

China's Incentives and Goals for Growing Presence in the Middle East: From Economics to Geopolitics

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Abstract

China as a rising power in Asia wants to expand influence globally and so regionally. Different regions are the objectives that Chinese placing in their agendas. On this basis, China has spread its ties to the Middle East in ways that includes the different issue area which it goes beyond economics specially oil. For the knowing what China's next global move might be, it should be watch the Middle East. The basic building block of Chinese policy remains the development and expansion of economic and trade links. There is clear and long-standing evidence of an expanding Chinese economic presence throughout the region -from the massive energy markets of Saudi Arabia and the infrastructure developments in Iran to the domination of trade with Lebanon. Despite China's great need to import a lot of oil from the Middle East, the latter is not generally seen as a major and familiar territory as other regions for China's growing global presence and influence. That China has spread its ties to the Middle East beyond oil reinforces two important issues. One is that China's global rise and power must be understood regionally and locally. The other is to see China's distinctive footprints in the Middle East in comparison to other regions and countries.

Key Words: China, Middle East, Oil, Economics, Iran

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Introduction

China is no longer willing to sit on the sidelines and watch the region descend into chaos. China has for several months harbored a suspicion that the United States, entering an election year while drowning in domestic oil and gas supply, is not as interested in the Middle East as it has been for the past half century. (At any rate, Washington's relations with Riyadh and Tehran are too thorny to enable it to be an honest broker.) More importantly, Russia has laid down the flag of Middle East neutrality that it carried for most of the post-Soviet era. Moscow once enjoyed equally good relations with Tehran and Riyadh. But in plunging into the civil war in Syria, Russia — despite the fact that most of its Muslim population is Sunni — entangled itself with the Shiite camp, and can no longer be trusted by the Sunnis. With the United States and Russia no longer able to hold the balance between Iran and Saudi Arabia, China, which has solid relations with both, is increasingly tempted to fill the vacuum.

There are several reasons why the Sunni-Shiite divide is of particular concern to China. As home to a large portion of the world's conventional oil reserves, the Persian Gulf region is critically important to the China's resource-intensive economy. While the world is currently enjoying extraordinarily low energy prices, this could easily change should the rivalry between Sunnis and Shiites continue to escalate. Shiites may be a minority in the Muslim world as a whole, but in the oil-rich Persian Gulf they comprise a majority. If Iran and Saudi Arabia and its Sunni allies become embroiled in a regional war involving physical damage to oil infrastructure, crude prices would go through the ceiling, to the detriment of the global economy. With half of China's crude imports coming from the Persian Gulf, such a crisis would likely hurt China more than any other major economy.

China's desire to cultivate a Middle East without sectarian instability also traces to the hallmark of its foreign policy in the 21st century: the One Belt One Road initiative. This effort to connect the landmass and surrounding waterways stretching from China to the heart of Europe in a network of trade and transportation corridors is crucial to China's efforts to stimulate Asian economic growth and create new markets for Chinese goods and services. The Belt and Road initiative is the most ambitious economic development project in human history, to which Beijing has

already committed hundreds of billions of dollars. It offers a major mechanism for China to reboot its economy, currently afflicted by slowing growth. Finally, it positions the western Chinese region of Xinjiang as a future gateway to both Central and South Asia. But a restive Middle East stands in the way of all that. Beijing's concern that the Uighurs that have joined the ranks of the Islamic State, which it says numbers in the hundreds, might one day return to cause havoc in western China, disrupting the Belt and Road initiative.

The expansion of economic ties has created an imperative for increased diplomatic engagement to protect and expand these relationships. Therefore, despite China's great need to import a lot of oil from the Middle East, the latter is not generally seen as a major and familiar territory as other regions for China's growing global presence and influence. That China has spread its ties to the Middle East beyond oil reinforces two important issues. One is that China's global rise and power must be understood regionally and locally. The other is to see China's distinctive footprints in the Middle East in comparison to other regions and countries.

