

China in the Middle East

Perspectives from the Arab World

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THE FOUNDING OF the People's Republic of China marked the birth of China's influence in the Arab world. While tangentially implicated in the ideological conflict between the United States and the USSR due to its adoption of communism, China managed to maintain a healthy distance from its ideological brother, the USSR, by adopting the principle of competitive independence, especially regarding its policies toward the Third World.¹ This stance fostered cooperation between China and Third World countries, many of them in the Arab world, as China increasingly became a prominent donor of economic, political and military aid, and encouraged Third World countries to imitate this new Chinese model.

While the relationship between China and the Arab world is longstanding, China's increasing prominence on the world stage, with its nuclear capabilities, United Nations Security Council veto, and economic rise to the second largest world economy has garnered increased scrutiny over its interests in the Arab World. This article examines the evolution of the Arabs' view of China and its involvement in the region in recent history, and the obstacles impeding the development of a real strategic partnership between the People's Republic and Arab nations.

¹ John W. Garver, *Foreign Relations of the People's Republic of China* (Englewood Cliffs: Prentice Hall, 1993): 133-166.

Arab perspectives on the rise of China

The first stage: looking for Chinese political support

The 1955 Bandung Conference was a critical turning point in Arab-Chinese relations, and the beginning of Arab interest in China, with the Arab countries rushing to establish diplomatic relations with Beijing. Arab interest in China, at this time, revolved around China as a source of political support for themselves and for their national liberation movements. In this context, the Palestinians and Algerians obtained Chinese political and military backing in their struggles against imperial

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powers, and the Egyptians garnered Chinese political support during the 1956 Suez Crisis. Leftist organizations in the Arab world, particularly the movements active in South Yemen and the Omani province of Dhofar, also received substantial aid from China. In addition, China supported leftist parties in the Arab world, such as the Iraqi Communist Party.² At this time,

numerous Arab countries, including Algeria, Egypt, Iraq, Jordan, Libya, Mauritania, Morocco, Somalia, Sudan, Syria, Tunisia and Yemen, were recipients of the economic aid offered by China to developing countries in order to compete with Western and Soviet influence.³

Throughout the Arab world, China's role was limited to providing political, military and economic support to aid in facing external threats. China was also ready to give this aid in order to expand its influence vis-à-vis the West, and later the Soviet Union.

The second stage: investment in Chinese military and political capabilities

An overlap in Sino-Arab interests in the military domain distinguishes the second stage of Arab-Chinese relations. At this time, Arab states were looking to obtain weapons to bolster their defensive capabilities against new threats, while China wanted to expand its export market as a source of revenue for its military and civilian modernization programs. Throughout the Arab world these years saw escalating conflict and Arab countries were pushed to build up their arsenals, especially after the Soviet invasion of Afghanistan and the Islamic Revolution in Iran in 1979, and the breakout of the Iraq-Iran war one year after. On the Chinese front, Deng Xiaoping's rise to power

2 Hashim S.H. Behbehani, *China's Foreign Policy in the Arab World 1955-1975, Three Case Studies* (London: KPI, 1985).

3 Wolfgang Bartke, *The Economic Aid of the PR China to Developing and Socialist Countries* (London: K.G.Saur, 1989).

Table 1:
China's Main Arms Customers by Region, 1982-1991

Region	Value (U.S. \$ million)	Share of China's Total Arms Sales (%)
Arab countries and Iran	13,225	82.2
South Asia	1,260	7.9
East Asia	1,005	6.3
Africa	435	2.7
North America	30	0.19
East Europe	10	0.06

Source: *World Military Expenditures and Arms Transfers* (Washington, D.C.: US Arms Control and Disarmament Agency, 1987 and 1991), 127-130, and 131-134.

and reform program to modernize China meant a drive to market China's military capabilities, both as part of a broader modernization effort and as a way to provide the necessary resources to finance China's modernization efforts on other levels.

This is not to say that China no longer had political importance in the Arab world, rather that military cooperation was the most prominent feature of this period of time, with Sino-Arab cooperation in other fields taking second place. Table 1 shows the distribution of Chinese arms exports from 1982 to 1991 according to region, with by far the largest share going to the Middle East.

