Selective Engagement: China’s Middle East Policy after the Arab Spring

Wang Jin

Since the Arab Spring, which significantly changed the Middle East and influenced the greater geopolitical environment, China’s interests in the region have been primarily twofold. Economically, China is anxious to protect its overseas projects and secure its energy supplies, and politically, it is intent on averting both internal democratization challenges and the expansion of Islamic extremism among Chinese Muslim minority groups. Consequently, China’s foreign policy in the Middle East after 2011 is based on “selective engagement” with particular states and particular issues. This paper analyzes China’s Middle East policy choices and its selective engagement framework through official newspapers and official speeches by Chinese leaders.

Energy Security and Economic Cooperation

Since 1979 when Chinese leader Deng Xiaoping launched a “reform and opening up policy,” China’s political policy in the Middle East shifted from a rigid ideological stand (i.e., assessing to what degree any is state aligned with a revolutionary vs. non-revolutionary or imperialistic outlook) to the promotion of economic growth, while downgrading the salience of the ideology. As the world’s leading oil producer, the Middle East has become increasingly important for China’s economic development, and it is essential for China to establish and maintain good relations with all Middle East states, including Israel, as well as Arab and Muslim states – both Shiite and Sunni.

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China’s diplomatic initiatives and increasing interest in the Middle East can be understood by China’s burgeoning energy demands. China is the world’s most populous country with a fast-growing economy that has made it the largest energy producer\(^1\) and consumer in the world. Its rapidly widening oil demand and consumption-production gap prompted China to focus on the Middle East and the security of its oil supply. China was a net oil exporter until 1993, but as the economy flourished, so did its oil consumption levels (table 1). With fast economic development, China’s level of imports climbed significantly over the past decade, from 30 percent to 57 percent of its oil demand.\(^2\) With China now the second largest oil consumer in the world, it overtook the United States as the world’s largest oil importer (table 2). To confront this crisis, China began to build up its own strategic petroleum reserve (SPR) in 2004, and aims to fill up its reserve with 500 million barrels by 2020. At the same time, China seeks to secure its import supplies by diversifying its oil import resources (table 3).

Saudi Arabia has been China’s top crude oil supplier for the past decade, and established itself as a very reliable supplier in both word and deed. Saudi officials have repeatedly reassured the Chinese that they can count on Saudi Arabia to provide China with the oil it needs for continued economic growth.\(^3\) Saudi Aramco, the largest Saudi oil company, has backed up this commitment with its participation in a joint venture refinery in China’s Fujian Province, which processes Saudi crude oil. However, to protect its oil supply, it is vital for China to keep good relations with all Middle East states (table 4).

Table 1. China’s Oil Production and Consumption, 2009-2014 (million tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>202.8</td>
<td>408.3</td>
</tr>
<tr>
<td>2010</td>
<td>217.9</td>
<td>439.2</td>
</tr>
<tr>
<td>2011</td>
<td>218.7</td>
<td>470.1</td>
</tr>
<tr>
<td>2012</td>
<td>222.2</td>
<td>493.6</td>
</tr>
<tr>
<td>2013</td>
<td>227.1</td>
<td>499.2</td>
</tr>
<tr>
<td>2014</td>
<td>228.9</td>
<td>518.1</td>
</tr>
</tbody>
</table>

Source: Sinopec Yearly Report

Table 2. Top 10 Annual Net Oil Importers, 2014 (million barrels per day)

<table>
<thead>
<tr>
<th>Country</th>
<th>China</th>
<th>US</th>
<th>Japan</th>
<th>India</th>
<th>S. Korea</th>
<th>Germany</th>
<th>France</th>
<th>Spain</th>
<th>Italy</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>6.1</td>
<td>5.1</td>
<td>4.2</td>
<td>2.7</td>
<td>2.3</td>
<td>2.2</td>
<td>1.6</td>
<td>1.2</td>
<td>1.1</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Source: US Energy Information Administration
Table 3. Source of China’s Imported Oil, 2014 (percent)