1- Theoretical framework: a systemic explanation

Pioneering scholarship on the PRC's policies toward the Middle East emphasizes the underlying dynamics of security and power that generate strategic rivalry between China and its primary adversaries, the Soviet Union/Russia and the United States. Malcolm Kerr, for example, observes that "where[as] the Soviets have developed an increasingly cautious, even conservative, sense of their own vested interests as a great power in the international arena, the Chinese remain strongly committed to revolution and struggle for national liberation around the world" (Kerr, 1966: 453). Despite concerted efforts on Beijing's part to build bridges to revolutionary leaderships in Cairo, Damascus and Baghdad during the mid-1950s, however, "neither China's anti-imperialist militancy nor her domestic revolutionary example have [sic] exerted strong attractions in Egypt or elsewhere in the eastern Arab world" (Kerr, 1966: 454).

Sino-Soviet antagonism continued to propel Chinese policy throughout the 1970s and 1980s. Jiang Chen argues that Beijing's initial foray into the region reflected the PRC's overriding interest in parrying Soviet initiatives. "From a global perspective," Chen claims, "China's overall goal to contain the Soviet southward movement, protect against Moscow's further expansion, and crush Soviet attempts to encircle China,

did not change," even after Deng Xiaoping took over as premier in 1978. China's interest in "containing the Soviet Union" led it to support the Carter Doctrine and cooperate with Washington to back anti-Soviet fighters in Afghanistan, as well as to cultivate ties to Saudi Arabia (Al-Tamimi, 2014: 63).

Calabrese argues, for instance, that the PRC's entry into Middle Eastern affairs can best be explained by the exigencies of the Cold War. More precisely, he claims that it was "the presence and activities of the superpowers [that] have supplied not only incentives and opportunities for China to act, but have also imposed constraints and costs on China's acting" in this part of the world. Other factors may have played a role in shaping PRC policy over the years, most notably the "perceptions of Chinese leaders" at any given time. But perceptual factors are assumed to operate in such a way as to "define China's interests, obligations and aspirations" in Middle Eastern affairs (Calabrese, 1991: 3). There is no hint that Chinese leaders' perceptions might at times diverge from objective strategic realities.

Calabrese points out that, whenever Washington and Moscow inch closer to one another, Beijing responds by adopting policies toward the Middle East designed simultaneously to block Moscow's initiatives and undercut Washington's inherent advantages in regional affairs. Such calculations led the Chinese government to pursue closer ties to Iran during the 1970s, when the United States and Soviet Union found themselves engaged in active *détente* (Calabrese, 1991: 3). On the other hand, whenever Washington and Moscow have a falling out, the PRC gravitates toward closer collaboration with the United States. After Soviet forces moved into Afghanistan in December 1979, for example, "Chinese support for the mujaheddin not only improved China's reputation in Washington, it also contributed immeasurably to China's image in West Asia."¹⁶ Beijing's relations with Washington's primary regional ally, Iran, strengthened at this time as well (Calabrese, 2006: 4).

These strategic dynamics operate somewhat differently in the years following the collapse of the Soviet Union. Since 1991, Beijing has expressed deep concern over the emergence of American "hegemonism" in the Middle East, and has signaled repeatedly that it intends to take steps to counteract U.S. dominance in the Persian Gulf. Such considerations set the stage for increased cooperation between the PRC

and Iran in the wake of the 1978-79 revolution, a partnership that blossomed during the mid-1990s (Calabrese, 1992-3: 474).

A somewhat different kind of systemic argument explains the PRC's burgeoning relations with the Persian Gulf states in terms of shifts in global power that have enhanced China's position relative to its primary rivals. Shichor, for instance, explains China's increasingly active involvement in the Middle East during the early 1980s in terms of the rising military and economic potential of the PRC vis-à-vis those of the United States and the Soviet Union. Unprecedented levels of U.S. military intervention in 1990-91 prompted the PRC to adopt a posture toward the Persian Gulf that clearly distinguishes Beijing's approach to regional affairs from that of Washington. Specifically, "China has embarked on a charm offensive, using a 'soft power' approach in its efforts to engage with and gain political influence" among the Persian Gulf states. Relying on non-military power not only underscores the fundamental contrast between the PRC and the United States, but also gives China a competitive advantage in economic affairs, since "it focuses on no-strings aid to and investment in countries that it does business with and does not demand the 'good governance and human rights' associated with Western assistance" (Kemp: 2010: 65).

