle and the Taiwan Issue (2000),” Taiwan Affairs Office and the Information Office of the State Council, February 2000, available at <http://www.webcitation.org/5xRte6GCr>.

28 “China Refuses to Support Arab Claims over East Jerusalem.”


30 “What Will China’s Rising Influence Mean for the Middle East Region?” The Daily Star, October 1, 2009.
