

Will Beijing Expand in the Middle East at Washington's Expense?

Author: LTC Ali AL-Kaabi, UAE Air Force, CSAG/CCJ5

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Key Points

- The resource-rich Middle East region is a key Chinese gateway to Europe and Africa.
- China is determined to compete and outdo the US, and become the world's greatest superpower.
- Increased relations, and newly executed agreements expanding Chinese-GCC economic partnership, threaten the strong US position in the Middle East, specifically with KSA.
- Egypt's tendency to diversify its supply of armaments to the largest exporting countries appears to be spreading. Thus, some regional powers no longer view the US as the unique partner of choice, but still a major partner.
- Gulf States completing US military deals that deter threats to energy sources warns Iran about the concerted action and an alliance against it.
- China seeks to undo US Middle East dominance by establishing regional control through either trade ties or leveraging financial crises.
- During financial crises, China offers cheap loans with seemingly flexible repayment terms. Nations agree to the financial aid but often fail to repay then fall under Chinese domination.
- China's offer to host peace talks between Israel and Palestine is both a message to the US, and Beijing's move to involve itself deeply in Middle East issues.

Introduction

Backed by one of the fastest growing economies in the world, China has publicly announced its desire to become a superpower and overtake the US by 2049. To achieve this goal, China has considerably increased its global activities. These activities are economic, political, diplomatic, and military in nature. The resource-rich Middle East region is a key Chinese gateway to Europe and Africa. China has therefore increased its activities and operations in the region. China has given significant attention to developing countries in the Middle East. China leverages these countries' extensive needs to establish a firm position, then becomes an important and irreplaceable partner.

This paper discusses whether Beijing is expanding in the Middle East at the expense of Washington. This document will also analyze how the Chinese gradually encroach on a country, China's plan of action in the Middle East, China's regional economic interests and achievements, and the Chinese approach to the Palestinian issue.

Background

Between the current superpower US, and aspiring superpower China, competition that previously resembled a "cold war," now appears to be more direct confrontation. All traditional US implements of power are now challenged by the Chinese, particularly in the maritime and terrestrial domains. The Middle East is no longer breaking that rule. Of course, the US, which replaced the British after their massive withdrawal from the region in the 1970s, still has the greatest regional influence, based largely on military or "hard power." Further, the US continues to influence oil regulation and export in producing countries such as Saudi Arabia and the United Arab Emirates (UAE). The US also continues to sign trade agreements in the region. China is determined to compete and outdo the US and become the greatest world superpower. It has dominated and established firm positions in developing countries, especially in the Middle East and Africa, by offering loans and trade deals that left those nations at China's mercy. Recognizing the Middle East's importance and resource wealth, China has re-focused on the region. Its continued Middle East presence and operations have greatly curtailed the US' regional position and operations.

Chinese interference is taking hold in the Middle East, as demonstrated by the Chinese Foreign Minister's recent visit to six regional countries. In addition to its Arabian Gulf security presence, Beijing seeks to strengthen relations with Iran and Turkey, raise the level of regional diplomatic visits, and establish ambitious new economic projects. These objectives support Beijing's desire to exert more global influence, not only through commercial partnerships, but also strategic partnerships.

Analysis

In 2015, China issued a new security law directing the People's Liberation Army (PLA) to protect the country's foreign interests across the world. Then in 2017, Chinese President Xi Jinping stated in his speech before The Nineteenth Congress of the Communist Party of China, that Beijing "has withstood, got richer and became a powerful country."¹ At a time when China's interest in the Middle East increases, US President Biden seeks to change one of the most important constants of US policy, transitioning from the "war on terror" to focusing on Great Power Competition with China and Russia. This signaled Washington's, which has been the dominant international power in the Middle East for decades, new strategy to reduce its presence in the region. Henry Kissinger told the McCain Institute's Sedona Forum on Global Issues that strained relations with China are "the biggest problem for US, the biggest problem for the world, because if we can't solve that, then the risk is that all over the world, a kind of cold war will develop between China and the US."²

Beijing will expand at Washington's expense in the Middle East. China "has focused on building trade and economic ties with the Middle East."³ The move has been motivated by profits, diplomacy, and most importantly, disposing of the US as the superpower in the region. China's increased trade and economic ties have been made

¹ Timothy R. Heath, "China's Pursuit of Overseas Security," Mar 27, 2018, https://www.rand.org/pubs/research_reports/RR2271.html (accessed Apr 29, 2021).

² Tom Porter, "Henry Kissinger has warned of the doomsday potential of the weapons US-China possess as relations between the 2 superpowers worsen," May 02, 2021, <https://www.businessinsider.com/henry-kissinger-in-doomsday-warning-over-us-china-conflict2021-5> (accessed May 03, 2021).

