



MIDDLE EAST PROGRAM CHINA–MIDDLE EAST PROJECT

Center for Strategic and International Studies ■ Washington, D.C.

PARTICIPATING SCHOLARS

CSIS would like to thank and acknowledge the experts who spoke at the conference. This group's rich and varied experience in government, policy research, and academia allowed us to consider issues from multiple points of view.

Conference speakers included:

- **Jon Alterman**, Director, CSIS Middle East Program
- **Shulong Chu**, Professor and Director, Institute for Strategic Studies, Tsinghua University
- **John Garver**, Professor, Georgia Institute of Technology
- **Bates Gill**, CSIS Freeman Chair in China Studies
- **Geoffrey Kemp**, Director of Regional Strategic Programs, The Nixon Center
- **Joshua Kurlantzick**, Visiting Scholar, Carnegie Endowment for International Peace
- **John McLaughlin**, Senior Fellow, Johns Hopkins School of Advanced International Studies, and former Acting Director, Central Intelligence Agency
- **Kevin Nealer**, Principal and Partner, The Scowcroft Group
- **Abdel Monem Said Aly**, Director, Al Ahram Center for Strategic Studies
- **Frank Verrastro**, Director, CSIS Energy Program

THE VITAL TRIANGLE: CHINA, THE UNITED STATES, AND THE MIDDLE EAST

September 14, 2006

There are no greater powers today than the United States and China, and there is no more important region than the Middle East, observed John McLaughlin, senior fellow at Johns Hopkins School of Advanced International Studies and former acting director of central intelligence. "Something important is going to happen in this geopolitical intersection," he added. McLaughlin made the comments as the keynote speaker at a September 14 conference sponsored by the CSIS Middle East Program, entitled "The Vital Triangle: China, the United States, and the Middle East."

Competition or Cooperation?

In his address, McLaughlin outlined three concentric levels of determinants: U.S.-Chinese bilateral relations, regional trends in the Middle East and Asia, and global trends. He judged that the overlap between these three areas will shape the U.S.-Chinese encounter in the Middle East.

McLaughlin argued that the weakened position of the United States in the Middle East right now presents both a temptation and an opportunity for China. The temptation is for China to capitalize on the United States' weakness and position itself as a counterweight. The opportunity is for Beijing to recognize that its interests largely coincide with Washington's and take steps to cooperate or at least to coordinate agendas.

Shulong Chu, an analyst of Chinese foreign policy and Sino-U.S. relations, emphasized that Washington's and Beijing's interests in the Middle East are converging. In particular, he pointed to both parties' interests in maintaining regional stability, and he argued that shared interests would override any potential friction. Chu explained that Beijing is slowly moving away from its traditional stance of insisting on nonintervention in other countries' domestic affairs. Like the United States, China is now deeply concerned with issues such as terrorism and Iraqi reconstruction. Counterproliferation is an emerging area of overlap as well, he said. Whereas in the past China viewed the issue of proliferation as a U.S. interest, China now sees arms control as a vital Chinese interest.

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THE VITAL TRIANGLE PROJECT

CSIS has begun a multiyear project examining the intersection of the interests of the United States, China, and the Middle East. At the core of the CSIS project—entitled "The Vital Triangle"—is an effort to determine whether the United States and China are more likely to compete or cooperate in the Middle East, what conditions would influence that determination, and what impact U.S. competition or cooperation with China would have on the interests of the U.S., Chinese, and Middle Eastern governments. The September 14 conference reported here was the first of several planned around the world on this topic. Jon B. Alterman, director of the CSIS Middle East Program, codirects this project with Professor John Garver of the Georgia Institute of Technology. ■

“China offers the possibility of some degree of leverage against the United States, the kind of leverage we have not seen since the Soviet Union.”—Joshua Kurlantzick, Carnegie Endowment for International Peace

Chu added that many Chinese scholars condemn what they label as U.S. hegemony in the Middle East, yet they neither advocate confrontation nor suggest it is inevitable. Chu also stated, “The Chinese don’t accept American leadership in the world on principle. So there is no legitimacy or support for American leadership.” He judged

that, to a large extent, China remains dependent on U.S. management of the Middle East, primarily in securing the Gulf and the free flow of energy. Given China’s limited navy, taking over maritime security is not conceivable at the moment. “But at the same time,” he added, “on the policy level, China is trying to improve relations with the United States.” Chu further argued that the strategic importance of the Sino-U.S. bilateral relationship drives China to cooperate with the United States.