<table>
<thead>
<tr>
<th>Country</th>
<th>Saudi Arabia</th>
<th>Angola</th>
<th>Russia</th>
<th>Oman</th>
<th>Iraq</th>
<th>Iran</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16</td>
<td>13</td>
<td>11</td>
<td>10</td>
<td>9</td>
<td>9</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: Oil Observer

Table 4. China’s Cooperation with Gulf States, 2009-2015

<table>
<thead>
<tr>
<th>State</th>
<th>Project</th>
<th>Year Started</th>
<th>Undertaken By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>North Azadegan oil field</td>
<td>2009</td>
<td>China National Petroleum Corporation (CNPC)</td>
</tr>
<tr>
<td></td>
<td>North Pars gas field</td>
<td>2009</td>
<td>China National Offshore Oil Corporation (CNOOC)</td>
</tr>
<tr>
<td></td>
<td>South Pars gas field</td>
<td>2009</td>
<td>CNPC</td>
</tr>
<tr>
<td></td>
<td>Azadegan oil field</td>
<td>2009</td>
<td>CNPC</td>
</tr>
<tr>
<td></td>
<td>Refinery construction</td>
<td>2010</td>
<td>CNPC</td>
</tr>
<tr>
<td></td>
<td>Red Sea refinery company</td>
<td>2011</td>
<td>Sinopec</td>
</tr>
<tr>
<td>Iraq</td>
<td>Rumaila oil field</td>
<td>2009</td>
<td>CNPC</td>
</tr>
<tr>
<td></td>
<td>Halefaya oil field</td>
<td>2009</td>
<td>CNPC</td>
</tr>
<tr>
<td></td>
<td>Maysan oil field</td>
<td>2010</td>
<td>CNOOC and Sinopec</td>
</tr>
<tr>
<td>Qatar</td>
<td>District B and C of offshore oil field</td>
<td>2009</td>
<td>CNOOC and CNPC</td>
</tr>
<tr>
<td>Yemen</td>
<td>Number 71 of abaa-1 drill</td>
<td>2010</td>
<td>CNOOC</td>
</tr>
<tr>
<td>UAE</td>
<td>Mand oil field</td>
<td>2015</td>
<td>CNPC</td>
</tr>
</tbody>
</table>

Source: Based on data from China’s Ministry of Commerce Ministry and other official reports

Indeed, another important source of imported oil imports for China is Iran. Although China’s oil imports from Iran decreased during the past years, largely as a result of pressure from the international community and US sanctions, Iran and China still maintain very solid relations, and the two states cooperate closely on oil supplies. In 2013, bilateral trade reached $39 billion, and then soared by a further 33.4 percent to nearly $52 billion in 2014. In 2014, Iran’s imports from China amounted to some $24.35 billion, and exports to China, dominated by energy products, were worth around $27.5 billion. China imported 27.5 million tons of Iranian crude and condensate, an increase of 28.3 percent over 2013. In the aftermath of the agreement between the P5+1 and Iran, China’s crude oil imports from
Iran reached over 500 thousand barrels a day. To prioritize the relationship between Iran and China, Chinese President Xi Jinping made Iran one of his three Middle East destinations in January 2016 (along with Saudi Arabia and Egypt) in his first official visit to the Middle East since he assumed the highest position in the Chinese Communist Party (CCP) in 2012.

The Threat of Terrorism and Extremism
Of the significant threats facing China from the expansion of Islamic terrorism and extremism since 2011, the Uyghur population is the principal Chinese concern. In July 2014, Islamic State leader Abu Bakr al-Baghdadi blamed China for the oppression of the Muslim Uyghur minority in Xinjiang province. The plight of the Uyghurs is not new, but what is new is the phenomenon of disenchanted Uyghurs taking up the Islamic State message of violence. China’s extensive overseas interests were also threatened by the expansion of terrorism and extremism. As a partial consequence of its principle of non-interference in others’ internal affairs, China lacks security protection for its overseas projects and individuals, and Chinese individuals abroad have become targets for kidnapping and sabotage. In September 2015, the Islamic State taunted China in its online magazine *Dabiq*, showing the beheading of Fan Jinghui, a freelance consultant from Beijing.

