

China's Middle East Policy: Between Continuity and Change

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China's policy on the Middle East reflects continuity and embodies traditional elements. These include a relatively low level of involvement and influence in the region; relinquishment of the superpower playing field to the United States and Russia; eschewal of binding alliances; military weakness (i.e., the lack of bases, forces, force employment in the region); preference for economic activity and symbolic long term diplomacy; and in general, avoidance of steps with high potential for entanglement and risk. At the same time, however, China is facing changes – domestically, in East Asia and the Middle East, and globally – and must adjust to emerging environment. Therefore, in the next few years, China's policy on the Middle East, and consequently on Israel, will be shaped by the balance of pressures by both change-inhibiting and change-promoting factors.

China's Foreign Policy on the Middle East

Since its founding in 1949 and throughout the Cold War, the People's Republic of China sought to distance itself from "the imperialistic West" as much as possible. As such, it forged closer relationships with Arab states, establishing diplomatic relations with some of them. Until the 1970s, however, China was beset by social chaos and tremendous economic difficulties resulting from the Great Leap Forward (1958-1961) and the Cultural Revolution (1966-1976). These hampered China's relations with the Arab states, as did Beijing's support for communist parties and national liberation movements active in some of these states.

China joined the United Nations in 1971; this could have been a turning point in China's relations with the Middle East. Its Security Council veto power gave Arab liberation movements such as the PLO hope that China would intervene on their behalf against the states in which they operated. China, however, preferred its separatist policy. Policy change, manifested in the export of arms, came only in the late 1970s. Since the mid-1990s, China has opted to focus on the economy and expand its trade relations with Middle East countries, including the export of labor and import of oil.

Indeed, accelerated economic growth has been China's chief concern since the 1980s. In this context, the increased need for imported oil, China's commercial relations with Middle East nations, and its inferiority compared to the United States all strengthened China's non-interference policy, whereby no state has the right to interfere in the internal affairs of another state, a policy it also applies to the Middle East. This policy has allowed China to continue economic activity and develop good relations with different nations.

Another principle China emphasizes is resistance to superpower hegemony over small states. Speaking at the commemoration of the 70th anniversary of the end of World War II, President Xi Jinping declared that "We Chinese love peace. No matter how much stronger it may become, China will never seek hegemony or expansion. It will never inflict its past suffering on any other nation."¹ Thus, China might principally oppose the dominance of the United States in the Middle East, but would not seek to take its place in the region. At the same time, and despite its stated position, China benefits from US hegemony in the Middle East, which provides stability and safe shipping routes for the oil China so desperately needs, without China having to make any significant investment in safeguarding the area. In fact, at one point, President Obama referred to China as a free rider that leaves the United States to tackle problems without doing much to help.²

On the other hand, the US "pivot to Asia," in which the United States supposedly intends to reduce its involvement in the Middle East in order to increase its presence in Asia, strengthen ties with the region, and contain China's growing influence in East Asia, prompts much concern in Beijing. In response, China formulated a policy called "March West,"³ based on the notion that the more China resists the US presence in East Asia, the higher the chances of trouble, even to the point of conflict between the two powers.

Accordingly, it behooves China to invest in the Middle East and fill the vacuum left by the perceived US withdrawal.

In practice, since Xi Jinping assumed the presidency in 2012, there has been a sense of increased Chinese political activity in the Middle East. High ranking delegations have come to the area, including the President's own visit in early 2016 to Saudi Arabia, Egypt, and Iran. Likewise, in 2016, Deputy Prime Minister Liu Yandong, accompanied by a delegation, traveled to Egypt, Israel, and the Palestinian Authority, and in September, China's Speaker of Parliament Zhang Dejiang visited Israel – the highest ranking Chinese official to do so since April 2000. While China engages in symbolic diplomatic acts to resolve regional crises, such as hosting representatives of the Assad regime in late 2015 and Syrian rebels in Beijing in early 2016, in actuality China does not play a central role in political efforts in the region.