³ Charles Dunne, "China in the Middle East; Capitalizing on Washington's Distractions," May 29, 2020, http://arabcenterdc.org/policy_analyses/china-in-the-middle-east-capitalizing-on-washingtons-distractions/ (accessed Apr 29, 2021). ⁴ Jonathan Hoslag, "How China's new silk road threatens European trade," Sep 15, 2017, <http://www.iai.it/sites/default/files/hoslag.pdf> (accessed May 7, 2021).

possible by the new Silk Road, which “is a Chinese development project that aims at opening foreign markets and especially in the Middle East region to development and economic functions to China.”⁴ The country is now the largest importer of Middle East oil and the largest exporter of consumer goods. These economic activities give rise to the growth and expansion of China’s Middle East influence. Washington’s position in the region is therefore undermined. China’s Belt and Road Initiative (BRI) will also see the growth and expansion of Beijing at Washington’s expense in the Middle East. The BRI “is a Chinese economic ambition that stimulates economic and regional development in Asia and Africa, through the construction of roads, bridges, railways, and ports.”⁴ Building roads, railways, and bridges in foreign nations is part of Beijing’s strategy to establish its operations in foreign countries. China has invested more than \$123 B in the BRI in the Middle East region, creating strong partnership with these nations. Diplomatic relations between China and Middle East countries will also further Beijing’s expansion in the region. “Chinese President Ji Jinping has visited the region twice and particularly, triggering the Saudi Monarch to sign a memorandum of mutual relationship with China involving a \$65 billion in joint ventures.”⁵ Saudi Arabian Crown Prince Muhammad bin Salman bin Abdulaziz, Deputy Prime Minister, and Minister of Defense’s February 2019 Beijing visit led to consolidation of strategic relations and the signing of many agreements regarding security, combating terrorism, culture, and expanding economic partnership.⁶ The move has strengthened relations between Saudi Arabia and China, which threatens the strong position the US holds with Saudi Arabia and the Middle East region.

Beijing selling weapons to Saudi Arabia and the UAE is another move that threatens US relative advantage in the region. Although the US is also finalizing arms sales to Saudi Arabia and the UAE, Beijing’s activities have a great impact. China is the economic alternative to partnering with the US for numerous countries in the region. This is catastrophic to the US as it weakens the position the US held in the Middle East region and the world. To protect their integrity, sovereignty, interests, and defend against growing Iranian threats, the Gulf countries have always trusted US weapons. However, these countries openly complain about the complexity of US procurement procedures compared to Chinese procedures. Such procedures particularly affect sales of defensive systems that Saudi Arabia and the UAE need to fight against threats from Iran and its regional militias, such as ballistic missiles and drones. Further, Gulf States are increasingly following Egypt’s tendency to diversify their arms supply to the largest exporting countries. Thus, several countries no longer view the US as the partner of choice, but still as a major partner. Regional countries realize that Chinese technology cannot provide the same type of high-tech and standard weapons, experience, and identical combat operations that the US offers. But China is ready to supply major specialized weapon systems that the US is reluctant to provide. These systems include medium and shortrange ballistic missiles, increasingly capable missile defense systems, armed UAVs, and high-tech C-UAS systems. Gulf States completing US military deals that deter threats to energy sources also sends a warning to Iran that the GCC is allied against it. Arms deals with China do not have the same effect. These US military deals will be very useful and may even strengthen Iranian opposition parties who argue that Iran’s nuclear program and regional proxy support will not achieve security. On the contrary, those policies may lead to a stronger alliance against Iran and a greater effort to contain it.

⁴ Pater Cai, "Understanding China’s Belt and Road Initiative," Mar 22, 2017, <https://www.lowyinstitute.org/publications/understandingbelt-and-road-initiative/> (accessed Apr 29, 2021).

⁵ Ilan Berman, "China in the Middle East," Fall, 2019, <https://www.meforum.org/59279/ilan-berman-china-in-the-middle-east/> (accessed Apr 30, 2021).

⁶ *Alin News*, "Mohammed bin Salman, In China Strengthening security cooperation and expanding economic partnership," Feb 22, 2019, <https://al-ain.com/article/salman-visit-china-terrorism-economy> (accessed Apr 25, 2021).