Alternatively, it has been argued that systemic dynamics give China an incentive to accommodate, rather than confront, its rivals in the Persian Gulf. Wen-Sheng Chen attributes Beijing's adamant refusal to veto successive UN Security Council resolutions that condemn Iran's nuclear research program to the fact that "the Chinese leadership wants to avoid undermining the Sino-U.S. relationship [merely] for the sake of its energy and strategic interests in Iran" (Chen, 2009: 51).

Incentives to accommodate U.S. interests in the Persian Gulf have grown more pronounced as unencumbered access to the American market has become vital for the continued expansion of the Chinese economy. Steve Yetiv and Chunlong Lu point out that "China's economic growth depends on American support in international institutions and especially on the U.S. market, technology, and investment, and Beijing is acutely aware of this reality. The United States is far more important to China than is Iran," they continue, "because China can achieve economic growth without Iran's oil, but not without American support" (Yetiv, 2007: 214).

Systemic factors rooted in the Middle East itself have at times been adduced as explanations for Chinese policy. Calabrese argues that the decision by the Organization of Arab Petroleum Exporting Countries (OAPEC) to exercise the "oil weapon" in the aftermath of the October 1973 war reinvigorated the PRC's relations with the region. Global security trends blend seamlessly into the Chinese economy's growing thirst for hydrocarbons in most studies of PRC policy toward the Persian Gulf (See: Alterman, 2008).

All observers agree that by the start of the twenty-first century, the PRC's skyrocketing demand for imported hydrocarbons led it to pursue closer relations with oil-exporting countries *tout court* (Parker, 2000). In order to avoid becoming inordinately dependent on one or two major suppliers, the State Council in November 2003 adopted the so-called "leapfrog strategy," which ordered China's state-owned energy companies to diversify imports among a wide range of external sources. Economic relations with Iran and Saudi Arabia almost immediately soared (Chen, 2012), and sales of military and dual-use equipment to the Islamic Republic quickly followed suit (Chen, 1999). Closer cooperation with Tehran not only enables China to diversify its oil supply but also entails the possibility of easier access to the hydrocarbons-producing territories that ring the Caspian Sea. Furthermore, constructing oil and gas pipelines directly from western China to Iran, or to the nearby Pakistani port of Gwadar, makes it possible for Beijing to circumvent the so-called "Malacca Predicament," which leaves the PRC vulnerable to interruptions in shipping through the narrow sea lanes between Malaysia and Indonesia (Dawns, 2006: 14).

In an intriguing variant of the systemic explanation for China's Middle Eastern policy, Shichor asserts that there is an inherent contradiction between "Beijing's increased economic activism in the Middle East" and "its political role in the region." Despite the commonly held view that "accelerated economic growth" has made it "stronger, bolder, and [more] potent" in regional diplomatic and strategic affairs, the country's explosive economic growth "has [instead] made Beijing politically weaker, feebler, and impotent" (Shichor, 2006: 41). This is because the PRC is now pushing "for the maintenance of stability almost at all costs and for a policy of avoiding conflict and disorder." In addition, China's emergence as a conventional great power "subordinates the Chinese to a variety of norms, regulations and rules that limit their

room to maneuver." Consequently, today's China has ended up becoming, at worst, "Japanized,' economically strong but politically weak," and, at best, overly cautious in its dealings with this corner of the world.

2- China in the Middle East

2-1- China's Role in the Middle East

China's diplomatic principle of non-intervention guided its decision to veto the UN Security Council resolution on Syria. As the United States continues to distance and disentangle itself from the Middle East, China may find it necessary to step in to play a more robust role to ensure regional security and to protect its own energy interests.

