
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?

Speakers: Dr Alessandro Arduino

Date: 16 September 2021

By Ilyas Salim, Research Assistant, Middle East Institute, National University of Singapore

The history of China's interactions with the Middle East and North Africa (MENA) region can be categorised into three stages. From 1941 to 1971, China was deeply committed to the revolutionary ideology and expressed political support for movements in MENA – from the Palestinian Liberation Organisation and Fatah to the National Liberation Front in Algeria and the lesser-known Dhofar Rebellion in Oman. Subsequently, during the height of the Cold War in 1979, China, having just left its era of Cultural Revolution and becoming increasingly distant from Russia, had little incentive and resources to continue supporting revolutionary movements abroad. As such, from this period until around 2012, Beijing grew more cautious and selective in its interactions with the MENA region. Since the beginning of the new millennium however, China has become a prominent energy importer and thus, Beijing is now shifting its stance accordingly – from selective engagement to playing a more proactive role in the Middle East. This has drawn China into a complex arena of geopolitical competition with the US in the region.

China's Belt & Road Initiative and the Digital Silk Road

China's growing presence in the Middle East is in accordance with its increased interests and investments there. Energy remains an important sector, with China importing more than 40% of its oil from the Middle East and natural gas from Qatar. The Middle East is also important for maritime security and contains two of the most important chokepoints for the protection of sea lines. Additionally, the Middle East plays a key role in the Belt and Road Initiative (BRI) which has been President Xi Jinping's flagship foreign policy since 2013. Saudi Arabia, the UAE, Iran, Egypt and Morocco altogether comprise China's comprehensive strategic partners in the region, resulting in these countries enjoying the highest level of diplomatic relations with Beijing.

A vital element of the BRI is the Digital Silk Road (DSR). Beyond its high-profile involvement in the technological race to establish the 5G telecommunications system, China has been providing underwater fibre-optic cables and launched satellite systems. The DSR also encompasses various other aspects such as big data, cloud servers, the Internet and also includes the darker spectrum of technology sought by authoritarian regimes, such as facial recognition and closed-circuit camera systems. China's technological engagement with the region under the auspices of the DSR has brought it into direct competition with the US in the Middle East. Based on IMF's predictions, the Middle East will reach its peak oil production by 2034 so Gulf states such as Saudi Arabia, the UAE, Oman and Bahrain are looking towards digitisation as the main driver that will enable their economic diversification away from oil. In this regard, China's ability to compete is bolstered by its ability to offer high-level technological solutions at low rates, although it is too early to say if Beijing has the upper hand.

The technological competition in the Middle East between the US and China is entangled with wider security issues. During the last days of the Trump presidency, for instance, the US pushed for its regional allies to distance themselves from Chinese technology both in the security and civilian spheres. From a security

standpoint, the US sees China and Russia's deepening involvement in the Middle East as a threat to the region's stability. On the other hand, Beijing's main concern lies in ensuring security for its investments in the region. To this end, China has supported UN Blue Helmet peacekeeping missions in areas where Chinese investments are concentrated. In Sudan and Somalia, for example, China has participated in anti-piracy missions, particularly to protect Chinese vessels. It has also set up a military base in Djibouti — its first in the Horn of Africa and is engaged in arms sales and transfers with various countries. China's increasing security footprint in the Middle East, despite its professed principle of non-interference, has led to it being labelled as an unwilling security provider.

Beijing's Middle East Strategy

As China deepens its involvement in the region, several broad foreign policy trends can be gleaned from its approach. A central question is whether Beijing will shift from a position of non-interference to one of proactive engagement as its interests continue to grow in the region. While China's heightened presence will have security implications for the players in the region, it is likely that Chinese foreign policy — and its areas of competition with the US — will continue to be investment-centric. In its dealings with various states in the region, China's approach can be described as one of 'balanced vagueness' — its strategy in one country will not affect what's used in another. It is also important to understand that perceptions and expectations of China's regional involvement may differ between the Middle Eastern countries and China itself. Meanwhile, the widening Sino-US rivalry in the region also means that the Middle East states are increasingly forced into a choice between accepting low-cost and accessible Chinese technology and finance and remaining under the reliable security umbrella offered by the US.

China's foreign policy strategy in the Middle East provides some insight into how it will engage its regional interests in the near future. Beijing is committed to ensuring open sea lines of communication for trade and energy security reasons. It is also likely to expand its BRI programmes especially within the Sino-Pakistan Economic Corridor, where Beijing has already spent \$63 billion in securing a faster route for energy imports coming in from Iran and other Middle East countries. As the US adjusts its role in the Middle East, China will continue to engage the region without trying to fill the security vacuum. The appeal of China's model of non-democratic development continues to gain appeal among MENA countries, particularly since the 2008 economic crisis in the West. These states may also leverage their burgeoning relations with China as a bargaining chip to secure favourable terms in arms deals with the US.

Chinese Relations with Middle East Countries

China's strategic approach of balanced engagement has thus far been effective. Earlier this year, Chinese Foreign Minister Wang Yi embarked on a tour of six countries in the Middle East.

Saudi Arabia remains a key regional trade and energy partner for China, with both states sharing overlapping interests. Saudi Crown Prince Mohamed bin Salman's (commonly referred to as MBS) ambitious Vision 2030 project — which includes plans for a futuristic AI-driven city called NEOM — is based on a foundation of digitalisation and China is willing to step in as a provider of hardware, software and financial resources. KSA's prominent status in the Islamic world also renders it a useful ally to Beijing as the latter deals with the ongoing crisis in the autonomous province of Xinjiang. Importantly, while the Sino-Saudi Arabia relationship is currently based more on mutual interests than shared values, China's less confrontational stance towards authoritarian governments — as compared to the Biden administration — may resonate with MBS' government. Beijing's support is all the more vital given the political fallout between the US and the kingdom,, following the assassination of dissident journalist Jamal Khashoggi.