The COVID-19 pandemic has also prompted Chinese expansion at US expense. Whereas the US is constantly blaming China for unleashing the virus,⁷ China has provided humanitarian assistance to affected nations in the Middle East through donations and loans. The UAE and China have also launched a joint venture to manufacture the Chinese company Sinopharm's vaccine in the UAE. The Emirates News Agency recently announced the first line of vaccine manufacturing and production in the UAE between the UAE's G42 group and the Chinese Sinopharm.⁸ Some Middle East nations now consider China a better and more caring partner due to its donations. If the US does not soon counter this Chinese expansion, China is well on its way to displace the US as the Middle East's dominant partner, then later potentially as the unique global superpower.

The UAE is Beijing's leading economic partner in the Middle East and North Africa. Since 2015, China-UAE trade has grown nearly 10% annually.⁹ For China, the UAE is first and foremost a critical hub for re-exports to the wider region. Around 60% of China's exports pass through UAE ports. Dubai Port World has begun work on several ports along the Maritime Silk Road, including four in China itself. The trade volume between the UAE and China reached \$48.67 B during 2019, recording an increase of 6% over the past year. The UAE also hosts 4,200 Chinese companies, 356 Chinese commercial agencies, and more than 2,500 registered Chinese trademarks.¹⁰

Chinese Process of Encroachment

The Chinese progressively encroach on a country in many ways. The first is through territorial expansion. The South China Sea case provides a recent territorial expansion dispute. China claims ownership of certain islands in the South China Sea. However, "Taiwan, Philippines, Vietnam, and Malaysia also claim ownership of the vital maritime region."¹¹ Japan acquired the islands during World War II and, after the war, Japan relinquished the islands to Taiwan. However, China disagrees, claims ownership, and has even proceeded to expand military operations in the Sea as a defense mechanism. Another example of territorial expansion is the border dispute between China and Nepal where "China is being accused of crossing the border and constructing buildings in Limi, Nepal."¹² China's activity, constructing buildings in Nepal's territory is an act of encroachment in violation of international law.

China's other encroachment method is through economic development and debt crises. China is known for its humanitarian support through the provision of loans to developing countries around the world. Leveraging its fast-growing economy and wealth, China has offered a huge amount of loans to developing countries, and made deals to perform economic development projects. Most of the developing nations borrow more than they can pay back. If they cannot repay the debt, they have no choice but to submit to Chinese influence. The loans and financial crises are part of China's tactic to progressively encroach on its debtors.

⁷ Donald G. McNeil Jr., "Blaming China for Pandemic, Trump Says U.S. Will Leave the W.H.O.," May 29, 2020, <https://www.nytimes.com/2020/05/29/health/virus-who.html> (accessed May 15, 2021).

⁸ BCC NEWS, "A Chinese-Emirati project to produce the Chinese Sinopharm vaccine in the UAE," Mar 29, 2021, <https://www.bbc.com/arabic/world-56560552> (accessed May 4, 2021).

⁹ News Khaliq, "How do sea trade lanes affect the UAE-Chinese relations?" Jul 29, 2020, <https://thenewkhalij.news/article/199720/> (accessed Apr 30, 2021).

¹⁰ Albayan News, "The UAE and China, well-established relations of mutual respect and common interests," Oct 03, 2020, <https://www.albayan.ae/across-the-uae/news-and-reports/2020-10-03-1.3976060> (accessed May 5, 2021).

¹¹ Lee Wei-chin, "Taiwan, the South China Sea dispute," (2017) pg. 229-250, <https://link.springer.com/article/10.1007/s11366-017-94702?shared-article-renderer/> (accessed Apr 29, 2021).

¹² Fravel, M. Taylor, "Cooperation and conflict in China's territorial disputes," Aug 15, 2008, https://www.researchgate.net/publication/287500420_Strong_borders_secure_nation_Cooperation_and_conflict_in_China%27s_territorial_disputes/ (accessed May 6, 2021).

China is one of the largest trading nations in the world. Through global trade volume, China has been able to strike many trade deals around the world. These deals include regional development projects through construction of bridges, railways, ports, and roads. During and after the intended construction, the Chinese construct bases and 'Chinese restricted zones,' which they claim are intended to provide service and operation for the project. However, these bases actually enable China's encroachment. China continues operations and slowly grows influence and control over its hosts.

China also encroaches on other countries through information and communication technology. Most of the widely used social media applications such as Vmate, Likee, Tik-Tok, and We-chat were developed by China. These applications are widely used all over the world, especially in developing countries. While these applications provide entertainment and 'fun' to the intended user, they pose a great danger to national security and intelligence. The applications can be used to acquire a country's sensitive information including highly guarded government secrets such as military weaknesses or war secrets. When China has access to this vital information, it can control its subjects. Furthermore, China is known for its expertise in developing communication networks and devices such as microphones and mobile phones. Chinese-developed networks and communication devices can harness and relay critical information about a country. China uses this vital information as a bargaining tool to facilitate China's domination and favorable economic ties.