Economic Ties

Between 1978 and 2013, China's economy grew by an annual rate of 9.5 percent and became the second largest economy in the world, after the United States.⁴ Since 2013, there has been a gradual slowdown, and for the first time economic growth dropped below 8 percent; in the first three quarters of 2016, growth reached only 6.7 percent.⁵

Xi's presidency has been characterized by an economic slowdown on the one hand, and declarations about structural economic reforms on the other. As part of these reforms, China aspires to move forward from a manufacture and export economy to a growing economy based on services, technological innovation, and consumption, in tandem with exports. Accordingly, China has begun to enhance efficiency in government-owned industrial plants, which suffer from over-production and losses and are the target of international criticism for flooding world markets with cheap products. Therefore, China is now trying to prevent a local economic disaster caused by the slowdown in growth, which is also liable to affect the global economy to the point of an international crisis.

As part of Xi's policy, China has embarked on two infrastructural initiatives: One Belt One Road (OBOR) and the Asian Infrastructure Investment Bank (AIIB) – as a complement to the OBOR initiative by means of regional cooperative ventures and multilateral financing. The OBOR initiative is the

establishment of a central continental land and sea infrastructure connecting China with Europe through Central Asia and the Middle East. Since announcing the initiative in 2013, China has promoted OBOR aggressively, and within its framework, is building railways, roads, and highways in Pakistan, Bangladesh, and elsewhere. Similarly, the acquisition and operation of seaports in key regions has been mentioned, such as in Djibouti, Myanmar, Egypt, and even Israel.

Given its location on land and shipping routes to Europe and Africa, the Middle East is thus important to the Chinese economy and to trade with central markets. In the last decade, China has invested more than \$120 billion in the Middle East (excluding Israel) and North Africa, which represents close to 10 percent of all its foreign investments.⁶ The Middle East's large regional oil and natural gas reserves are a critical energy source for China's economy, as it attempts to reduce its consumption of coal and transition to less polluting energy sources (as of 2012, about two thirds of China's energy consumption was coal-based, about one fifth oil, and the rest is gas and renewable energy sources).⁷ In 2015, more than half of China's oil imports came from the Middle East. Given the economic and infrastructure development in the region, a rapidly growing Middle East population represents potential future markets for China. However, this economic potential is threatened by the region's lack of security and political instability.

Israel established diplomatic relations with China in 1992, but it is only recently that China has taken a serious interest in Israel and its economy. In China, Israel is viewed as a source for innovation, critical to China's growth as an innovation and services economy. Unlike other Middle East states, Israel is seen as an island of economic and political stability and a relatively convenient environment for investing capital and promoting infrastructure projects. The rapidly growing scope of trade between the nations reflects this trend: in 1992, bilateral trade amounted to \$35 million; by 2005, this grew to \$2.65 billion; and in 2015, it hit \$9 billion: \$3.2 billion in exports and \$5.85 billion in imports.⁸ Among China's most significant acquisitions in Israel are ChemChina's purchase of Makhteshim Agan Industries (Adama Global) and Bright Food's purchase of Tnuva. China is likewise involved in developing infrastructures in Israel, such as the Carmel tunnels, the Tel Aviv light rail, the construction of the private seaport in Ashdod, and the operation of the

Haifa Bay port. In contrast, some deals failed to clear regulatory hurdles, such as Fosun International's attempt to acquire Phoenix Ltd.

Security and Military Involvement in the Middle East

Beijing has traditionally preferred the promotion of trade and investment over significant diplomatic activity, extensive aid (whether military or humanitarian), and certainly military involvement. Accordingly, although its economic involvement in the Middle East has grown over the last decade, its military and security involvement remains marginal. However, the volatile nature of the Middle East, which worsened since 2011 with the regional upheavals and the collapse of states such as Libya, Syria, Iraq, and Yemen, has posed serious challenges to Beijing and its regional policy. Instability and violence in the Middle East are a direct threat both to the safety of Chinese investments, to the flow of resources (imports of oil and raw materials and exports of consumer goods), and to the safety of Chinese citizens working in those states.