- **Chinese Versus U.S. Interests:** the United States had several interests in the Persian Gulf including, but not limited to, oil and gas. However, he added, China was even more dependent on the Middle Eastern energy than the United States. As a result, China should be more invested in the region's stability. China can no longer avoid responsibility—especially the financial burden—of helping to promote regional stability (Schenker, 2013).
- **Limits of Chinese Diplomacy:** Chinese scholars have argued that China is not capable of providing security in the Persian Gulf and would not be able to fill a potential gap in the unlikely event that the United States abandoned its commitments and withdrew in favor of a financial "pivot to Asia."
- **China's Investments in the Region:** China, however, should be more politically invested in the region. To date, China has provided troops to the United Nations Interim Force in Lebanon (UNIFIL) and has deployed a few anti-piracy ships off the coast of Somalia. This contribution has been minimal, China should do more. Chinese scholars told that with 30-40 percent of the Chinese population still living on less than two dollars a day, this type of foreign assistance was not appealing. Furthermore there was no reason to do change Beijing's approach so long as the United States was willing to continue footing the bill (Schenker, 2013).

2-2- China's Interests in the Middle East

China is becoming heavily invested in the Middle East, primarily because of its energy-intensive growth model and rapid expansion in its transport sector. However, China's foreign policy agenda may not be ready to handle the complicated arena of Middle Eastern politics.

- **China's Relationship with Islamic countries:** At the glance, China's foreign policy principles may be incompatible with the heavy role of religion in the Middle East and North Africa. Some of the scholars believe that China's foreign policy is purely pragmatic, and that Beijing could find a modus vivendi with Islamist states in the Middle East. However, there have already been some problems with Turkey, which some years back accused Beijing of targeting China's local Muslim population for a "massacre." Regional concerns about the treatment of Muslims in secular China could pose a future problem in bilateral relations. Another point of mistrust could be China's lack of enthusiasm for aid. China's main form of aid and foreign assistance has been resource extraction, which will not be popular going forward(Schenker, 2013).
- **China's Reaction to regional crises (Libya):** In the wake of the Libyan conflict, analysts described how China withdrew 35,000 Chinese nationals from the country through airlifts and sea withdrawals. China has realized that it may not be compensated for the trade disruptions and lost business. This costly evacuation procedure, has forced Chinese business leaders and policymakers to start considering the political risk of doing business in other conflict-prone areas like Algeria or Nigeria, and to start thinking about how to mitigate these risks (Schenker, 2013).
- **China's Role in Proliferation regime:** China has replaced the United Kingdom as one of the top five arms exporters in the world. Lately, there had been glowing reports about how effective Chinese weapons have been for the Syrian crisis. These reports, and the growth in Chinese arms exports overall, has not helped China's global image. In any event, Beijing's enduring political support for Syria's Assad government has resulted in growing influence of the state. Moreover, Still China is not the primary arms supplier for the Middle East.

2-3- Middle East in China's image

The globalization of China's own definition of national security has both a strategic and a security dimension in the region. More than half of China's peacekeeping complement is based in the Middle East - principally patrolling off the Somali coast as part of a UN-mandated anti-piracy campaign. China's growing role in such multilateral efforts is

increasingly being supplemented by sovereign expansion of China's military capacity - the most prominent example being the creation of the first Chinese military base outside China's borders - in tiny Djibouti, where the US and France also maintain military forces astride the critical maritime route from the Chinese mainland to its vital markets via Suez to the Mediterranean.

The international footprint of takfiri terror - both as a political and a domestic security issue, is symbolized by the ongoing detention of a Chinese national by radicalists in Syria as well as by the presence of Uighur radicals fighting in Syria and Iraq under the ISIL flag. ISIL threats to Suez from Sinai are also viewed in Beijing as a threat to the safety of its trading routes and partners, forcing the subject on to the Chinese policy agenda as a critical element in discussions with Cairo and Riyadh, but also more broadly throughout the region - in Syria and Turkey.

China enjoys a standing in the region that none of the stronger and more veteran powers contesting for regional influence has managed. China's relations with the Arab world are "ideal", in the view of Arab League secretary-general Nabil al-Araby. "China is the only major state in the world that always supports Arab rights and causes because they are rightful. China does not side with any party over another and it always seeks the common good" (Aronson, 2016).

China's emphasis on a classic conservative support for state sovereignty, noninterference in domestic affairs and a "no enemies" policy offer a stark contrast to the interventionist policies of the West in the past century. This policy reflects China's own parochial interests as well as a formula that enables Beijing to enhance its economic and political power broadly, even in such polarised regions as the Middle East. "Regarding some of the region's problems, China has always taken a balanced and just position," explained Chinese Vice Foreign Minister Zhang Ming when asked about tensions between Riyadh and Tehran (Aronson, 2016).

