



Will Beijing Fill the U.S. Power Vacuum in the Middle East?

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Abstract

China's rapid growth and global ambitions have made Beijing a power player in the Middle East. Despite the U.S. "pivot" to Asia, however, the majority of U.S. foreign policy initiatives continue to be directed towards the Middle East. Nonetheless, with the withdrawal of U.S. troops from Iraq and now Afghanistan, there is a perception of a lessening U.S. commitment to the region. In face of U.S. waning influence and China's simultaneous rise, sensitive regional balance in the Levant/Eastern Mediterranean and Persian Gulf are readjusting to the entry of China as an extra-regional power. The author assesses the impact of U.S. diminishing commitment and China's increasing engagement in various arenas—Turkey, Syria, Israel, Egypt, Iran, Iraq, and Saudi Arabia.

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ANALYSIS

Well good afternoon everyone. First of all I'd like to thank Howard Kohr and Michael Kassen and AIPAC for inviting me to come and speak about China and the Middle East.

I've been asked to speak about the US "pivot" to Asia and implications for the Middle East, and on whether U.S. will continue to play a vital role in the region, or eventually be replaced by China or other rising powers. My short answer is yes, I think U.S. will continue to play a vital role, although it will have less freedom of action in the Middle East as new extra-regional powers enter the scene.

So let me briefly set the scene.

Despite U.S. policy makers talking about a US "pivot" to Asia for many years, U.S. has not been able to disengage from Middle East challenges. As we've seen over the past three years, Eastern Mediterranean security has taken on new meaning in light of the Arab Spring and especially growing role of China to the security scene. The Levant continues to be a flash point for Mediterranean conflict, with a range of issues from Syria, Israeli-US standoff against Iran's nuclear program, the ongoing Israeli-Palestinian conflict, and energy scramble among Turkey, Cyprus, Israel and Hizbullah in the Levant basin.

In midst of such a region-wide scramble, China has entered the Eastern Mediterranean basin and Middle East North Africa (MENA) at large by expanding its economic, political and military footprint. The readjustment of sensitive regional balances in line with the gradual penetration of China, as a unique global actor aiming to be a player along with the EU and U.S. in the Mediterranean, will have security implications for key regional stakeholders including Israel.

So my presentation today will be divided into three parts. In the 1st part I will outline drivers for China's strategic shift towards the Middle East in general and its interests in the Levant and the Eastern Mediterranean in particular. The 2nd part I will focus on how regional balance especially in the Levant and Eastern Mediterranean is adjusting to China's rise as a new security player. In the 3rd part I'll conclude with how other Gulf States are also readjusting to China's rise.

I. So what are China's Strategic Interests in the Middle East in general and in the Levant in particular?

Well, the globalization of China's economy has brought the MENA region—quite remote previously—much closer now as it relates to China's national interest.¹ Globalization has a way of shrinking space. For Beijing, MENA is first and foremost a region of energy resources to feed Chinese growing economy, which is vital for Chinese Communist Party (CCP) legitimacy and survival. It is also a market for Chinese labor export, an export hub onto Europe and Africa, and forward front and key arena where China protects its national unity such as the 'One China Policy', and combats terrorism and East Turkistan separatist forces, or ETIM.

¹ "Turmoil in Middle East and Chinese Interests Overseas," by Ma Hong [Senior Research Fellow at the Center for Energy Strategy, China University of Petroleum], *China-US Focus*, April 24, 2011; Christina Lin, "China's Strategic Shift Toward the Region of the Four Seas: The Middle Kingdom Arrives in the Middle East", *MERIA Journal*, Vol. 17, No. 1 (Spring 2013). Paper presented at a Joint Staff Middle East Roundtable at the Pentagon on September 18, 2012.



A. Energy Interests

On energy security, the Arab Spring had caught China by surprise and China fears that western military intervention in crucial energy markets could eventually restrict Beijing's access to oil and gas.² They are suspicious that European-led [NATO] intervention in Libya is a thinly veiled gambit to restore waning western influence in Africa.³ In the aftermath of Chinese evacuating 36,000 Chinese national and losing over \$20 billion in investments when the Qaddafi regime was ousted, Beijing is primarily concerned about deterring another "Libya" case in the MENA region and protecting its national interest and the security of Chinese citizens abroad.

Domestically, CCP legitimacy and regime survival rests on continued access to energy to fuel China's economic growth, while hedging against U.S. naval interdiction of energy supplies over potential conflicts across the Taiwan Straits, East China Sea, or South China Sea. This is the "Malacca Dilemma" whereby 80% of China's oil imports pass through the chokepoint of the Strait of Malacca, so China is concerned about the security of its energy supply line.