Unlike the United States, which is experienced in maintaining a military presence far from home, from the Philippines to Iraq, China has yet to accumulate experience in projecting military might by means of executing complex military operations or maintaining military bases overseas. Nonetheless, changes in the economic and security reality have triggered new patterns of action. For example, since the early 1990s, Chinese soldiers have served in UN peacekeeping forces in the Middle East and Africa, and since 2008, China has taken an active part in international operations against pirates at the Horn of Africa, defense of international trade routes and its citizens abroad, and evacuations from dangers zones in times of need.⁹

The military reforms instituted by President Xi are meant to build China's capability to operate far from its borders while changing the country's strategic priorities: in contrast to its traditional land-based approach, China now views its ability to assert its rights in the South and East China Seas and protect its economic interests far from home as of great importance. Accordingly, China is diverting resources from its land-based army to its air force and navy.¹⁰ This trend is still in its infancy, and therefore, when it comes to the Middle East, China is largely leaving the region, both militarily

and politically, to the United States and Russia, and is placing its emphasis in the region primarily on arms exports and counter terrorism issues.

The history of Chinese arms sales to the Middle East has varied depending on its domestic policy, global pressures, and local crises. Under Mao, an ideological China provided free light arms and military equipment to revolutionary states and organizations in the region. With the rise of Deng Xiaoping, China shifted to export of arms for economic rather than ideological reasons. In the 1980s and 1990s, the Middle East was China's central arms market. Among its major clients were Iran and Iraq, whose war and the subsequent abandonment by their respective traditional arms suppliers (the United States for Iran and the Soviet Union for Iraq) allowed China to become a significant weapons source for both.¹¹ Since the 1990s, China's weapons exports to the Middle East have declined, and in the last decade accounted for \$920 million (some of the weapons China sold to the Middle East, especially Iran, have reached the hands of terrorist organizations such as Hamas and Hezbollah, and some have been used against Israel).¹² Although Chinese arms exports to the Middle East have decreased in recent years, the instability of the region leaves the area a potential market for Beijing.

In recent years, there have been growing reports of the presence of Chinese Uyghurs among Salafi jihadist organizations in Iraq and Syria; their number in Syria is estimated at several thousand fighters and family members.¹³ There is concern in China that some, having accrued experience in combat and terrorism, will return to Xinjiang Province and incite the locals to act against the party. Given this potential threat – which may be little more than a convenient excuse – it seems that the core of China's response is focused on enforcement and tighter party control within China's borders, along with cooperation with foreign governments on intelligence and prevention, rather than direct military intervention in the Middle East.

Assessment

The considerations supporting continuity of China's Middle East policy are, first and foremost, China's own interests and priorities, above all, the stability of the party's rule, the socioeconomic situation, internal security, the nearby surroundings in East Asia, and relations with the large powers, especially the United States, followed by Russia. On the list of China's

priorities, the Middle East retains a fairly low position. These geostrategic considerations are joined by China's diplomatic conservatism and limited military ability for widescale and continuous operations far from its own borders (global power projection).

Yet along with these continuity-promoting, change-inhibiting factors in China's Middle East policy, there are considerations and forces pushing for adaptation and change. Those flow from China itself, the Middle East, and from certain aspects of the international arena.

After decades of rapid manufacturing and export-based economic growth, China is experiencing a deceleration affecting the nation's core interests, due to the close connection between economic growth on the one hand and social and political stability on the other. Chinese economic prosperity depends on the nation's ability to import resources and export goods, to transport them safely, quickly, and efficiently around the world, and to develop new markets. To this end, China is investing in infrastructure projects and naval and overland transportation all the way from China to the ports of northern Europe. Chinese surpluses of capital and manufacturing require new investment channels and markets throughout the globe, including the Middle East.