The above table shows the relative importance of Middle Eastern countries as the main market for Chinese arms, with 82.8 percent of total Chinese military sales going to Arab countries and Iran. The Iran-Iraq war played a significant role in the surge of Arab dependence on China as a source of arms. As Table 2 demonstrates, the two combatants were the leading buyers of Chinese arms, with Iraq first among the countries importing weapons from China, followed by Iran. The Iran-Iraq war also transformed Sino-Saudi relations; whereas the Saudis eschewed diplomatic ties before the war, in the wake of the conflict they prioritized strategic initiatives that necessitated stronger ties to China, for example the purchase of advanced Chinese missiles to balance out Iranian and Israeli weaponry.⁴ By the late 1980s, China was selling Dong Feng-3 medium-range ballistic missiles (called the CSS-2 in the West) to the Saudis.

Sino-Arab arms arrangements were relations of last resort. Arab countries only sought Chinese weaponry because of U.S. and Western European prohibitions on

⁴ For more details on this topic see: Mohamed Bin Huwaidin, *China's Relations with Arabia and the Gulf 1949-1999* (London: Routledge Curzon, 2002), 213-235.

advanced arms sales to most Arab states. China, meanwhile, was eager to promote its arms industry toward both political and economic ends. Through strong diplomatic ties with Arab powers like Saudi Arabia, China could preempt Arab states from developing diplomatic relations with Taiwan. China also aimed to compete with expanding Soviet influence in the region, capitalizing on instability in the region. Arms exports in the region also served Chinese interests economically as it gained foreign currency to finance its modernization project and modernize its own arsenal.

During the first Gulf War China became an important ally to many Arab states opposing the Iraqi invasion of Kuwait. China's support of this coalition of nations seeking the restoration of Kuwaiti independence gave the coalition's policies legiti-

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macy and was especially crucial given China's permanent membership in the UN Security Council. During this period, China was concerned with portraying itself as a responsible state, concerned with the preservation of international peace and security. Thus it did not oppose Security Council Resolution 678, which called upon Iraq to withdraw from Kuwait and authorized the international coalition to use

armed force to expel Iraqi forces from Kuwait. In terms of Sino-Arab relations, the Gulf War demonstrated the strategic political and military role China could play in influencing Arab conflicts and regional security in the Middle East.

The third stage: diversified interests

A new dynamic in Sino-Arab relations began with an astronomical rise in China's energy needs in the early 1990s. China became a net oil importer in 1993 and has since become the second largest oil consumer in the world after the United States (about 7 million barrels a day), though it remains the third largest importer in the world after the United States and Japan.⁵ China alone is currently responsible for about 38 percent of the total global growth in demand for oil.⁶ With the world's largest proven oil reserves in the Middle East and North Africa, China's energy needs made reinvigorated relations with Middle Eastern states inevitable.

Despite the centrality of petroleum sales in Sino-Arab and Sino-Persian relations, China's closer ties to the Middle East have necessitated more complicated bilateral

5 *Petroleum Times Energy Report*, Vol. 14, No. 20 (October, 14 1994): 7.

6 Energy Information Administration, Country Analysis Briefs, <http://www.eia.doe.gov/emeu/cabs/China/Oil.html>.

relationships. For instance, China has been a bulwark against U.S. and UN initiatives to stem the humanitarian crisis in Sudan's Darfur region because of the strategic importance of Sino-Sudanese trade. At the same time, China has embarked on a number of joint projects with the Gulf countries, such as a free trade zone and the investments in the field of energy. As Chinese interests in the Middle East have become more complicated, so too have Middle Eastern interest in China. We seek to explain the most salient of those interests here:

(1) Economic interests: Arab oil interests top Arabs' economic interests regarding China. The oil-producing Arab countries regard China as a promising market for Arab oil, especially considering the consistently high growth rates in the Chinese economy, which, as mentioned earlier, account for 38 percent of the total increase in global demand for oil. The Chinese market not only presents an opportunity to diversify into foreign markets, it also lessens Arab dependence on Western markets to sell Arab oil.

