
ME101 Lecture 3: Geopolitical Competition in the Middle East & China – Can the Dragon Tame the Middle East or will the Middle East Tame the Dragon?

Speaker: Dr Alessandro Arduino

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In the third instalment of the ME101 Lecture series, Dr Alessandro Arduino, principal research fellow at the Middle East Institute, broke down the relationship between the People’s Republic of China (PRC) and the Middle East from various perspectives. Looking at the political–economic as well as regional and international implications of China’s Belt & Road Initiative (BRI), he looked how these relations have developed over the course of the last century. As China focused mainly on bilateral relations, different countries in the Middle East had different kinds of relationships with the PRC.

Dr Arduino believes Beijing is interested in preserving the status quo, and this affects the way it approaches foreign policy in the region, since it also has stakes in preserving relationships with the Middle East. Over the last decade, China has progressively increased its political and economic footprint in the region. At the same time, in the West, there has been a shift in security architecture, causing many states to consider China as a possible alternative provider of security. However, if we look at the academic output for security in China, its security discourse in the last few years has not changed very much, which signals a maintenance of its non-involvement stance in security issues.

What China is still striving towards in the Middle East region is a balancing act. It is trying to enact a strategy in one country that doesn’t create friction with any of its neighbours or other international actors. This requires an intricate understanding of geopolitics in the region, and a firm adherence to the principal of non-interference. For example, China has to manage relations with Israel, Saudi Arabia and Iran, while not creating tension with actors like the US. All its connections to the Middle Eastern countries have to do with the BRI, which is motivated by a vision of improved investment and trade. Notably, 2013 saw a big increase in Chinese investment in the Middle East. Dr Arduino said this has much to do with Chinese energy security concerns. Being one of the largest consumers of energy in the world, China acquires 40 per cent of its crude oil and 20 per cent of its gas exports from the Gulf. It has its own backup plans to diversify energy resources so as not to be overdependent on the Middle East, but the energy from Iran and the Gulf states remains a crucial source of energy.

A History of Sino–Arab Relations

Although China’s current foreign policy through the BRI is strictly an investment-based foreign policy doctrine, history shows that Chinese relations with the Middle East have not always been limited to the economy. Since 1940, Middle East and North Africa (Mena) relations with China were not linked to economic partnerships at all, instead, they involved more strategic political relations.

Dr Aduino said the development of relations between China and the Middle East can be evaluated by breaking them into three periods of engagement. The first is from 1949 to 1978. During this period, China perceived the monarchies of the Middle East as a product of colonialism, which increased its disdain towards them. This was exacerbated during the Cold War period, where China was on the side of the Soviet Union against the Western powers led by the US.

The second period is from 1979 to 2012, which changed the frame the future relations of China and the Middle East. During this period, China started becoming more cautious and selective in how it developed its relations with Arab states. For example, during the Iraq–Iran war, China was providing weapons to both sides of the battlefield. This highlights that China’s involvement was solely a commercial enterprise. Secondly, this period saw the rise of theocracy in Iran, which made the Gulf look at China in a different light. Regional and sectarian disputes like those caused the Gulf states to establish relations with China, since some of their interests align. Finally, this period saw China become a “bargaining chip” for countries like Saudi Arabia to increase their leverage with the US. If Saudi Arabia was unable to acquire military technology from the US, China was always there as a willing alternative if needed.

The final period covers 2012 to the present. Now, China is the main trade partner of all the countries in the region in industries like energy, technology and railroads. The ambitious trajectory of economic development between the two parties is evident in the recent China–Arab White Paper. Amid the ongoing Covid-19 crisis, many countries in the Mena region are suffering from health and economic issues. China’s involvement through the BRI may foster an economic development which could help “cure” the crisis. Furthermore, for the Middle East, China proposes a development model that is different from the democratic model. This may fit better into the monarchical nature of many Arab states, since a democratic model of development like the one advocated by the US has yet to prove very effective.

China’s foreign policy is guided along five principles. The most important one that has facilitated China’s involvement in the Middle East is the principal of non-interference.