Located at the crossroads of Asia, Europe, and Africa, the Middle East is important to China's economy and its trade routes with these major markets. Furthermore, the region's energy sources are vital to China and its economy, and the large and rapidly growing Middle East population represents the potential for future markets. The need for national and economic infrastructures (ports, roads, manufacturing infrastructures, nuclear reactors, housing, and more) in the Middle East is vast and has grown during the years of upheavals and destruction, at a time when China has surplus supplies and proven advantages in the field. Based on this, China can formulate an infrastructure and development diplomacy that is highly relevant to the Middle East of the next several decades.

Yet the backdrop to the situation is the region's violent reality and political instability, which represents a direct threat to China's interests, investments, and citizens living in the Middle East; the collapse of the state as a viable institution in the Middle East and possible ramifications for the stability of China's domestic arena; and, finally, religious extremism and its manifestation

in radical Sunni terrorism, with the radicalization of China's Sunni population of Uyghur descent and of China's neighbors in Central Asia representing a security threat, both within China and on its borders. In other words, China's interests in the Middle East, particularly economic, are on the rise, but at the same time, are increasingly threatened by the unstable security situation.

China's foreign policy under Xi Jinping, especially close to home, is viewed as more assertive, even aggressive, than in the past. China's military policy, announced a year ago, is aimed at making China into a maritime power, protecting its interests around the world, and constructing capabilities to operate in far seas. Its defense and security budgets grew significantly during the nation's years of rapid economic growth, and military reforms introduced this year diverted resources from the land-based army to the navy and air force, which in addition to new ballistic capabilities are also more relevant when it comes to long range global power projection. Gradually and patiently, China is expanding its potential military reach, in part by building civilian (in effect, dual purpose) transportation infrastructures and participating in MOOTW – military operations other than war – under an international umbrella.

On the superpower level, the Middle East is to a large extent influenced by the two other principal actors, which are paying dearly for the privilege (“the Middle East as the superpowers’ graveyard”).¹⁴ Therefore, China – justifiably so, from its perspective – does not see the point of investing resources or taking risks instead of the United States or Russia in this dangerous region, let alone replacing them. Moreover, US and Russian involvement in the region serves China's interests, such as securing shipping routes and fighting terrorism, and limits their own ability to direct resources at East Asia, China's backyard. Thus, the superpowers' involvement in the Middle East, as part of the “great global game,” benefits China. Accordingly, China's role in the superpower playing field of the Middle East should be examined through a comprehensive looking glass encompassing the China-United States-Russia triangle of relations as it is played out in many other theaters. Significant developments in this area could also affect the role China will play in the Middle East, and rising tensions and friction between the US and Russia in Syria, Ukraine, North Korea, and the East and South China Seas stand to be manifested in the Middle East as well.

These trends may therefore imply new expressions of China's policy on the Middle East, even if not in the immediate future and certainly unlike US and Russian ways, but rather with distinct "Chinese characteristics."

Israel's place in China's policy is seemingly limited mostly to the economic sphere, with China viewing Israel as a source of technological innovation critical to accelerated Chinese growth; a relatively convenient, safe, and stable environment for investing capital and carrying out infrastructure projects; and a potential market for acquisitions from China, which grew a great deal over the last 25 years. Diplomatically, China officially still maintains relatively pro-Arab positions; in the last decade, Israel's status receives a lower echelon of contacts compared to other regional states,¹⁵ and relations with it are conducted against a very clear background of the tight US-Israel relationship. Therefore, as of now, it has been difficult for Israel to leverage its economic ties with China to significant political advantage.

In terms of the overall balance between factors promoting continuity and those pushing for change, it is safe to assume that in the next few years China's Middle East policy will be notable mostly for its continuity alongside the beginnings of change and new incipient long term trends. Nonetheless, slow, gradual trends of change that may be difficult to identify early on can, over time, accumulate into significant changes. To maximize the positive potential in China's changing global and regional role and to prepare for the future, Israel must increase the integration of its China policy components, deepen its understanding of the current Chinese system, and accelerate and expand the development of accessible knowledge for Israel's decision makers about this great Asian power and its global and regional policies.