Thus it is concerned about the territorial integrity of its Muslim western province Xinjiang: which is 1/6 the size of China; three times the size of France; borders eight countries; a site of strategic mineral resources; and a key geographic bridge for China's overland pipelines and transport corridors for its energy supplies from Central Asia, Caspian Sea, and potentially Iran, Iraq and Afghanistan. So in short, Muslim Xinjiang is key to China's hedging strategy of having an overland energy supply line in the event the U.S. Navy cuts off its maritime supply line over conflicts in the Western Pacific. As such, Uyghur separatists in Xinjiang directly threaten China's energy security.

And this brings me to China's 2nd key interest in the Middle East, garnering support from the Muslim world for the One China Policy.

B. Support One China Policy and China's Territorial Integrity

The 2009 Xinjiang uprising also underscored to China that Xinjiang's stability hinges on support of the global Muslim community. When Turkey's Prime Minister Erdogan labeled China's crackdown on Uyghurs as 'near genocide', this further fueled Beijing's concerns that the global Muslim community may increasingly support the Uyghur separatist cause to the detriment of Chinese interests. As such, since 2009, China has beefed up its domestic security, with internal state security's budget surpassing the defense budget every year since then⁴, which shows how extremely fearful they are about instability and Xinjiang secession, while internationally it has become more proactive in courting the Muslim world to garner support of China's policies.

China's 3rd main interest is counter-terrorism and preventing internationalization of the Uyghur Separatist cause, which is increasingly tied to China's support of Assad in Syria. Let me explain.

² Melinda Liu, "China's Libya Connection", *The Daily Beast*, June 21, 2011.

³ *Ibid.*

⁴ Mu Chunshan, "China and the Middle East", *The Diplomat*, November 9, 2010. In 2010, its security budget was \$87 billion while defense was \$84.6 billion; in 2011 security was \$99 billion while defense was \$95.6 billion; in 2012 security was \$111.4 billion while defense was \$106.4 billion; in 2013 security was \$123 billion while defense was \$119 billion. "China boosts domestic security spending by 11.5 pct", *Reuters*, March 5, 2012; Leslie Hook, "Beijing raises spending on internal security", *Financial Times*, March 6, 2011.



C. Counter-terrorism and Internationalization of Uyghur Separatist Cause

Syria: While much ink has been spilled on Russia and Iran's support of Syria, there is comparatively little understanding of China's motivations. There are many reasons why Syria is of strategic interest to the Chinese, but a key factor that western press largely omits is the linkage of Syria to stability in China's Xinjiang. Syria is now what China's Middle East scholars call "the new Afghanistan" exporting terrorism to Europe, North Africa, Russia and Asia.

Since war broke out over two years ago and Damascus became a witch's brew of international jihadi fighters, China found itself facing a new threat: the internationalization of the Uyghurs' separatist cause forming in the crucible of the Syrian war. Chinese Uyghur separatists have traditionally enjoyed safe haven in the AfPak region as well as support in Turkey. However, the first signs of increasing linkage between localized separatist movements with global terrorist network appeared in 2011.

In the July 2011 Xinjiang bombings, Chinese authorities notice for the first time Uyghur separatists planted a Salafist flag (black with Arabic writing) rather than their usual East Turkestan flag (blue with star and crescent similar to Turkey's flag).⁵ Uyghurs began proclaiming aspirations to join the Middle East jihadi movement, stoking China's fears that Uyghurs would garner global jihadist support from Al-Qaeda and its affiliates, such as Al-Qaeda in the Islamic Maghreb (AQIM) which attacked Chinese interests in Algeria in 2009, Islamic State of Iraq and the Levant (ISIL), al Nusra in Syria, among others.

Beijing fears that battle-hardened Chinese jihadists, after getting their jihadi tickets punched in Syria, would return home to feed local jihadist movements against the communist government. Through linking with international jihadist groups, Beijing fears Chinese Uyghurs and their terrorist cohorts would spawn homegrown radicalization of China's 20 million Muslims. Beijing worries that if an Islamist regime replaces Assad, it would export terrorism to Xinjiang and Central Asia and destabilize China's backyard.

So this gives an overview of three key drivers of China's pro-activism in MENA post Arab Spring. Now let's look at how regional stakeholders in the Eastern Mediterranean are adjusting to China's rise as an extra-regional actor.