China generally offers cheaper products and services than other wealthy countries to establish itself as a partner of choice for developing nations. Due to economic crises and poverty levels in many developing nations, quantity and the lower price of goods matters more than quality. China is known for producing sub-standard goods and offering them at a low price. A good example is the exportation of consumer goods, capital goods, machinery, electronics, plastic products, textile, clothing, and metals to the Middle East at relatively low prices. Similar products offered by other countries, such as the US or Germany, are generally more expensive. Therefore, due to the economic savings by acquiring products from China, many Middle East countries favor China as the partner of choice. China is also flexible with trade deals and terms. Whereas the US is strict in imposing sanctions on Middle East countries such as Iran, China is much less rigid. As the largest importer of Middle East crude oil, which is purchased at a good price, many regional countries seek the benefits of Chinese trade ties. Trade has created strong ties between China and Middle East countries.

China also offers financial aid to nations during crises. Many Middle East economies have been crippled by endless civil wars. China has provided aid to revive these economies by offering friendly and flexible cheap loans to these nations. An example is "China's president pledging \$20 billion of loans and \$106 million worth of foreign aid to Middle East regions."¹³ China offers these loans in a friendly manner with flexible repayment terms, making China difficult to resist. Thus, China gains entry to developing nations, including Middle East countries, through cheap goods, development support, and flexible loans. The cost comes later when China transitions its influence into control.

Economic interest is the basis of China's strategy in the Middle East. China seeks an extensive market for its manufactured goods. It also needs Middle East crude oil. Economic interests drive China's push to develop the New Silk Road, the route that opens the Middle East, Europe, and Asia to China's seaports. Therefore, China will continue to pursue trade deals in the region to serve China's goal to become the primary global superpower.

¹³ Reuters Staff, "China's loan to the Middle East," (2018) July 10, 2018, <https://www.reuters.com/article/us-china-arabstatesidUSKBN1K0072/> (accessed Apr 29, 2021).

However, along with the significant economic interests, China's political interests also drive its Middle East plans. China aspires to create a firm position in the world and become the primary superpower. With US dominance in the Middle East, China seeks to overtake the US and increase its influence in the region through trade ties and financial crises. The Middle East is key to China's global strategy as most of the world's oil comes from the region.

The Chinese approach to the Palestinian Issue

Chinese Foreign Minister Wang Yi's whirlwind Middle East tour has demonstrated China's greater regional ambitions. Wang's offer to host peace talks between Israeli and Palestine was not only a message to the US, but also signals Beijing's intent to involve itself deeply in the Middle East issues. While Israel does not officially comment on the offer, Palestinian leaders welcomed it. The Palestinians would like to give the Chinese a chance.

The Palestinian Authority's enthusiasm to cooperate with this initiative is not yet known, but they will take the Chinese invitation very seriously.¹⁴ The Chinese want to leverage their economic power to gain strategic depth in the Far East and the Middle East.

China has even inserted itself into the recent armed conflict between Israel and Hamas. What started with protests and physical clashes in Jerusalem, devolved into large-scale shooting in early May. Then, the Gaza-ruling Islamist group Hamas fired hundreds of rockets into Israel and Israeli Defense Forces' aircraft pounded targets in Gaza.¹⁶ On 12 May, China called on the United Nations Security Council (UNSC) to act to ease tensions between Palestine and Israel. China condemned violence against civilians and officially called on all parties to take actions that are conducive to easing tensions and quickly restoring peace and stability in the region. China believes that the UNSC should reiterate its commitment and firm support for a two-state solution, promote de-escalation, and fulfill its duty to maintain international peace and security.¹⁵

Previously, China presented an initiative to solve the Palestinian issue. China considers this issue the core Middle East issue and, in May 2013, hosted Israeli Prime Minister, Benjamin Netanyahu, and Palestinian President, Mahmoud Abbas, for talks. Chinese President Xi Jinping presented the four-point Chinese vision for a settlement.¹⁶ In Talks with Palestinian President Mahmoud Abbas, China presented the following criteria for a solution:

1. Must adhere to the correct direction represented by the establishment of the independent state of Palestine and peaceful coexistence between the states of Palestine and Israel, and the establishment of an independent and fully sovereign state based on the 1967 borders, with East Jerusalem as its capital.
2. Negotiations must be adhered to, as they are the only path that leads to Palestinian-Israeli peace.
3. The principle of "land for peace" must be firmly upheld.
4. The international community must provide strong support to advance the peace process. The concerned parties in the international community must emphasize the sense of responsibility and urgency of the issue, take an objective and fair stance, and actively work on advising reconciliation and urging negotiation.