To confront the crisis, China first raised its budget to counter the threats of terrorism and extremism. In 2010, its security budget was $87 billion, while defense was $84.6 billion; in 2014, the Communist government deliberately withheld full disclosure of the security budget due to its sensitive nature, while defense was $131.57 billion. Based on previous trends, the security budget was likely higher than the defense budget. China fears that the inability to safeguard the security of energy supply lines from increasingly Islamist and unstable countries will harm its continued economic growth, which underpins the legitimacy and survival of the Communist regime.

Second, China hopes to strengthen international cooperation with other states, especially in the Middle East, to confront attacks on China’s homeland and overseas targets from radical groups and individuals. For example, the Shanghai Cooperation Organization (SCO) is
the most prominent of Chinese efforts to mobilize international cooperation to confront terrorism in Central Asia. Founded in 2001, the SCO consists of China, Russia, and the Central Asian republics of Kazakhstan, Tajikistan, Kyrgyzstan, and Uzbekistan, and its objective is to fight the “three evils” of terrorism, extremism, and separatism. The SCO has a permanent Regional Anti-Terrorist Structure (RATS) in Tashkent, and RATS director Zhang Xinfeng expressed concern that all member states had citizens who have joined the Islamic State.7

Third, China passed a new anti-terrorism law to help legalize and direct anti-terrorism activity. Drafts of the law included some controversial provisions that could be invoked in order to intrude on a citizen’s personal privacy, but increasing concern about threats at home and abroad resulted in the passage of the law, which went into effect in January 2015. Hence the requirement, for example, that companies provide “technical means of support” for anti-terror investigations, including data decryption, and that they act to prevent the spread of materials supporting terrorism or extremism.8 This law provides a legal framework for the country’s war on terrorism and allows China’s armed forces to take part in counterterrorism operations abroad, which will help legalize China’s military actions regarding its own citizens and interests overseas. Guided by this new law, China sent a fleet of vessels to Yemen in 2015 and organized a large scale evacuation of its nationals there.

Stability and Unrest

China also faces tremendous pressure at home, with demands for democracy and political reforms. The Arab Spring rhetoric calling for democracy and social justice is closely linked to socioeconomic inequities, the perception of official corruption, and a high rate of unemployment among the younger labor force. Many of these factors are also present and increasingly prominent in China. Zhao Suisheng maintains that the Arab Spring “frightened the Chinese government because China faces social and potential tensions caused by rising inequality, injustice, and corruption.”9

In China a large number of educated youth became increasingly frustrated with its poor job prospects, which likely play a key role in fueling political unrest. According to Chinese official data only a small portion of Chinese college graduates (4.1 percent) are unemployed,10 but the actual unemployment rate in China is much higher. The number of graduates unable to find jobs has risen, while the desirable jobs in state-
owned companies, schools, and hospitals are shared among the vested
groups inside government and different institutions, prompting the public
dissatisfaction to grow significantly, particularly among recent graduates.
Meanwhile, the rising costs of living, including housing, make the lives of
graduates in cities, especially in first-tier cities (such as Beijing, Shanghai,
Guangzhou) and second-tier cities (such as Nanjing, Tianjin, Chongqing,
and others), very difficult to sustain.

Similar to Tunisia and Egypt, the socioeconomic gap between the rich
and poor has widened in China and become a troubling source of social
instability and unrest. According to Statistics of China data, city dwellers
earned 3.33 times as much as farmers, with per capita disposable income
of urban households standing at $2641 and per capita of rural households
at $792. According to a 2014 report by Institute of Social Science of Peking
University, the income inequality among Chinese is highly pronounced, with
1 percent of the Chinese population possessing one third of the country’s
wealth. According to the Pew Global Attitudes Survey in China, 78 percent
of Chinese respondents considered corrupt officials to be a “very big” or
“moderately big” problem; 67.5 percent of respondents viewed official
corruption to be a “serious” problem. In short, much like their counterparts
in Tunisia and Egypt, the average Chinese considers corruption to be a
widespread and serious problem.