"If the Middle East is not stable, I'm afraid the world can't be very peaceful. If a country or a region is not stable, it cannot realise development. China firmly supports regional countries individually

exploring a development path that suits their national conditions" (Aronson, 2016).

The principles underlying this balancing act, which has produced dividends on both the economic and diplomatic front, appear in the first official policy paper on the Middle East released by Beijing days before Xi's arrival in Riyadh.

"China's Arab Policy Paper" - the first of its kind for the region - offers a broad historical, strategic and economic rationale for aggressive Chinese engagement across a broad range of "shared interests", based upon "a new type of international relations featuring win-win co-operation". "[Arab countries and China] share a broad consensus on safeguarding state sovereignty and territorial integrity, defending national dignity, seeking political resolution to hotspot issues, and promoting peace and stability in the Middle East," the report notes (Aronson, 2016).

Such a benevolent view of the effect of China's reappearance on the international stage understates the degree to which Beijing's growing presence in the region signals a challenge to the system shaped and dominated by the United States over three quarters of a century.

Until now, Washington has viewed China's premier trading position and its large-scale infrastructure and development projects from Suez to Tehran with equanimity. But there are signs in Washington of a less charitable view of "China's rise" - from unease about the creation of a military base in Djibouti to concern about the prospect of China's participation alongside the Russian-led military campaign for Assad.

3- The China-Middle East ties

Oil is where we start. Relative to other aspects of the China-Middle East relationship, oil is more critical. This is also true of China's strong efforts to engage with regions such as Central Asia to buy enough oil at reasonable prices. Fuelled by its sustained rapid economic growth over the past three decades, China has become the world's largest energy consumer in less than 20 years and accounts for almost 20% of the world's total energy consumption today. Its booming economy requires China to import more than half of the oil it needs. China's crude oil imports rose from 4.8 million barrels per day (bbl/d or pbd) in 2010 to 5.1 million bbl/d in 2011, and to 6 million bbl/d in May 2012. Looking forward, China's energy demand is expected to expand 75% by 2040 and double the consumption of United States. According to the US Energy

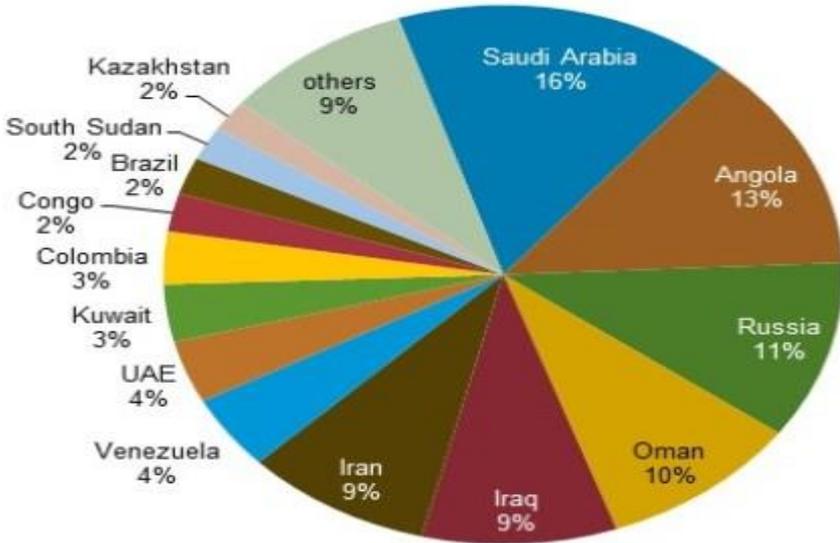
Information Administration (EIA), China may import about 75% of the crude oil it will consume by 2035 (Fazilov, 2013: 38-43).