This principal still exists but is slowly changing as China increases its economic footprint in the region. China’s greater capacity to invest, however is also linked to its severely limited capacity as a security provider for the region. Since it is not trying to change the status quo but yet wants to get involved economically, it has to be careful while engaging with various states at once. This balance that China is trying to achieve means that it cannot commit too strongly on either side with regards to security involvement. The fact of the matter is that it is recognised by the Middle East as a trade partner, while at the same time, it cannot offer the same level of security as the US. This is something that needs to be carefully evaluated by the Middle Eastern states, since Washington has shown concerns about the political implications of the BRI.

Saudi Arabia

China’s relationship with the Gulf consists mainly of its ties with Saudi Arabia. It has been almost 40 years since the two countries recognised each other. In 2016, China signed the economic partnership with Saudi Arabia, and went over to Iran to sign the same economic partnership.

This is a clear example of the balancing act that China was playing between both countries. Since China is a very important partner for investment, both countries decided to maintain their ties since they could both benefit from the economic alliance.

With Saudi Arabia, China had many complementary ambitions that allowed them to generate a certain kind of synergy in their shared endeavors. A notable example would be Saudi Vision 2030, which speaks of economic diversification and a development of infrastructure. This aligns nicely with what China is trying to do in the region through its BRI initiatives. On the other hand, China benefits from the alliance in the form of soft power and the utilisation of the kingdom’s prominence in the global Islamic world.

Israel

The strong Sino–Israeli relationship started in 1992. At the time, it was a relationship based solely upon military technology from China. The Chinese have always had a good perception of the Jewish culture, which came with a respect and willingness to develop relations with Israel.

From the 1990s onwards, China recognised Israel as a key player in the Middle East. However, their relationship has always been triangular, with the US inevitably getting involved.

Fearing the spread of Chinese influence through the BRI, the US has always pushed Israel to take less investments from China. This may have limited effect, since Israel and China have developed informal ties and have strong technological and economic relationships with one another. In 2015, Israel joined the Asian Infrastructure Investment Bank (AIIB) under the invitation from Beijing. Washington greatly opposed this, but Israel went ahead anyway. Even Israeli Prime Minister Benjamin Netanyahu said after coming back from a conference in China that the Chinese were very interested in Israeli technology. For Israel, this was seen as an opportunity to enter the Chinese market and acquire soft power in China. Again, there is a need to balance between the economic benefit of a Chinese economic alliance and the robust security support that US can provide.

Iran

China’s relationship with Iran is interesting, since it goes against the standard notion of China’s “balancing act”. Before 1979, there were already trends of China increasing trade cooperation and investments with Iran under the shah. After the 1979 Iranian Revolution, China managed to quickly shift its approach to maintain this when Supreme Leader Ayatollah Khomeini took over. This saw the beginning of a long-standing economic relation with Iran. However, the role of the US in Iran’s affairs is crucial here. China had the chance to acquire Iranian oil, but at the same time was increasing the quantity of energy bought from Saudi Arabia and even Iraq.

At a time of the moderate US government under the Obama administration, everyone was considering Iran as a possible trading partner. There were sentiments and hopes that Iran would abide by international rules and cooperate. The signing of the Joint Comprehensive Plan of Action (JCPOA) highlighted two things about Sino–Iranian relations; firstly, that energy is still very much important; and secondly, telecommunications is another crucially relevant factor.

That said, Iran was not forced to gravitate to the economic lifeline provided by the PRC. After a change of presidency, the US pulled out from the JCPOA and started applying maximum pressure on Iran in the form of sanctions. As a result of this, Iran realised that the cooperation with the West, most notably the European Union, was no longer an option. At the same time, Dr Arduino believed there will be no Sino–Iranian military axis, since China is not looking to create more friction with Israel, Saudi Arabia or the UAE. China has in fact abided by most of the sanctions, which led the collapse of oil trade with Iran and an increase in oil bought from other sources. With regards to telecommunications, Iran does not have much choice in moving towards working with Huawei, since cooperation with the American counterparts for telecommunication was unlikely.