II. China's Rise as an Extra-Regional Actor and impact on Eastern Mediterranean Regional balance

For the last several years, the Chinese navy has sent several warships through the Suez Canal to visit southern European and Eastern Mediterranean ports. In the Levant and Eastern Mediterranean, China has become more assertive in its stance regarding Syria with three UNSC vetoes, dispatched its warships to join Russian navy off the coast of Syria for war games in a "show of flags",⁵ and in light of perceived waning U.S. influence, already traditional western allies such as Israel and Turkey are readjusting and upgrading ties with China.

Turkey: In 2013, NATO member Turkey shocked its allies when it chose a U.S.-sanctioned Chinese firm to co-produce a \$3.4 billion long-range air and missile defense system. Despite NATO's warnings that such a system would compromise NATO intelligence and therefore not be interoperable with its early warning assets, Turkish

⁵ J. Michael Cole, "China's Navy in the Mediterranean?", *The Diplomat*. July 30, 2012; Author correspondence with U.S. CENTCOM official on October 3, 2013.



Prime Minister Erdogan chose to make the deal.

Moreover, Erdogan has repeatedly announced his desire for Turkey to join the Shanghai Cooperation Organization (SCO), a China-led and Russian supported Eurasian security organization that also includes partners such as Iran and Pakistan. Frustrated with the stalled EU accession process, Turkey is increasingly turning from a westward European orientation to an eastward Eurasian orientation.

Implications: So while U.S. currently still wields important influence, Turkey will increasingly draw closer to Eurasian SCO states such as Russia and Iran that are its key energy suppliers, as well as to China.

And much like the Chinese missile defense deal is causing a rift between Turkey and its NATO allies, technology transfers to China is also damaging U.S.-Israeli ties.

Israel: In December 2013, the head of Israeli defense exports Meir Shalit resigned, after U.S. outrage upon discovery that U.S. military technology used for missiles and in electro-optic equipment was transferred to China.⁶ In pursuing warmer ties with China, Israel had hopes to leverage its skills in high technology, agricultural innovation, and its most lucrative industry, weapons. The push for upgrading Sino-Israeli ties comes in midst of fraying relations between Israel and the U.S. and EU.

In November 2013, while the Great Powers were hammering out an interim agreement with Iran over its nuclear program, former Israeli UN ambassador Dore Gold—who has the ear of Prime Minister Netanyahu—was joined in Beijing by retired Gen. Uzi Dayan, former deputy chief of staff for the Israeli Defense Forces, to explain the need for defensible borders in the West Bank to Chinese military brass. They also presented their case on a nuclear Iran, Syria, Palestinians, with materials translated into Chinese.⁷

With EU boycott over Israeli institutions that operate in the West Bank and East Jerusalem, and increasing disaffection with the U.S. *rapprochement* with Iran, Israel is understandably turning to Asian markets and to China as a new partner, similar to Turkey turning from EU to China and Asia.⁸

Likewise, Beijing has also expressed interest to upgrade ties with Israel and to join the Middle East Peace Quartet.⁹

Given China's unique posture in the Levant—simultaneous good ties with Syria, Israel, Palestinian Authority, and even ties with Hamas and Hezbollah that the West declines to engage, one wonders if it is a matter of time before the Quartet becomes a Quintet.

In light of Arab states instability in the Levant, Beijing sees Israel as a rock of stability in midst of a sea of upheavals and has thus upgraded bilateral relations and resuscitated their defense relations.¹⁰ According to Yoram Evron in Tel Aviv, China believes that “strengthening its relationship with Jerusalem would be sign that

⁶ Barbara Opall-Rome, “Israel Replaces Export Control Chief after Tech Transfer to China”, *Defense News*, January 3, 2014; Bryant Jordan, “Report: Israel Passes U.S. Military Technology to China”, *Defense Tech*, December 24, 2013; Tova Dvorin, “Report: US Furious at Israel Equipment Transfer to China”, *Arutz Sheva*, December 22, 2013.

⁷ Dan Levin, “Israel Increasingly Courting China as an Ally”, *The New York Times*, November 12, 2013.

⁸ Joshua Mitnick, “Israel Seeks New Trade Relations Amid Europe Boycott Threats”, *The Wall Street Journal*, February 12, 2014.

⁹ Zachary Keck, “China Wants to Join Middle East Peace Quartet”, *The Diplomat*, January 15, 2014; “Israeli president appreciates China’s role in Mideast peace process”, *Xinhua*, December 20, 2013.