3-1- The oil factor

Despite China's attempt to look for alternative energy sources in different parts of the world such as Central Asia, its dependence on Middle Eastern oil has risen over time. The Middle East is currently the largest exporter of crude oil to China (see Figure 2). The share of oil imported by China from the Middle East was 48% in 1990, 49% in 2005, and 51% in 2011. It is expected that China's crude oil imports from the Middle East will reach 70% by 2020 and continue to grow until 2035, according to the International Energy Agency. Saudi Arabia is China's largest energy supplier with about one million barrels per day, accounting for 20% of China's crude oil imports. Not far behind Angola is another important Middle Eastern country, Iran, which contributes to about 10% of China's overall oil imports. However, it is worth pointing out that given China's somewhat reluctant support for UN sanctions against Iran (more on this later), its oil exports to China declined by 74% from 2009 to 2010, down from a peak of 16% of China's oil imports in 2009, when Iran was the second largest external source of oil for China (Pember-Finn, 2011).

Statistical analysis depicts the volume of crude oil imported into China in 2014, by source country. That year, some nine percent of China's oil imports came from Iran. In 2011, China was the main target country for Iranian oil exports.

China's crude oil imports by source, 2014



Sources: FACTS Global Energy, Global Trade Information Services, Inc.

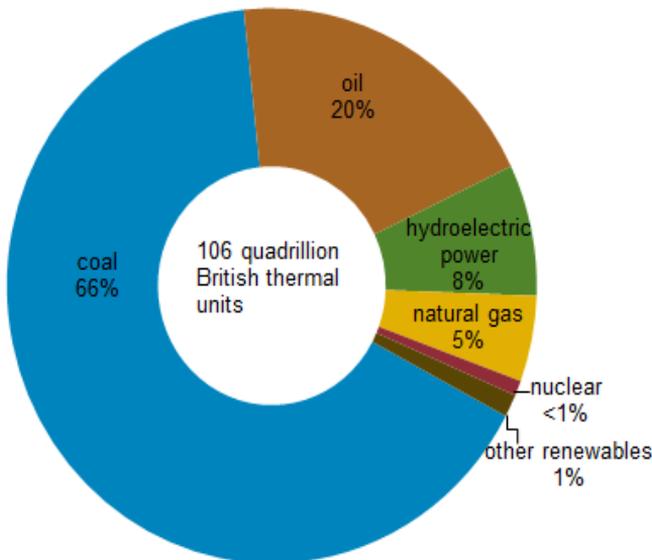
While China's heavy dependence on Middle Eastern oil is an established fact, less is known about China's early efforts to establish broad energy ties with the Middle East. Back in 1983, before the Chinese economy really took off, the overseas construction arm of China National Petroleum Corporation (CNPC) moved into the Kuwaiti market and later won an oil storage reconstruction project in 1995. Beijing also signed the Strategic Oil Cooperation agreement with Saudi Arabia in 1999, which laid the foundation for Saudi Arabia to become and remain China's largest oil supplier. In exchange for stable crude supply, China has courted Saudi investment for expanding its refining capacity. One example is China Petroleum and Chemical Corporation's (SINOPEC) meeting with Saudi Aramco to discuss a stake in a \$1.2 – billion refinery in the Chinese city of Qingdao. The two sides further joined hands in a \$3.5 – billion venture in Fujian province that included greater refinery capacity (Sageer, 2011).

China has maintained a friendly relationship with both Saudi Arabia and Iran. A number of top Chinese leaders including Hu Jintao and the current president Xi Jinping have visited Saudi Arabia. And China has been dragging its feet on the UN sanctions against Iran. These diplomatic

postures towards the Middle East conform to China's pragmatic economic policies and interests in other energy- and commodity-rich regions.

As a result of high coal consumption, China is also the world's leading energy related CO₂ emitter, releasing 8,106 million metric tons of CO₂ in 2012. China's government plans to reduce carbon intensity (carbon emissions per unit of GDP) by 17% between 2010 and 2015 and energy intensity (energy use per unit of GDP) by 16% during the same period, according to the country's 12th Five Year Plan (2015). China also intends to reduce its overall CO₂ emissions by at least 40% between 2005 and 2020. The current climate change plan released at the end of 2014 reinforced China's commitment to reduce carbon emissions mainly in the energy-intensive industries and in construction by 2020. ⁷ Recently, China projected that its carbon emissions would rise by more than one - third from current levels and peak in 2030. ⁸ These goals assume that China can reduce its reliance on coal and become a more energy efficient economy in the long run (Sageer, 2011)..