John Garver offered a different perspective, suggesting that China’s status is rising as a regional power. This has been recently affirmed both by closer cooperation with Saudi Arabia as well as China’s pledge to increase its contribution to the UN peacekeeping force in southern Lebanon. As such, China may choose to oppose the U.S. role as regional hegemon, even as Beijing seeks to avoid direct confrontation with the United States over Middle Eastern issues. Despite China’s claims that it has decided not to confront the United States in the region, Garver argued that “China doesn’t agree with the fundamental course of U.S. policy in the Middle East. They think that basically we are doing a lot of bad things for our own hegemonic reasons, and they don’t agree with that, and they are determined to expand friendly, bilateral cooperation with all countries of the Middle East, even those that might be targets of U.S. pressure or sanctions. This sometimes brings China’s policy into conflict with U.S. policy.”

At the same time, Garver argued, the Middle East is far away from China and—aside from oil—is not an area of Chinese strategic concern. From Beijing’s perspective, it may be best if the United States asserts its hegemony in the Middle East rather than in a region closer and more important to China. Garver judged that China will likely avoid taking substantive action to oppose the United States’ role in the Middle East, while also refusing to forgo cooperation with Middle Eastern states that the United States is seeking to isolate. A likely course for Sino-U.S. relations in the Middle East is “neither war, nor peace,” with China avoiding both partnership and direct confrontation with the United States, while expanding “friendly, cooperative relations” with all countries of that region.

The Chinese Alternative

One way China increasingly asserts itself in the region is by utilizing “soft power” to leverage and possibly even challenge U.S. dominance. Joshua Kurlantzick described China’s increasingly sophisticated diplomacy in the international arena. Part of this shift has been through engagement with multilateral organizations, such as the Association of Southeast Asian Nations (ASEAN), and creating the China-Arab Cooperation Forum. Moreover, he added, “China offers the possibility of some degree of leverage against the U.S., the kind of leverage we have not seen since the Soviet Union.”

From an Arab perspective, a greater Chinese presence in the region and competition between the United States and China would not necessarily be a negative trend. According to Said Aly, a majority of the Arab foreign policy elite believe the presence of a single, dominant superpower in the last decade has harmed Arab interests. “The Arab world is still weeping for the golden days of the Cold War,” he said. “In a way, the ideal world is a world of competition.” During the Cold War, he noted, “at least you could play one off against the other.” But in his assessment, China has been reluctant to ascend to the status of a global power and claims that the Middle East is far away and an “American operation.” Aly noted that some Middle Eastern governments have been urging China to assert itself as a global power, but Beijing has been reluctant to accept this position. China’s perceptions of the world and itself are changing, however, and Aly suggested Chinese reluctance may wither.

Nonetheless, some in the Middle East suggest that China has given the Arab states a second chance for development. After they largely squandered the opportunities presented by the oil boom of the 1970s, growing Chinese oil consumption has again driven up prices with the resultant windfall accruing not only to oil-producing countries, but to labor-exporting countries as well. Many Arab leaders are beginning to recognize an increasing interdependence with China, Aly said, and there is a “growing realization that China could be a constructive actor in the Middle East.”