China has also initiated two major projects with its Arab partners to increase Arab access to Chinese markets. The first initiative entails vast energy projects. Notably, Saudi Arabia plans to build oil storage facilities within Chinese territory to ensure the flow of Saudi oil to global – especially Asian – markets should the security situation in the Strait of Hormuz deteriorate to a degree threatening the flow of Saudi oil to global markets.⁷ The second initiative involves Arab investments in the Chinese market. The current oil boom has produced both private wealth and massive sovereign wealth funds that drive this investment. Moreover, some Gulf investors have been deterred from developed markets by hostile U.S. and European reactions to Arabs holding sizeable stakes in Western concerns. The row over Dubai Ports World's bid to manage a set of American ports as part of their takeover of Peninsular and Oriental Steam Navigation Company (P&O) revealed how unwelcome Arab investments are in some sectors of the U.S. market, and a harbinger of other Western efforts to block Arab investment. This development pushed many Gulf investors to reorient broadly towards the East. Some estimates suggest that Arab investments in Asia may reach \$150 billion across the various sectors,⁸ with

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7 Jianjun Tu, "The Strategic Considerations of the Sino-Saudi Oil Deal," <http://www.jamestown.org/terrorism/news/article.php?articleid=2373169>.

8 *Gulf Business*, Vol. 12, No. 8 (December 2007): 194-195.

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current Arab investment in China around \$1 billion.⁹ It is likely that China and India will become the two most important centers for Gulf investments in the near future, surpassing European and American markets in this regard.¹⁰

China is also expected to be of special significance to Arab countries seeking to develop their peaceful nuclear capabilities, such as Jordan, Egypt and Saudi Arabia. These countries may look to cooperate with China in this field as long as they do not face technical or political obstacles from Western countries in carrying out these nuclear projects.

(2) Political interests: Arab political interests regarding China revolve around employing Sino-Arab relations to balance American and Western influence in the region and in counteracting contentious issues with the United States. The most salient example involves Sudan, which has sought Chinese support for its position on the Darfur crisis to confront American pressure, especially within the Security Council. In reality, these interests are not wholly unrelated to oil, since it is impossible to extricate China's Sudan policy from its economic interests in obtaining Sudanese oil. Chinese political and economic support is exchanged for Sudanese oil, 60 percent of which goes to China alone.

Another example of growing Arab political interests in China was Saudi King Abdullah bin Abdulaziz's visit to China in January 2006. Some analysts have argued that by choosing China as his first non-Arab destination since assuming the powers of the monarchy in August 2005, King Abdulaziz was delivering a clear message to the United States that the Kingdom may look to Eastern powers should American pressure escalate or American interests conflict with Saudi national interests. This visit also suggests an expression of a new Eastern orientation of Saudi foreign policy.¹¹ Another strategic rationale for Gulf Cooperation Council countries to develop closer political relations with China is to mitigate concern over growing Sino-Iranian relations.

9 *El-bayan El-eqtisadi*, December 24, 2007, 18.

10 N. Janardhan, "Time to Convert East-East Opportunity into Strategy," *Gulf-Asia Research Bulletin*, No. 2 (July 2007): 5.

11 Dr. Harsh V. Pant, "Saudi Arabia looks East: Woos China and India," http://www.pinr.com/report.php?ae=view_report_id=445&language_id=1.

Impediments to enhancing Arab-Chinese strategic relations

While the diversity of Arab interests in China would not prevent the adoption of a joint Arab policy towards China, there is no such coherent Arab policy. In addition, a number of factors currently hinder the further development of Arab-Chinese relations, some of which can be traced to Chinese policy, others to factors within the Arab world, and others to competing international powers.

Obstacles on the Arab side

A significant barrier preventing Arab states from developing strategic relations with China is a structural failing on the part of the Arab nations to collectively and successfully deal with foreign powers. Despite the presence of the Arab League, the Arab world has not developed a joint Arab foreign policy. The difficulty of coordinating among 22 Arab countries, entrenched national policies, and the disparities among Arab states in terms of their national interests in China have all prevented the development of a common Arab policy toward China.