Notes

- 1 "China Will Never Seek Hegemony, Expansion: Xi Says," *Xinhuanet*, September 3, 2015, http://news.xinhuanet.com/english/2015-09/03/c_134583427.htm.
- 2 "China as a Free Rider," *New York Times*, August 9, 2014.
- 3 This policy was formulated in 2012 by one of China's most prominent and influential researchers, Prof. Wang Jisi of the University of Beijing. Given the fact that the proposed policy was covered extensively by the *Global Times*, the official mouthpiece of the Community Party, one may assume that the idea was deemed satisfactory in the halls of Chinese power, even though it was never given official approval, and it is difficult to attribute China's conduct with any certainty to the adoption of this

- policy and/or its systematic implementation in practice. Yun Sun, "March West: China's Response to the U.S. Rebalancing," Brookings, January 31, 2013, <https://www.brookings.edu/blog/up-front/2013/01/31/march-west-chinas-response-to-the-u-s-rebalancing/>.
- 4 Li Yang, *China's Growth Miracle: Past, Present, and Future* (Beijing: Chinese Academy for Social Sciences, 2013).
 - 5 "China's GDP Annual Growth Rate," *Trading Economics*, September 22, 2016, <http://www.tradingeconomics.com/china/gdp-growth-annual>.
 - 6 American Enterprise Institute, *China Global Investment Tracker*, 2016, <https://www.aei.org/china-global-investment-tracker/>.
 - 7 "China," US Energy Information Administration, May 14, 2015, https://www.eia.gov/beta/international/analysis_includes/countries_long/China/china.pdf.
 - 8 Meirav Arlosoroff, "The Way to Make 1.3 Billion Chinese Happy Goes through Israel," *The Marker*, January 1, 2016, <http://www.themarker.com/markerweek/1.2811801>; also see the Central Bureau of Statistics, "Foreign Trade by Country: 2015," January 20, 2016.
 - 9 In March 2011, the People's Liberation Army Navy helped rescue Chinese nationals in Libya in one of the Chinese navy's first significant operations in the Middle East. In the spring of 2015, Chinese military ships evacuated some 600 Chinese and 225 citizens from other nations from Yemen. Gabe Collins and Andrew S. Erickson, "Implications of China's Military Evacuation of Citizens from Libya," *China Brief* 11, no. 4 (March 10, 2011), http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=37633&cHash=7278.#.V-OfUPI96UI; "Yemen Crisis: China Evacuates Citizens and Foreigners from Aden," *BBC News*, April 3, 2015, <http://www.bbc.com/news/world-middle-east-32173811>.
 - 10 Andrew S. Erickson, "China's Blueprint for Sea Power," *China Brief* 16, no. 11.
 - 11 For more information and quantitative data, including a breakdown of the types of weapons China provided to the Middle East (conventional, semi-conventional, and nonconventional) until 1994, see Yitzhak Shichor, "The Chinese Factor in the Middle East Security Equation: An Israeli Perspective," in *China and Israel: From Hostility to Closeness*, eds. Yonatan Goldstein and Yitzhak Shichor (Jerusalem: Magnes Press, 2016), pp. 137-69.
 - 12 Yitzhak Shichor, "China and the Middle East," Testimony before the U.S.-China Economic and Security Review Commission, Washington, D.C.: U.S. Congress, June 6, 2013, http://www.uscc.gov/sites/default/files/SHICHOR_testimony.pdf.
 - 13 Mohanad Hage Ali, "China's Proxy War in Syria: Revealing the Role of Uighur Fighters," *al-Arabiya*, March 2, 2016, <http://english.alarabiya.net/en/perspective/analysis/2016/03/02/China-s-proxy-war-in-Syria-Revealing-the-role-of-Uighur-fighters-.html>.

- 14 Jon B. Alterman and John W. Garver, *The Vital Triangle: China, the United States and the Middle East* (Washington, D.C.: CSIS, 2008), p. 17.
- 15 This year, President Xi visited Saudi Arabia, Egypt, and Iran, while the highest ranking visitor to Israel was the speaker of the Chinese parliament.