China the ‘Next U.S.” in the Middle East?\(^1\)

By Stig Stenslie and Wang Luyao

China will be considerably more dependent on oil imports in the coming years because growth in consumption far exceeds the production. The number of cars and commercial ground transportation is exploding, reflecting the shift to a consumer driven economy and rapid urbanization. According to Harold York, principal oil markets analyst of Woods Mackenzie: “By 2020, China will be second only to the U.S. for the total fleet of personal auto vehicles in use.

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\(^1\) Thanks to Ida Nicolaisen Almestad, Robert Richard Bianchi, Huang Jing, Amber Khan, Otto Malmgren, Andrew J. Nathan, Tim Niblock, Øystein Noreng, David Shambaugh, Christina M. Smikop, Bo Zhiyue, and Zheng Yongnian for thoughtful comments and suggestions. They can, however, not be blamed for remaining
From 2005–2020, China will see the number of vehicles rise from 20 million to 160 million.”

Stable energy supply is essential to sustain China’s unprecedented economic growth, and, hence, the legitimacy of the Chinese Communist Party. As result of the growing energy demand, the country will inevitably be more reliant on the Middle East, the world’s largest net exporter of oil and the possessor of the world’s biggest proven oil reserves.

Meanwhile, the United States move in the opposite direction. The country is becoming less dependent on oil imports. Increasing domestic production means that the U.S. might go from being the world’s main oil importer to being self-sufficient in energy by 2030. Furthermore, Washington is signalling that it seeks to reduce dependence on the Middle East and adopt a lower profile in the troubled region. In his Acceptance Speech in August 2008, newly elected Barack Obama stated: “[F]or the sake of our economy, our security, and the future of our planet, I will set a clear goal as president: In 10 years, we will finally end our dependence on oil from the Middle East.” Later, in March 2012, during the race to become reelected president, Obama said that new energy sources and technologies would make America “less dependent on what’s going on in the Middle East”. This view is shared across political camps: The Romney campaign, the same year, argued that energy independence would mean that “the nation’s


security is no longer beholden to unstable but oil-rich regions halfway around the world.” The U.S. has for decades played the role of hegemon in the Middle East, besides securing sea lines of communication crucial for international oil trade.

The fact that the U.S. moves toward energy independence while China is becoming increasingly dependent on imports, could have significant geo-strategic consequences. On this backdrop, we ask whether China might be the “next U.S.” in the Middle East.

**Increasing Dependence on Middle Eastern Oil**

According to figures from the U.S. Energy Information Administration (EIA), China leapfrogged the U.S. to become the world’s largest net oil importer in September 2013. That month, the Chinese used 10.9 million barrels per day, while the Americans used 18.6 million. China’s production was 4.6 million barrels per day, while the U.S.’ was 12.5 million. Consequently, China imported 6.3 million barrels per day compared to the U.S.’ 6.24 million. Already in 2009, China exceeded the U.S. to become Saudi Arabia’s top oil customer. By the end of that year, the volume of crude oil that China imported from Saudi Arabia exceeded 1 million barrels per day, while the U.S. imported less than 1 million barrels per day for the first time in more than 20 years.7


In 2009, China produced 189 million tons of crude oil, while its net imports of crude oil was 199 million tons. This made China’s crude oil imports dependency reach 51.29 percent, exceeding the generally recognized warning line of 50 percent for the first time.\(^8\) Moreover, the import dependency is growing rapidly. Three years later, in 2012, China produced 207 million tons of crude oil, while its net oil imports was 284 million tons, which meant the country was 58 percent reliant on foreign supplies.\(^9\) The country is expected to be even more dependent on oil imports in the coming years. The International Energy Agency predicts that China’s dependence on foreign oil will increase to 60–70 percent of its total consumption in 2015, and, further, to as much as 75 percent in 2035.\(^{10}\) On the other hand, the U.S.’ oil import is expected to decline, basically due to the development of technology for extracting of oil from shale rock. The U.S. could overtake Saudi Arabia as the world’s largest oil producer in 2020, and even become self-sufficient in oil by 2030.\(^{11}\) As such, North America, according to estimates by the International Energy Agency (IEA), might become a net exporter of oil by 2030.\(^{12}\)

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\(^12\) Ibid.
While the U.S. is easing its reliance on oil imports, Beijing is facing the risks associated with growing import dependency. China is seeking to diversify its oil imports between different regions, with Russia, Africa, and Latin America becoming key oil suppliers to China in the decades to come. Nonetheless, China will have to rely on the Middle East because of the simple fact that the region is the world’s largest net exporter of oil in addition to having the world’s largest oil reserves. China is already the Middle East’s largest oil customer and the country imports more oil from the Middle East than any other region in the world. In 2011, 51 percent of China’s total oil imports came from this region. IEA has estimated that China’s oil imports from the Middle East will continue to rise, from 2.9 million barrels per day in 2011 to 6.7 million barrels in 2035.