Both Kurlantzick and Aly suggested that China could be a potential model of development for the region. “Whether or not a Middle Eastern country could actually follow what we call the ‘China model’ or the ‘Beijing consensus’ is debatable,” noted Kurlantzick. Still, authoritarian or semi-authoritarian regimes are attracted by the Chinese model of high economic growth with little political reform. Because Beijing is disengaged from issues of human rights or political reform, it demands less from its partners. It does so at a time when heightened U.S. engagement on domestic conditions in Middle Eastern countries builds resentment from regional governments. Kurlantzick pointed out that China did not create the concept of economic growth with authoritarian regimes “but has done a good job of branding and advertising the way it has evolved.” He added that “once China starts to ask countries in the Middle East for some of the same things that the

United States, Western powers, or even Japan asked for [in terms of human rights and domestic liberalization], the whole idea of the model of Chinese diplomacy punctures.”

Economic ties between China and the Middle East outside the energy sector remain relatively weak.

China has not poured foreign direct investment into Arab countries or Iran, fearing that the risks are too great and rewards too meager to justify the expense. For their own part, Middle Eastern countries are often reluctant to invest in China because they would be small players in such a vast market. When they do invest, Jon Alterman said, “in many cases they want to partner with U.S. companies because then they can bring the U.S. diplomatic and negotiating clout to make sure everyone is following the rules.”

Energy Security

While most of the day’s discussions focused on China’s external relations, Kevin Nealer emphasized that in order to understand Beijing’s foreign policy, one must understand the Chinese domestic scene. “If you want to understand Chinese actions, look inside China for the answers,” he said. “The motives for external behavior originate from the domestic economic agenda.” The Chinese government has generally been extremely risk averse in its foreign policy decisionmaking. Since the 1990s, this has slowly changed as China develops a more expansive regional and global view. Even now, he judged, external actions remain secondary. The Chinese government needs sustained economic growth in order to maintain internal order, and it is more focused on applying its power toward an assertive East Asian regional policy than a global foreign policy agenda.

China is drawn to the Middle East because of its thirst for energy. Since the country became a net importer of oil after 1993, Chinese economic growth has been dependent on access to foreign energy sources. Despite its traditional risk aversion, China has been forced to invest in risky areas. “God put oil in dirty, dangerous places,” Nealer said. “None of these refineries have wheels. You can’t move them. You’re buying into local risk in a big way, and the Chinese are extremely risk-averse purchasers.”

Nealer also pointed out that one of the difficulties in cooperating with China on energy issues is that the country lacks an energy minister. “So, just like us,” he explained, “the Chinese have no energy policy that is comprehensive across the government.” Energy policy “is run by the markets and it is run by the companies. So the focus on energy cooperation is really diffuse throughout the Chinese government.”

“The Arab world is still weeping for the golden days of the Cold War. In a way, the ideal world is a world of competition.”—Abdel Monem Said Aly, Al Ahram Center for Strategic Studies

Frank Verrastro suggested two competing theories on China’s energy strategy. “The benign view of China is that they’re late to the game.” Because China has been a net importer for just over a decade, it does not have long strategic relations with traditional oil producers. “So the choices they had—Iran, Sudan, Venezuela—[are] because they’re late to the game and most of the good places were taken, and the good deals were taken,” claimed Verrastro. “The more sinister view is that they use these relations on a bilateral basis to offset U.S. leverage in certain parts of the world.” Verrastro pointed out that future energy relations will be influenced by whether China and the United States view one another as competitors for limited oil resources or as “bookends” that could work together to ensure regional security and secure trade routes. In Verrastro’s view, this could be the single most important determinant of the future of broader U.S.-Chinese relations.

To offset pressure on the markets, Saudi Arabia is currently investing in Chinese refineries that will allow China to use high-sulfur oil, which Saudi Arabia has in abundance. In doing so, the Saudis and Chinese both create a market and deepen their interdependency. “By doing these joint ventures in a country that has soaring demand—prospectively—Saudi Arabia finds a buyer for a crude they can’t sell and at the same time [they] have access to an emerging market. It’s a no-brainer,” Verrastro said.

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In some ways, Verrastro suggested, China is a much more natural regional power for the Middle East than is the United States. The United States receives a relatively small portion of its oil from the Middle East, with the majority of U.S. imports coming from the Western Hemisphere. What remains to be seen is whether Beijing decides to tie its increasing interdependence with Saudi Arabia and dependence on Middle Eastern oil to a growing stake in Gulf security or leave Gulf security in the hands of the United States.