Highlights from the Q&A:

Q: How is the dynamic between Israel, the UAE and US going to change the relationship between China and the Middle East?

A: China’s relationships with countries like Saudi Arabia and the UAE is comprehensive strategic strategy, which goes beyond just oil. Given the UAE’s recent formalisation of ties with Israel, there are several perspectives to take note of to understand how the nature of this relationship can develop. One way to see the formalisation of ties is in opposition to Iran. However, Dr Arduino mentioned that from the perspective of the US, there is also a “Chinese angle” and an unwillingness to cooperate with the PRC.

This puts the federation in a tight spot. The main security provider in this case is still the US, while its economy is largely dependent on China.

Furthermore, other security issues like the pressing need for the UAE to maintain maritime security comes to the fore. UAE was looking to acquire F-35S fighter jets from the US, a move Israel was not willing to accept. The sale of these weapons could jeopardise Israeli military dominance in the region, another significant factor that adds on to the complexity of the relationship between the three states.

All in all, Dr Arduino believed the next front for conflict will no longer be in the realm of security, but rather in the digital iron curtain that is slowly descending in the area. In the age where 5G and advanced cybertechnology is increasing in traction, those who control these will have an immense power, since they would by extension control the means through which data and information gets stored and transferred around the world.

Q: What are your views on China getting involved in resolving diplomatic issues between Qatar and the other GCC members as a strategic advancement in this region on an economic front?

A: When the Gulf Cooperation Council (GCC) countries initially started their conflict, China made sure not to take part. However, we can see a subtle line between the relationship between Beijing and Doha, and Beijing and Riyadh and Abu Dhabi. China has a strategic partnership with Qatar and comprehensive strategic partnerships with Saudi Arabia and the UAE that are at a level above the one with Qatar. There are several possible explanations for this.

In support of China methods of curbing terrorist trends in Xinjiang, Qatar was initially with the UAE and Saudi Arabia in signing letters of support for Beijing to the United Nations. Saudi Crown Prince Mohammad bin Salman said that China has all the rights to take anti-terrorism measures and protect its national interest. However, Qatar removed its approval later on. On top of that, Qatar's involvement and mutual support with the Muslim Brotherhood support created more friction between Qatar and the PRC.

In spite of all this, Qatar maintained its economic relationship with China. What is highlighted here is Qatar's resilience in opposing the "diplomatic blockade" of its neighbours and staying firm in its denouncement of the Xinjiang crisis, while at the same time still managing to keep its economic cooperation with China. It goes to show how China is selective in its battles, deciding against getting too involved in regional conflicts and while still maintaining economic cooperation.

Q: Do you think that the Sino–Saudi relationship is an advantage over the US–Saudi one in that China and Saudi can work together on several issues that the democratic US could not?

A: With China's involvement in the Middle East, there are less problems for Saudi Arabia. As mentioned previously, China does not seek to change the status quo, meaning that there are less political and security implications for the Kingdom. One possible problematic feature of US–Saudi relations lies in its dependence on political leadership. For example, the increasingly close ties between Washington and Riyadh could be perceived to be a result of US President Donald Trump and Prince Mohammad bin Salman's budding relationship. However, if the American president changes in November, questions will arise in the relationship between the two states.

With China, things are less complicated. Since Sino–Saudi relations just based on economic interest, there are less strings attached when considering cooperation. At the moment, there is a synergy from oil trade and Saudi's vision 2030. On China's end of the bargain lies the support that the Kingdom can give them through its prominence in Global Islam. However, the nature of their economic alliance is volatile and could change very quickly according to unpredictable changes in the economic climate.

Dr Arduino said the Sino–Saudi digital alliance will be an interesting development, given the friction between US and China. Riyadh can use China as a bargaining chip to hedge its position in US interests in the region. How long this honeymoon with China can carry on for remains difficult to foresee, but what can be said with certainty is that currently, the balancing act between security and trade and investment is being played on both sides.