Total primary energy consumption in China by fuel type, 2012



Note: Total may not equal 100% due to independent rounding. Includes only commercial fuel sources and does not account for biomass used outside of power generation.
Source: U.S. Energy Information Administration.

3-2- Oil and beyond it

If the story about the China-Middle East nexus begins and ends with the familiar story of oil dependence, it is less interesting for illustrating China's global economic influence. As with other regions, China has rapidly expanded its economic ties with the Middle East through trade. From 2005 to 2009, China's total trade volume with the Middle East rose 87%, to \$100 billion and reached approximately \$222 billion in 2012, according to China's official statistics. This surge pushed China to surpass the United States as the top destination for the Middle East's exports in 2010. China's exports to the Middle East are primarily low-cost household goods that benefit the average Middle East consumer. An example is growing numbers of Egyptians being able to afford inexpensive Chinese cars. Also, residents in the Gaza Strip suffering from the Israeli blockade depend on cheap Chinese goods in their daily lives (Chen, 2011).

China's investment in the Middle East has picked up speed and grown tenfold, from \$1 billion in 2005 to \$11 billion in 2009. According to a tracker map of China's global investment, its cumulative investment in Iran from 2005 to 2012 was estimated to be \$18.6 billion, including \$13.9 billion in the energy sector, 2.1 billion in transportation, and 2.8 billion in metals (<http://www.heritage.org/>). China invested around \$13.6 billion in Saudi Arabia, with \$5.2 billion in metals, \$3.3 billion in energy, \$2.2 billion in real estate, and the rest in transportation and other sectors. In Turkey, \$4.3 billion of China's \$6.4 billion investment went into the energy sector. China became the largest foreign investor in both Iraq and Iran. As many African countries have done, Middle Eastern governments have brought Chinese contractors in to work on major infrastructure projects. Egypt has also partnered with China to develop its Suez special economic zone, a development strategy that China had used itself and promoted in Africa and the least developed parts of Southeast Asia like Laos (Chen, 2013: 7-11). Despite China's more varied investments in the Middle East, it remains concentrated in the energy sector. This further establishes China's significant dependence on the Middle East for energy resources, namely oil (Varij Lazemi, 2014).

Of China's expanding economic presence in the Middle East, a lot is anchored to and funneled through Dubai due to its strategic crossroad location between Europe and Asia as well as its role as a global financial,

trade, and logistics centre. Total China-UAE trade is expected to rise from \$21 billion in 2009 to over \$40 billion in 2013, and to nearly \$100 billion by 2015. According to Dubai International Finance Centre (DIFC), around 2,300 Chinese companies had registered in Dubai by December 2011. Major Chinese banks have branches in Dubai, including the biggest in the Industrial and Commercial Bank of China (ICBC). Approximately 200,000 Chinese, primarily business expatriates, live in Dubai. About 70% of Chinese exports to the UAE are re-exported from Dubai to nearby destinations like Iran and Saudi Arabia. The Jebel Ali Free Zone (Jafza) in Dubai hosts more than 170 major Chinese companies. Jafza-China trade stood at \$11 billion in 2012, roughly 14% of the zone's total trade of \$82 billion (Khaleej Times, 2013). Dubai is also building a Chinatown, an 800-hectare project near Dubai International Airport costing \$47 million. It includes a business district shaped like a dragon, a great wall, and a forbidden city. Once completed, the development is expected to accommodate 60,000 people and will claim to be the world's largest Chinatown (Aronson, 2016).

Once we factor in the non-oil related Chinese economic activities, China's regional footprint becomes deeply visible and of significant importance. It also looks remarkably similar to the large and layered scope of China's economic influence in other regions where China has moved beyond energy and commodities into other sectors such as urban and transport infrastructure (Chen, 2013: 89-93). It is in the Middle East, however, that China's growing role is tangled up with some country-specific geopolitical threads that are normally absent elsewhere.