Yet, given the overwhelming Chinese dependency on Middle Eastern oil imports, Geoffrey Kemp observed that it would make little sense for China to risk the benefits of U.S. security in the Gulf by confronting the United States in the region or anywhere else, including Taiwan. “In China, the worst case contingency is confrontation with the United States over Taiwan, in which the United States can use its formidable naval power to make it very difficult for China to get goods and services—including oil—into its ports.”

India’s Regional Role

Kemp also judged that it is impossible to examine U.S.-China rela-

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tions in the Middle East without properly assessing India's position and intentions in the region. India is also dependent on Middle Eastern energy for its rise as a global power, and it will also play a crucial role in the future of the Middle East. For Kemp, India would be a more natural U.S. partner in the region

than China, especially on security issues. “The Indians are already establishing very close security relations with the key Gulf Cooperation Council states,” said Kemp, “so this isn't a choice of choosing India as opposed to China. It's just that the Indians are there and are going to be there much quicker than any foreseeable Chinese presence.” Kemp also noted that 3.5 million Indians currently work in a variety of industries throughout the Gulf region, and India's presence is well established in the region through historical ties. India has also shown an increased desire to protect trade routes, as evidenced by its large-scale naval modernization program.

Arms Sales

Another important factor in determining the future role of China in the Middle East is China's extensive arms sales throughout the region, to Arab governments as well as to Iran. According to Kemp, the Chinese strategic presence “has been felt most obviously and tangibly in arms sales.” Weapons sales, primarily to Iran and other U.S. foes, can be another important political card for China in its relations with the United States. Further complicating matters, Hezbollah used Chinese-made weapons during its recent conflict with Israel, including a sophisticated antiship missile. “What is of most concern to the United States,” argued Kemp, “has been the sale of missiles that can be used in naval operations,” especially given the geography of the Persian Gulf.

China has also been active in nuclear cooperation with both Iran and Pakistan. “By far the most important recipient of Chinese nuclear technology has been Pakistan,” argued Kemp. Although details are murky, “the one thing we do know is that A.Q. Khan and the Chinese had very close ties, and this Chinese assistance was very critical in Pakistan's development of its nuclear program.” From a U.S. perspective, Kemp continued, the “Chinese nuclear cooperation with Iran is much less ominous. In fact, the Clinton administration put enormous pressure on China to cut back on nuclear cooperation with Iran, which it did. Although there is still some low-level cooperation, it is not as visible or as important as the relationship Iran has with Russia on nuclear matters.”

China has successfully developed military connections with Iran, Pakistan, and Arab states, while maintaining close ties to Israel,

including purchasing sophisticated Israeli military technology. “One of the ways that both India and China have been very very smart and adroit diplomatically is that they have excellent relations with just about everybody, the Israelis included,” noted Kemp.

Conclusions

Speakers agreed that China's role in the Middle East and its relations with the states of the region are still in the developmental stage. Both the Chinese and Middle Eastern governments continue to test the waters and look for signals from the United States to guide the direction of the region. In many ways, China's model of development and its preference for stability rather than political reform in the region make it an attractive partner for Middle

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—John McLaughlin, SAIS

Eastern governments. So far, China has moved cautiously into the region, preferring to focus narrowly on trade. How long China can maintain such a policy is unknown perhaps even to Chinese policy makers.

Speakers also agreed that U.S.-China bilateral relations will play a vital role in shaping China's role in the Middle East. As John McLaughlin pointed out, “it would be unrealistic to think that the United States could have a tense, friction-laden relationship with China on a variety of issues and somehow wall off the Middle East as an area of cooperation.” Though the manifestation of these relationships remains unclear, McLaughlin observed these certainties: “China's role is growing in the Middle East, the U.S. interest is enduring, and the Middle East is in upheaval.” ■ — FA and CC

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