In the Chinese media the preferred terms are “Arab revolt,” “Arab
turmoil” (a la bo dong dang) and “Middle East turmoil” (zhong dong dong dang),
over “Arab Spring,” and the events are associated with “disorder,” “civil
war,” and “irrationality.” China’s main official newspaper – People’s Daily
– describes the Arab Spring as the major source of
regional unrest, state disorder, and civilian suffering:
“Libya after Qaddafi becomes the battlefields where
different armed groups compete and fight with each
other,” Egypt after the dictator Mubarak “suffers
from endless riots and protests, killing, robberies
and thefts threatens Egyptians’ daily life,” and
Tunisia after Ben Ali also becomes “a state full of
protests and endless political struggles.” The People’s
Daily described the Arab Spring as “a movement
that sacrifices people’s interests,” and argued that “the ‘freedom’ finally
makes the people threatened by death and humanitarian crisis.” It called
on the Chinese people to learn from the “Arab turmoil” that “the beautiful
prospect of the revolution will surely collapse without the stability of society and government.” Thus, “China has its own special characteristics and must go ahead by herself, led by Chinese Communist Party, while to copy other states’ political systems can only give rise to instability.”

Selected Target States
Accordingly, China’s foreign policy toward the Middle East since the onset of the Arab Spring is driven by Beijing’s perception of its tangible interests in the region (commercial and energy interests, the safety of overseas nationals); the fear of the expansion of terrorism and extremism; and the drive to prevent internal unrest provoked by social problems similar to those in the Middle East. China believes it can achieve such goals through a flexible and cautious policy (table 5).

Table 5. China’s Interests and Engagements in Middle East

<table>
<thead>
<tr>
<th>Issue</th>
<th>Inter/intra-state</th>
<th>China’s Economic Interest</th>
<th>Chinese Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran nuclear talks</td>
<td>Inter-state</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Syrian civil war</td>
<td>Inter and intra-state</td>
<td>Middle</td>
<td>Middle</td>
</tr>
<tr>
<td>Israel-Palestinian</td>
<td>Inter-state</td>
<td>Middle</td>
<td>Middle</td>
</tr>
<tr>
<td>West Sahara</td>
<td>Inter-state</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Yemen civil war</td>
<td>Inter and intra-state</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Darfur, Sudan</td>
<td>Intra-state</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>South Sudan civil conflict</td>
<td>Intra-state</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Lebanon civil clashes</td>
<td>Intra-state</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Libya civil war</td>
<td>Intra-state</td>
<td>High/Low&lt;sup&gt;19&lt;/sup&gt;</td>
<td>Low</td>
</tr>
<tr>
<td>Strike ISIS</td>
<td>Inter-state</td>
<td>Low</td>
<td>Middle</td>
</tr>
</tbody>
</table>

Source: Collected and organized by the author

For instance, China contacted the Libyan transitional government in Benghazi and received representatives from Gaddafi’s regime who wanted to buy weapons from China’s arsenals (including China North Industries Group Corporation, China Precision Machinery Import and Export Corporation, and China XinXing Corporation). In the crisis between Saudi Arabia and Iran, China has also tried to maintain close relations with all states regardless of ideologies. According to China’s Arab Policy Paper
issued in January 2016, “China upholds the Five Principles of Peaceful Coexistence, namely, mutual respect for sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other’s internal affairs, equality and mutual benefit, and peaceful co-existence” to develop their relationship with Middle East states.20

China and Iran have developed a broad and deep relationship centered on China’s energy needs and Iran’s abundant resources, as well as significant non-energy economic ties, including arms sales and defense cooperation. As a permanent member of the UN Security Council, China actively participated in the Iran nuclear talks under the P5+1 framework, hoping a successful nuclear agreement would relax or cancel the international sanctions against Iran and further the economic and energy cooperation between China and Iran.21