¹⁰ Christina Lin, “Israel in China’s Middle East Strategy: A New Quartet of U.S., China, Israel and Taiwan?” *Washington Journal of Modern China*, Vol. 11, No. 1, Fall 2013; Binjamin Tjong-Alvares, “The Geography of Sino-Israeli Relations”, *Jewish Political studies Review*, Vol. 24, May 2013, p.111.



it gradually is coming to possess a foothold in the region, while somewhat offsetting, and perhaps even undermining, American political influence there.”¹¹

Indeed former Mossad director, Ephraim Halevy, warned in October 2013 of Beijing’s soft -power. He cautioned that Chinese involvement in building and operating the railroad line to Eilat, and its ability to control the railway, could create “economic and diplomatic pressure levers” against Israel and harm Israel’s strategic alliance with the US.¹² One recent example is Beijing’s ability to constrain Israeli foreign policy freedom of action and helped block a key witness for an U.S. anti-terror lawsuit against the Bank of China which funded Hamas and Palestinian Islamic Jihad. Caught between supporting victims of Palestinian jihad, or risking an economic and diplomatic rift with China in face of increasing EU boycott, Netanyahu chose the latter.¹³ As a result this caused tension between Israel and its U.S. ally, incensing even traditionally pro-Israel Congressional members to rebuke Israel to stand up against terror.¹⁴

Implications: While I don’t think China is going to replace the U.S. as a key Israeli ally, it will increasingly have economic and diplomatic leverage to constrain Israeli freedom of action as regards US interests.

Egypt: China is also courting Egypt, a geostrategic pivot state controlling the Suez Canal and in close proximity to the Horn of Africa, to further project its influence in the Middle East and Africa. Situated at the northern end of the Suez Canal, Egypt’s Port Said Container Terminal is one of the busiest in the region. Like several other key ports in the region – including Piraeus in Greece and Naples in Italy – it is now partially owned by the People’s Republic. The state-owned Chinese shipping company COSCO Pacific holds 20% of the terminal, helping to make it perhaps the dominant Mediterranean port operators.

Since the Egyptian military ousted Morsi’s government and the Muslim Brotherhood last year, U.S.-Egyptian relations have been at a nadir. The Obama administration welcomed al-Sisi’s assumption of power by calling off the biannual joint U.S.-Egypt military exercise “Bright Stars” and halted delivery of military hardware to Egypt including F-16 fighter jets, apache helicopters, harpoon missiles and tank parts, and cutting off 1/3 of its \$1.5 billion annual aid to Egypt, including \$1.3 billion in military aid. Given this rift in U.S-Egyptian relations, Egypt is looking to alternative patrons such as Russia and China.

In February, Russia and Egypt completed a \$2 billion arms deal funded by Gulf states such as Saudi Arabia and UAE, bringing Russia back to the Eastern Mediterranean region after 30 years of relative absence. China is also stepping up its economic investment in Egypt, setting up special economic zones by the Suez Canal [China-Egypt Suez Economic & Trade Cooperation Zone (SETC-zone)].

Implications: In the short term, U.S. will likely retain dominant influence in Egypt given U.S. is still the key weapons supplier at 71.8% of Egyptian arms market (2005-2012, worth \$6.865 billion) while Russia stands at 19.4% (2005-2012, \$1,852 billion) of arms trade, and neither Russia nor China (\$341 million or 3.56%) can

¹¹ Yoram Evron, “Netanyahu’s Visit to China: Opportunities beyond Iran”, *Canada Free Press*, May 2, 2013; “Israel growing China ties seen eroding strategic bond with U.S.”. *World Tribune*, October 22, 2013; Ari Asher, “Netanyahu Advances China Alliance in Davos”, *Israel National News*, January 24, 2014; Dan Levin, “Israel Increasingly Courting China as an Ally”, *New York Times*, November 12, 2013; Gidon Ben-zvi, “U.S. Furious with Israel after sale of Advanced Military Technology to China”, *Algemeiner*, December 22, 2013.

¹² Amir Ben David, “On a Collision Course”, *Yediot Ahronot*, October 4, 2013; “Former Mossad chief Efraim Halevy warns against China’s role in Israeli rail”, *The Economic Times*, October 5, 2013.

¹³ “Israel files to quash testimony in Bank of China terrorism case”, *The Times of Israel*, November 16, 2013.