![Figure 1: China’s oil import from various regions in 2011 (as % of total import)](image_url)

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Saudi Arabia has been the number one exporter of oil to China over the past decade. The country accounted for 20 percent of China’s total oil imports in 2011, amounting to nearly 1.1 million barrels per day. The kingdom has established itself as a reliable supplier to the Chinese market, through actual deliveries as well as promises that Saudi Arabia can provide sufficient oil in the years to come.

At the same time, China imports less and less oil from Iran. Having been China’s third largest oil supplier over the past decade, Iran was only the fourth largest in 2012. Chinese imports of Iranian oil fell from 555 000 barrels per day in 2011 to 439 000 in 2012, to 402 000 in the period January–April 2013. The drop is mainly due to sanctions implemented by the U.S. and the European Union against the Iranian regime in 2011 and 2012. The sanctions among others prevent import and export of Iranian oil, as well as investments in the Iranian oil industry.

Iraq also provides a significant source of oil for China, and has a potential to become even more important in the years to come. Iraq’s oil production has boomed in recent years, and in 2012, production reached its highest level since the 1980s—despite the deteriorating security situation and uncertainty over a new oil law and the legal conditions of doing business in Iraq in general. That year, Iraq exported 2.4 million barrels per day, of which 13 percent—312 000 barrels per day—were shipped to China. According to forecasts by the IEA, Iraq’s oil production has the potential to rise from the current level of approximately 3 million barrels per day to more than 8

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million barrels per day by 2035.\textsuperscript{19} Hence, Iraq alone will be able to cover almost half of the projected global oil demand in the coming decades. It is therefore highly likely that China will look to Iraq to meet its rapidly growing oil demands.

![China’s oil imports from the Middle East in 2011 (as % of total imports)](image)

\textit{Figure 2: China’s oil imports from the Middle East in 2011 (as % of total imports)}

\section*{Growing Investments in the Middle East}

According to the “2012 Statistical Bulletin of China’s Outward Foreign Direct Investment (FDI)”, the Middle East as a whole has witnessed a significant rise in inward FDI from China in the past decade, especially in the post-financial crisis era.\textsuperscript{20}

\begin{flushleft}
\textsuperscript{19} International Energy Agency, “Iraq Energy Outlook”, at
\end{flushleft}

\begin{flushleft}<http://www.iea.org/publications/freepublications/publication/weoiraqexcerptsummaryWEB-1.pdf> \[29\text{ Sep. 2013}].
\end{flushleft}
Table 1: China’s Outward FDI Stock in Middle East (as millions of dollars)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>46.68</td>
<td>110.59</td>
<td>94.27</td>
<td>715.16</td>
<td>2070.46</td>
</tr>
<tr>
<td>Algeria</td>
<td>34.49</td>
<td>247.37</td>
<td>508.82</td>
<td>937.26</td>
<td>1305.33</td>
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<tr>
<td>Saudi Arabia</td>
<td>2.09</td>
<td>272.84</td>
<td>620.68</td>
<td>760.56</td>
<td>1205.86</td>
</tr>
<tr>
<td>UAE</td>
<td>46.56</td>
<td>144.63</td>
<td>375.99</td>
<td>764.29</td>
<td>1336.78</td>
</tr>
<tr>
<td>Iraq</td>
<td>434.87</td>
<td>436.18</td>
<td>20.79</td>
<td>483.45</td>
<td>754.32</td>
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<td>Egypt</td>
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<td>100.43</td>
<td>131.35</td>
<td>336.72</td>
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<td>Turkey</td>
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<td>10.38</td>
<td>22.36</td>
<td>403.63</td>
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<td>Yemen</td>
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<td>140.54</td>
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<td>27.01</td>
<td>28.06</td>
<td>55.85</td>
<td>95.22</td>
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<td>28.57</td>
<td>81.58</td>
<td>32.19</td>
<td>65.19</td>
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<td>Kuwait</td>
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<td>6.31</td>
<td>2.96</td>
<td>50.87</td>
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<td>Oman</td>
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<td>33.87</td>
<td>14.22</td>
<td>21.11</td>
<td>33.35</td>
</tr>
<tr>
<td>Israel</td>
<td>0.32</td>
<td>8.65</td>
<td>9.87</td>
<td>21.87</td>
<td>38.46</td>
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<td>Jordan</td>
<td>5.92</td>
<td>11.06</td>
<td>10.32</td>
<td>12.63</td>
<td>22.54</td>
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<td>Syria</td>
<td>0.33</td>
<td>16.81</td>
<td>4.38</td>
<td>16.61</td>
<td>14.46</td>
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<td>Tunisia</td>
<td>1.28</td>
<td>3.91</td>
<td>3.57</td>
<td>2.53</td>
<td>5.69</td>
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<td>Bahrain</td>
<td>0.15</td>
<td>0.27</td>
<td>0.87</td>
<td>0.67</td>
<td>6.8</td>
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<td>Lebanon</td>
<td>0.02</td>
<td>0.44</td>
<td>0.44</td>
<td>2.01</td>
<td>3.01</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>636.07</td>
<td>1531.56</td>
<td>2120.86</td>
<td>4879.12</td>
<td>8443.97</td>
</tr>
</tbody>
</table>

China’s outward FDI in the Middle East has surged from $636.07 million in 2004 to $8443.97 million in 2012. Iran, Algeria, Saudi Arabia, the United Arab Emirates (UAE), and Iraq are the top five destinations for Chinese investments.