China also follows the Israeli-Palestinian peace process and hopes to consolidate its relationship with Israel while projecting an image of a “responsible power” in the Arab world. China is eager to protect its economic interests with Israel. It has acquired, either in full or in part, multiple Israeli companies of significant size, and both Chinese and Israeli companies are benefiting from partnering with each other in the field of hi-tech startups, with venture capital and private equity deals spanning Beijing’s Zhongguancun — popularly referred to as “China’s Silicon Valley”— and Israel’s Silicon Wadi. China also cooperates with Israel on military, technology, agriculture, and other cutting-edge fields, and cultural and education exchanges and communications have developed very fast since 2011.

Although Chinese economic involvement with the Palestinians is not extensive, Beijing understands the importance of its role as an “old friend” of the Palestine Liberation Organization. China considers the importance of the Palestinian cause with its relationship with Arab states and China’s international image as a responsible power. Beijing continues to hold a reception every November commemorating the International Day of Solidarity with the Palestinian People, and in a rare show of China’s particular attention to the Palestinian cause, President Xi Jinping sent a congratulatory letter to the commemoration in 2014.

In the Syrian civil war, China stands behind Russia and keeps a relatively low profile. As Chinese Foreign Minister Wang Yi told the UN Security Council, the world cannot afford to stand by, but must also must not “arbitrarily interfere” in the Syrian crisis.22 China maintains that the world should “respect Syrian territory, sovereignty, and independence.”23 China
also approved Security Council Resolutions 2170 and 2178 to attack the Islamic State. However, China did not join the military actions against the Islamic State led by the US, Europe, Turkey, and the Gulf states.24 From 2011 to 2015, several Syrian opposition delegations visited China and were hosted by Chinese high level diplomats. Delegations from the Syrian National Committee for Democratic Change and the Syrian National Council visited China at the invitation of semi-official groups of the China Diplomatic Association and the Chinese People’s Friendship Association and met with high level officials from the Chinese Foreign Ministry. China also participates in the humanitarian efforts in Syria, and has offered five humanitarian aid packages to Syrian refugees, including in Lebanon, Turkey, and Jordan.

**Selected Areas**

Although China has tried to promote a new image in the Middle East through its limited humanitarian aid and its balanced foreign policy, its priority remains to expand economic and energy cooperation with Middle East. During his visit in Israel in December 2013, Wang Yi expressed China’s desire to construct both the new Silk Road connecting Europe and Asia and the 21st Century Maritime Silk Route connecting the Pacific and Indian Ocean, with these two “belts” meeting in the Middle East.25 The Asian Infrastructure Investment Bank (AIIB), directed and organized by China and joined by 57 member-states including Israel, Jordan, Egypt, Saudi Arabia, Qatar, Iran, UAE, Kuwait, Oman, and Turkey, will play an important role in uniting Middle East elements, while simultaneously supporting the development of the Silk Road.

Economic relations between China and the Middle East continue to strengthen. China’s exports to the Middle East increased from $6.4 billion in 1999 to $121 billion in 2012. The Middle East has also become important in infrastructure construction, and in 2011 Chinese activity reached $21 billion. From 2005 to 2013, China’s overseas interests in the Middle East spread in different Middle East states, including $20.3 billion in Iran, $15 billion in Saudi Arabia, $8.5 billion in Iraq, $4.7 billion in Qatar, $4.5 billion in Algeria, $3.7 billion in Syria, $2.7 billion in Egypt, $1.8 billion in Kuwait, $1.6 billion in the UAE, and $1.6 billion in Israel.26 China hopes to further economic relations with all Middle East states within the One Belt One Road framework. In the spirit of deepening cooperation between China and the Gulf states, China and members of the Gulf Cooperation Council
launched free trade area (FTA) talks in 2004, and a deal will help China cut costs on energy imports from the region.\(^{27}\)