China has also built up its relations with Saudi Arabia's regional rival, Iran. Tehran shares strong connections with China — as pointed out in the Memorandum of Understanding (MoU) signed by both countries during Mr Yi's tour. Given its tensions with its Gulf neighbours and the US, Iran has little choice but to look towards China as an economic lifeline and to fulfill its digitalisation needs. Importantly, China has managed to secure good

relations with both KSA and Iran — a testament to the success of its balancing act in the region. While the full impact of the Sino–Iranian MoU remains to be seen, the element of security co-operation discussed in the agreement may resonate well with Russia’s proposition of establishing a joint security architecture in the Middle East.

During his tour, Mr Yi also visited Turkey, where he met with both his foreign counterpart and Turkish President Recep Tayyip Erdoğan to discuss economic development and vaccine diplomacy. Turkey and China share a complex relationship and Ankara has been vocal in condemning China’s treatment of the Uyghur minority community in the province of Xinjiang. Many in Turkey’s political and business elite perhaps have an overblown perception of what China is willing and able to offer in terms of foreign direct investment — China accounts for a little more than 1 percent of this, as compared to the 40 percent contributed by the European Union.

Relations between China and Israel have also developed steadily since their diplomatic formalisation in 1992. China maintains port investments in Israel and sees the country as a pillar for its BRI strategy in the Red Sea and Mediterranean Sea. Israel has been quick in signing on with the Asian Infrastructure Investment Bank (AIIB) — China’s answer to the World Bank and the IMF. Technology continues to be the predominant driver in Sino–Israeli relations and this has at times caused friction between Israel and the US, as seen in 2000 when Washington intervened to prevent the transfer of Israel’s Phalcon radar technology to China. Beijing is interested in acquiring Israeli spyware and cybersecurity programmes and is looking to invest in startups in the country, while Israeli businessmen are eager for access to the Chinese market. Importantly, the technology transfers between China and Israel carry potential national security implications and Tel Aviv has resolved to scrutinise the sector more closely.

Highlights of the Question & Answer Session

Q: Does the intensifying technological competition in the Middle East between China the US mainly revolve around 5G infrastructure systems? Given China’s special interest in Israeli technology, how does Israel’s role compare to other countries in terms of its technology dealings with China?

A: The technological race between the US and China is far more complex than a simple race to establish 5G infrastructure. Unlike the BRI, which mainly involves a co-ordination between state-owned enterprises and the Chinese investment bank, participants in the Digital Silk Road initiative are Chinese tech giants who have more leeway in acting independently of Beijing. Countries in the Middle East understand that future economies will be fuelled by data rather than oil and thus, there is a need for broad digitalisation beyond just 5G systems. For instance, China has proposed improving data flow in the Middle East by moving from undersea cables to satellite communications systems. Beyond data infrastructure, there is still ample room for competition in various technological fields. Both China and the US have put billions of dollars into AI research, although there is still no clear scientific definition of what is meant by AI technology. The field of quantum computing is still open, with the possibility of a third country joining in the fray with a groundbreaking solution.

Regarding Israel’s engagement with China, in terms of the trade in technology, Israel can be said to play a role similar to South Korea’s. While many countries import Chinese technology to incorporate into their own infrastructure and systems, both Israel and South Korea export high technology to China but at the same time, import Chinese low tech which is essential for their own development. Compared to the Trump administration, the Biden administration has adopted a relatively more relaxed approach to international relations – Israel now finds it easier to engage in technology transfers with China without upsetting its most important ally.

Q: What are the incentives driving China and oil-rich Gulf states to court each other? Are there ideological convergences between China and states such as Saudi Arabia especially, regarding control over dissent?

A: There are plenty of incentives for both China and the Middle East countries. The Middle Eastern states, as mentioned, receive easy and affordable access to Chinese technology and finance for their own development and

security needs. On the other hand, Beijing not only secures a fertile turf for the expansion of its BRI programmes in terms of markets, ports and connectivity, it can also find opportunities to assert its Digital Silk Road initiative in the region and gain soft power in doing so — a useful asset to strengthen its position vis-a-vis the US. Another avenue for China to gain soft power is through vaccine diplomacy, with the UAE being one of the first countries to work with Sinopharm to produce Covid-19 vaccines. The importance of soft power gained from co-operation with Muslim countries is also important for China, as it may help to mitigate some of the criticism faced by the Chinese government over its policies regarding the Muslim minorities in the province of Xinjiang.

The appeal of China for states such as Saudi Arabia is driven more by reasons of practical necessity than shared ideological values. As mentioned above, Beijing adopts a less confrontational stance towards authoritarian governments and is willing to sell arms systems at affordable prices, making China an appealing alternative to Washington. During the Iraq–Iran war for example, Riyadh acquired Chinese Dongfeng missiles after the US refused to sell its Pershing missiles. In the present day, the kingdom again turned to China in purchasing Wing Loong missiles and Cai Hong combat drones after the US rejected the sale of its Predator and Reaper drones. Saudi Arabia has since become the first country outside China to have assembly production of Cai Hong drones. Above and beyond these, China does offer technology sought after by authoritarian states — such as facial recognition AI and camera systems — for population control and surveillance purposes.