Another impediment is that Arab countries still view China through a Cold War lens and therefore expect China to form an international bloc against the United States and the West, seeing Sino-Russian rapprochement or the creation of the Shanghai Cooperation Organization as precursors to the formation of such a bloc. Unable to see that the mechanisms and tools of international relations, rivalries and conflicts are now fundamentally different from what they were during the Cold War era, Arab states have been stunted in their ability to further develop strategic relationships with China.

Until recently many Arab countries viewed Chinese relations with both the Arab world and Israel as a zero-sum game in which China had to choose side. Despite the recent relative evolution away from this narrow-minded Arab view, it remains in some respects. As part of an evolving understanding of China's relationship with Israel, some Arab states now expect that China will undertake a pivotal role in managing the Arab-Israeli conflict. This expectation ignores the reality of Chinese-Israeli ties, particularly in the military domain, and fails to grasp the nature of the China's development as a rising power. Despite international appraisals of China's ascent, China still categorizes itself as a regional power out of fear that it will jeopardize its rise by alarming other international powers.

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Another key obstacle is related to the limits imposed on the development of Arab relations with China given the strategic reality in the Middle East. This is particularly true for the countries allied with the United States, whether Gulf countries with their security and defense agreements, or other Arab countries with close military ties to the United States. Maintaining this current alliance is a basic precondition for Arab economic and military relations with the United States and European countries, and therefore essential for the preservation of regional stability in the Middle East. Thus, any major strategic move in these countries' interaction with China has to take into consideration both their special relationship with the United States and the nature of American relations with China.

In addition, security concerns and the lack of stability within the Arab world obstruct the creation of a genuine Sino-Arab strategic relationship. The experience of Chinese-Iraqi relations offers an important example in this regard. While former Iraqi president Saddam Hussein succeeded in developing strong economic and military relations with China, the collapse of his regime and Iraq's plunge into chaos badly damaged Chinese interests in the region.

Obstacles on China's part

An integral obstacle to China developing strong strategic ties with the Arab world is the priority of the economic determinant in Chinese foreign policy instead of political and ideological determinants. China today is fundamentally different from Mao's China, a fact which has had a crucial impact on the nature of Chinese relations towards the Arab world in several respects. For one, oil is the greatest driving force behind Chinese policy toward the Arab world, making China selective in its ties; priority is given to the major oil exporters (the GCC countries and formerly Iraq) or those who are believed to have significant oil reserves waiting to be discovered (Sudan), while assigning less importance to the non-oil producers. Due to China's oil priority, Arab political and security issues – from the Arab-Israeli conflict to America's role in the region at large – have declined in importance on the Chinese foreign policy agenda.

Another barrier involves technical problems preventing the expansion of cooperation in the oil arena. Even with oil's priority in Chinese policy toward the Arab world, the Chinese have had difficulty in making a quantum leap in this field: Chinese oil refineries are aging and need large-scale investments in order to handle the heavy crude oil produced in the Arab world. In order to combat China's limited oil refining infrastructure, Kuwait and Saudi Arabia have made large investments in the Chinese refining sector in hopes of upgrading China's refineries so that they will be able to process heavy crude oil.

Another important obstacle in the further development of strategic Sino-Arab relations is China's inability to compete with the United States and European states in certain fields, such as education, health, training and development.

Impediments related to the United States

In addition to the aforementioned obstacles that U.S.-Arab relations present in the development of Sino-Arab relations, the extent of American influence in some parts of the Arab world, notably the Gulf countries, Egypt and Jordan, has prevented China from building relations in the region. As such, China has had to seek out partners in the region that do not have strategic relationships with the United States. Despite the importance of the oil market in Chinese-Gulf relations, American influence in the Gulf has compelled China to look elsewhere for sources of oil to avoid being at the mercy of fluctuations either in the regional situation or in American policy. For this reason, the Gulf comes in second behind Africa as a foreign source of oil for China.

The development of a strong, balanced relationship between China and the Arab world remains hostage to the adoption of a conscious Arab policy toward China, based on an objective evaluation of Arab interests and the limitations of China's role in supporting Arab causes and interests. It also depends on the careful management of the previously mentioned impediments and determinants in both the Arab world and China. ■

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