China also cooperated with the Middle East on transportation projects. China has been a major driver in the growth of regional and global mergers and regional transportation connectivity, which helps China export its surplus capital as well as the infrastructure construction capacity that it has developed over the years. In May 2013 when Prime Minister Netanyahu visited China, China and Israel signed an agreement on the construction by a Chinese company of the Red Sea Land Bridge, a high-speed road connecting Haifa and Eilat. Once constructed, Israel will become China’s new traffic hub (China hopes that Israel’s geography can enable it to serve as an important hub) connecting the Middle East and Europe.\(^{28}\)

China’s infrastructure companies have also undertaken projects in Saudi Arabia, Egypt, and Qatar. In Saudi Arabia, China participated in the Haramain High-Speed Railway Project. Announced by the Saudi Railway Organization, the project involves a 450 km rail link between Makkah (Mecca) and Medina. In Egypt, China has become the biggest client of the Suez Canal, which is the transportation avenue for more than 60 percent of China’s exports to Europe. In 2007, China and Egypt co-initiated the Suez Trade and Economic Cooperation Zone (STECZ), backed by Chinese Tianjin Economy and Technology Development Zone and the Taida Investment Company. On December 26, 2015, one month before President Xi Jinping’s visit to Egypt, STECZ came into implementation; China hopes to make it the major model of China-Egypt cooperation.\(^{29}\) A Chinese company also participates in Qatar’s new port project, designed to meet Qatar’s future requirements for all types of cargo while also meeting the needs of the military.

**Conclusion**

Since the onset of the Arab Spring in 2011, Chinese diplomacy in the Middle East has recalibrated, in order to take into the account recommendations and criticism from both the media and academics. China hopes to maintain good relations with all Middle East states via the selective engagement policy to protect its energy security, further economic communications, and contain the expansion of extremism and terrorism in the fragmented Middle East.

However, China’s selective engagement in Middle East still faces a series of challenges. First, China faces an increasingly fragmented Middle
East. China’s selective engagement is largely based on its “making friends with all” principle, which helps China secure its relationship and interests with all Middle East states given its limited military presence. However, China has been compelled at times to take sides. For example, when China called the newly established National Transitional Council (NTC) of Libya in 2011 to protect its projects, the NTC replied with humiliating words of “we have no problems with West, but may have with China.”

Second, based on the principle of non-interference in others’ internal affairs, China chooses to cooperate and mediate only with recognized governments concerning economic and other important areas. However, even if it has strategic partners in the Middle East, such as Algeria, Egypt, and Saudi Arabia, China has no formal allies in the region, nor does it have any military presence there to assert its political resolve. Due to lack of communications with different civil groups and camps inside other states, China’s commercial and energy interests would inevitably be harmed once a civil war started, which may significantly influence investment confidence at home.

Finally, the new leadership of the CCP elected in November 2012 and led by President Xi Jinping, who seems to be more aggressive and assertive in foreign policy than his predecessors, may abandon the traditional principle to “keep a low profile and make a difference” established by former CCP leader Deng Xiaoping. Indeed, Xi Jinping has already changed this principle into “continue keeping a low profile while actively making a difference,” which demonstrates his ambition in foreign affairs. The new leadership may adopt a more assertive and hawkish policy in Middle East in the future.

Notes
5 Although China tried to save Fan with help from the Pakistani security establishment, the Islamic Statet killed Fan after months of secret negotiations.
19 China’s economic interests in Libya decreased significantly after 2011 when Chinese companies lost billions of dollars during the civil war.
27 The Chinese leader highlighted the importance of the FTA talks and his strong hopes to reach the agreement. See Li Xiaokun and Zhang Fan, “Xi Calls for Early Signing of China-Gulf FTA,” *China Daily*, January 18, 2014, http://www.chinadaily.com.cn/china/2014-01/18/content_17242935.htm. The disagreement now between China and the Gulf states mainly concentrates on the oil products in the China market, while China hopes to protect its state-owned oil companies from the blow from the Gulf states’ oil products.