¹⁴ Ali Abo Rezeg, "China's offer to host Israel-Palestine talks is opportunity," Apr 04, 2021, <https://www.aa.com.tr/en/middle-east/china-s-offer-to-host-israel-palestine-talks-is-opportunity-/2199446> (accessed May 12, 2021). ¹⁶ Nesreen Bakheit, "Worried Asia watches Israeli-Palestinian fighting escalate," May 12, 2021, <https://asia.nikkei.com/Politics/International-relations/Worried-Asia-watches-Israeli-Palestinian-fighting-escalate> (accessed May 15, 2021).

¹⁵ Li Yan, "China calls on UNSC to help ease tensions between Palestine, Israel," May 13, 2021, <http://www.ecns.cn/news/2021-0513/detail-ihametef9042365.shtml> (accessed May 13, 2021).

¹⁶ Report, "The Chinese Ambassador: The Palestinian issue is the essence and the basis of the issues," Sep 3, 2015, <http://www.alquds.com/articles/1441292234794042800/> (accessed Apr 30, 2021).

China seeks to ensure that its positions are balanced towards the parties to the Arab-Israeli conflict, namely Israel, the Palestinian Authority, and regional Arab countries. China also considers mediation at some point, and therefore, seeks to balance its traditional relations with Arab countries on one hand, while dealing with Israel from another perspective. However, some criticize China's neutral position on the Arab-Israeli conflict, for China is often relatively silent, unlike the four permanent members of the UNSC. However, all members play an important role in the peace process, and the US remains the primary mediator despite its Israeli bias. The European countries, including France and the UK, lead the EU's role providing incentives and substantial economic aid to both Palestine and Israel.¹⁷

Conclusion

China is a growing world superpower. Its continued dominance in trade and development activities in the Middle East and Africa will soon make China an irreplaceable partner among many nations. China's deal to offer cheap consumer goods, development projects, and financial aid or loans to Middle East countries has greatly undermined US influence in the region. The fact the Middle East produces most of the world's oil should incentivize the US to prevent Chinese regional dominance. While the US position as military and security partner of choice is relatively secure, China could gain in those areas by leveraging its economic support.

Another way China seeks greater Middle East influence is through the Israel-Palestine conflict. As a superpower, and permanent member of the UNSC, China can exert significant influence over the international handling of the conflict. China presents itself as a friend to both Palestine and Israel and considers that this enables it to play a positive, neutral, and more credible role than the US, which is always biased towards Israel. China considers the Israel-Palestine issue the central issue that affects peace and stability in the Middle East. Thus, Beijing actively promotes moderation and seeks to mediate between the Palestinians, Israelis, and other stakeholders. China appears to seek the middle ground, and apply the golden equation, non-alignment with any of the parties to the conflict in the Middle East.

China likely has no real intention to challenge the US militarily in the Middle East, as Chinese policy makers prefer that Washington remain mired in the Middle East rather than focusing on Asia. It is unlikely that China will change its policy in the Middle East, and will more likely pursue balanced relations with all major players, while avoiding other regional conflicts. Thus, China will not likely challenge the US militarily, but rather continue to strengthen its economic presence, which will work to enhance its regional influence.

Recommendations for US/USCENTCOM

- Streamline the mechanism for selling arms to Middle East allies, and actively assist these countries to remedy defense weaknesses, so they don't need to look to China.
- Provide appropriate offensive weapons to Middle East allies to deter common threats, and facilitate future joint combat operations.
- Support strengthening Middle East alliances to prevent China from reaching regional power parity, and maintain regional and global advantages.
- Monitor Chinese operations in the Middle East and globally to prevent Chinese dominance.
- Advise Middle East countries to avoid predatory loans, and debt traps, from China.

¹⁷ Ilan Goldenberg, "China's Middle East Tightrope," Apr 20, 2015, <https://foreignpolicy.com/2015/04/20/china-middle-east-saudi-arabia-iran-oil-nuclear-deal/> (accessed May 6, 2021).

- Reestablish US economic presence in the region and monitor China's inroads to ensure China does not transition its economic influence to security. However, do not arbitrarily oppose China's economic and development assistance that benefits and brings stability to the region.
- Closely monitor Chinese military activities in the CENTCOM AOR.
- Maintain cooperative diplomatic, military, and economic relations with Middle East countries to support regional stability, anti-terrorism operations, economic development, and the Palestinian-Israel peace process.