¹⁴ “Republican congresswoman rebukes Israel: Stand up in Bank of China terror financing case”, *Ha’aretz*, July 18, 2013.



match the amount of aid U.S. provides to Egypt. However, the potential volume of \$4 billion currently being discussed could greatly increase Russia's share in the Egyptian arms market.¹⁵

In the medium and long term Russia and China will likely increase its diplomatic and economic levers on Egypt vis-à-vis the U.S.. Currently U.S. military aid ensures priority access of U.S. naval vessels in the Suez Canal and function as basic DNA for maintaining the Israeli–Egypt peace plan. However, over time China and Russia may increasingly exercise influence over Egypt's Suez Canal and negatively affect U.S. naval access. There are also talks of Egypt offering Russia's Mediterranean fleet port access in Alexandria or Said as an alternative Syria's Tartus port.¹⁶ Since China's COSCO is already operating Port Said, this would facilitate Port Said accommodating Chinese and Russian naval vessels to safeguard their interests in the Mediterranean. China and Russia already conducted joint naval war games in January this year off the coast of Syria.¹⁷

III. Readjustment of Gulf States to China's Rise

Now let me conclude with a few words about how Gulf States are readjusting.

Saudi Arabia: As for Saudi Arabia, U.S. will continue to play a dominant strategic role and relations with China will mainly be concentrated in the economic front. Saudi Arabia is the #1 oil supplier to China since 2009, and trade is expected to reach \$60 billion by 2015.

Although the Saudis and U.S. have fallen out over Syria and Iran, it still needs U.S. security guarantee. China's military currently lacks the capacity to police Persian Gulf and safeguard shipping routes, and no country other than the U.S. has capacity to provide security umbrella to countries in the region.

Saudis will therefore remain dependent on U.S. in that regard.

There may be some defense cooperation here and there such as China supplying the DF-21 medium range ballistic missiles in 2007 or the CSS-3 (DF-3) nuclear capable ballistic missiles in 1988, but nothing to supplant the scale of U.S. military ties with the Saudis.

Implications: The Saudis also know China has close ties with Iran, so disconnecting with the U.S. is not in its long-term interests. Moreover, the U.S. has military bases in GCC member states (Bahrain, Qatar), so U.S. is not leaving anytime soon.

Iraq: As for Iraq, with complete U.S. troop withdrawal, I think China and Iran will have greater influence over time. China is already Iraq's top trading partner, and over half of Iraq's oil exports go to China. Prime Minister al-Maliki has close ties with Iran, and China will work with Iran to safeguard their interests and try to reduce al Qaeda threat (ISIL) in the region.

In this regard China would welcome U.S. counterterrorism support and supplying hardware to Iraqi security forces similar to U.S. support of ANA/ANSF in Afghanistan. Just like in Afghanistan and Syria, China wants sta-

¹⁵ Col. (ret.) Dr. Jacques Neriah, "Egypt's Turn to Russia", Jerusalem Center for Public Affairs, October 30, 2013.

¹⁶ Mark Langfan, "Obama Fallout: Saudi Broker Port Said to Putin's Navy", *Arutz Sheva* November 9, 2013; "Russia eyes Egypt's ports in bid to boost military presence", *The Times of Israel*, October 27, 2013; Ephraim Kam, Zvi Magen, "The New contacts between Egypt and Russia: How Far Will They Go?" *Canada Free Press*, February 27, 2014.

¹⁷ "Russia, China launch war games in the Mediterranean", *The Hindu*, January 26, 2014; "Russia, China begin joint naval drills in Mediterranean", *The BRICS Post*, January 25, 2014.



bility in Iraq and don't want Islamist regimes affiliated with al Qaeda to support Chinese jihadists to attack Chinese interests overseas or its homeland whether in Xinjiang or Beijing.

Implications: So here I see U.S. influence declining, whereas China and Iran influence will increase, and probably Turkey too since it's a neighbor and is interested in importing energy from KRG.

Iran: As regards Iran, U.S. doesn't have much influence over Iran despite the recent *rapprochement*. China retains influence over Iran especially within the Shanghai Cooperation Organization (SCO) auspices, in which they are cooperating on multiple fronts across Eurasia such as pipeline through Afghanistan, and railway connecting China to Iran, Iraq and onto Syria and Turkey, trade linkages, etc.

IV. Conclusion

So to sum up, in face of waning U.S. influence and rising Chinese influence in the Middle East, countries such as Iran, Iraq and Syria will edge closer with China, and Turkey will increasingly draw closer but still straddle both east and west, between NATO and SCO.

Saudi Arabia and Israel will keep comfortable distances with China, and Egypt will over the long-term draw closer to Russia and China, unless U.S. reverses its policy at this critical juncture and release military aid. So Egypt may be a wild card here, I'm not sure which way it'll go.

I'll stop here. Thank you.

Remarks: Opinions expressed in this contribution are those of the author.

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