4- The connect with Iran

While Saudi Arabia is critical to China as the latter's largest oil supplier from the Middle East, much of China's existed and expanding role in the region is linked to Iran and its larger geopolitical importance. China-Iran trade rose from \$400 million in 1994 to \$11 billion in 2008 and finally to \$50 billion in 2012. Fifty percent of Iran's total trade is now with China, Iran's third largest trading partner. Since the early 1990s, China has been helping Iran build and rebuild infrastructure projects such as highways, subways, factories, dams, ports, airports, shipyards, and energy projects, some of which were severely damaged during the Iran-Iraq war. One of the few countries to have violated the US-led sanctions against Iran, China opposed tougher sanctions pushed by the United States to curtail Iran's oil exports before the recently

concluded nuclear deal in Geneva to ease overall sanctions. China's reason for opposing the sanctions was that "the sanctions will hurt the interests of a third party", which refers to none other than China itself. Beginning in 2014, China is looking to raise crude oil imports from Iran which could cause more tension with the United States. In addition, China's state-owned Zhuhai Zhenrong Corp, which was sanctioned by Washington in early 2012 to supply gasoline to Iran, has begun talks with the National Iranian Oil Company (NIOC) for a new contract (<http://www.eurasiareview.com>).

While economically invaluable to China, Iran poses a political and diplomatic dilemma to China. Iran is one of very few countries in the world that supplies plenty of oil to China and offers lucrative opportunities for China to undertake infrastructure projects. These economic benefits weigh heavily in China's strenuous effort to balance them against doing the diplomatic "right thing" when it comes to sanctioning Iran or not. The "middle of the road" approach taken by China thus far is to officially advocate diplomacy and negotiation as a solution on one hand, and go along with the UN sanctions on the other. In navigating this "happy medium", China continues to stay close to Iran for its oil and other business opportunities.

One added benefit for China in dealing with Iran is to exploit its favourable geographic location. Bordering the Caspian Sea and the Persian Gulf, Iran can serve as an inevitable geographic bridge to China's efforts to secure energy resources in Central Asia and the Middle East, a critical locational influence Robert Kaplan calls "the Iranian pivot".¹² China imports a lot of energy, both oil and gas, from the Caspian Sea to reduce its dependence on oil from the Persian Gulf nations. An active participant in the Caspian Sea oil and gas projects, China has brought and channeled energy through the long pipelines that fan out east from the Caspian Sea and snake through Turkmenistan, Uzbekistan, and Kazakhstan into Xinjiang and the rest of China (Fazilov, 2013). China's ambition to secure more Central Asian oil has been facilitated by the Neka pipeline in northern Iran, constructed by a consortium of Chinese oil companies including both CNPC and SINOPEC in 2003.

Conclusion

Middle East is a region that in different dimensions has strategic importance for China. Although Iran is close to the heart of China's

presence in the Middle East, economically and geopolitically, but the entire Middle East is talent for fast becoming a region in which China's shadow of activity and influence looms larger. The influence can carry out the implications beyond the China-Middle East bilateral relationship. Firstly, despite the significant view that China only is seeking its energy interests in Middle East and therefore it expanding its presence in this region, but it is reality that China has extended its economic interests far and wide in the Middle East beyond its heavy purchase of oil. China has obtained substantial growth in trading with and building infrastructure in many Middle Eastern countries. In the midst of all this economic gain, China has maintained a pragmatic, non-interventionist stance regarding the big issues. Besides the Iran nuclear issue, China has stayed more or less neutral in the Palestinian-Israeli conflict and managed to earn a constructive role in the eyes of both Palestinian and Israeli leaders. Regarding the crisis in Syria, China has adopted a moderate position and advocated for a political solution supplemented by its humanitarian efforts to help build hospitals for Syrian refugees in Jordan.

There is a distinctive religious dimension in China's Policy on the Middle East as part of China's economic, political, and cultural ties with the Middle East. In fact, Islam offers an further channel for interactions between China and the Middle East. The issue is related to a significant Muslim population that living in China territory and is committed to the rituals of Islam. China has begun sending a number of its Muslim students to the Middle East to serve religious communities and activities as well as to acquire Arabic language skills.

Moreover, China to its connects with Europe and Africa, needs the Middle East, because it is the necessary geographic bridge in China's official scheme to enact a "New Silk Road" from its northwest through Central Asia. Finally, the Middle East is a prominent region to watch to gain a sense of China's next moves globally it which can define and understand in framework of Beijing's grand policy.

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