Most of the Chinese investments in the Middle East are driven by large State-owned enterprises (SOEs). Under China’s “Going Out” policy – which is a slogan adapted by Beijing for encouraging investment and acquisitions abroad, particularly by big state-owned industrial groups – Chinese SOEs have two major missions: one aim is to grow to be internationally competitive enterprises, the other is to secure China’s domestic demand of resources. The large SOEs invest in projects in resource-rich countries, and then transport oil and gas back to China.

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As an example, PetroChina declared in May 2010 that 400 billion RMB (about 66 billion in USD) would be used for overseas investments in order to achieve an annual output of 200 million tons of oil and gas in the future.\(^{21}\) During its working conference of 2013, PetroChina proposed a new target: to be a truly international energy company in 2015, with an overseas oil and gas production that contribute to as much as 60 percent of China’s total production.\(^{22}\)

According to data released by the Heritage Foundation, Chinese companies have in recent years made several mega-investments worth more than $10 billion in Egypt, Saudi Arabia, Iran, Yemen, Iraq, and Qatar.\(^{23}\) Most of the investments are in the metal and energy sectors, targeting aluminium, oil, and gas. Therefore, the region’s major oil and gas producing countries, including Saudi Arabia, Iran, Iraq, Qatar, and Yemen, are main destinations for China’s outward FDI in the Middle East. Additionally, Egypt is China’s third largest export market in Africa, and China aims to develop Egypt as an export base in the Middle East. Therefore, despite the complex domestic situation, Chinese enterprises have sufficient motivation to facilitate trade through diverse investments. The growth rate of China’s FDI to Egypt has surpassed that of export in


recent years, according to Chen Lin, Commercial Counsellor at the Chinese Embassy in Egypt.\textsuperscript{24} Moreover, the Suez Canal and available low-cost labour are obvious advantages for investors. In addition to the Arab states, Israel has developed its agricultural, medical, and high-tech industries rapidly, and with leading technology and expertise, it has become an attractive destination for Chinese enterprises.

<table>
<thead>
<tr>
<th>Year</th>
<th>Investor</th>
<th>Value (million $)</th>
<th>Partner/Target</th>
<th>Sector</th>
<th>Subsector</th>
<th>Country</th>
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</thead>
<tbody>
<tr>
<td>2006</td>
<td>CITIC and Chinalco</td>
<td>$940</td>
<td>--</td>
<td>Metals</td>
<td>Aluminum</td>
<td>Egypt</td>
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<tr>
<td>2007</td>
<td>China Ocean Shipping</td>
<td>$150</td>
<td>--</td>
<td>Transport</td>
<td>Shipping</td>
<td>Egypt</td>
</tr>
<tr>
<td>2007</td>
<td>Chinalco</td>
<td>$1,200</td>
<td>Binladin, MMC</td>
<td>Metals</td>
<td>Aluminum</td>
<td>Saudi Arabia</td>
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<td>2007</td>
<td>Sinopec</td>
<td>$2,010</td>
<td>National Iranian Oil</td>
<td>Energy</td>
<td>Oil</td>
<td>Iran</td>
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<tr>
<td>2008</td>
<td>Sinochem</td>
<td>$470</td>
<td>Soco</td>
<td>Energy</td>
<td>Oil</td>
<td>Yemen</td>
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<td>2008</td>
<td>CNPC</td>
<td>$3,020</td>
<td>--</td>
<td>Energy</td>
<td>Oil</td>
<td>Iraq</td>
</tr>
<tr>
<td>2009</td>
<td>CNPC</td>
<td>$1,760</td>
<td>National Iranian Oil</td>
<td>Energy</td>
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<td>2009</td>
<td>Tianjin Development</td>
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<td>Real estate</td>
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<td>2009</td>
<td>CNOOC</td>
<td>$100</td>
<td>Qatar Petroleum</td>
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<td>2009</td>
<td>CNPC</td>
<td>$2,250</td>
<td>National Iranian Oil</td>
<td>Energy</td>
<td>Oil</td>
<td>Iran</td>
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<td>2009</td>
<td>CNPC</td>
<td>$240</td>
<td>State Oil</td>
<td>Energy</td>
<td>Oil</td>
<td>Iraq</td>
</tr>
</tbody>
</table>

Table 2: Chinese investments in the Middle East (above $10 billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Company</th>
<th>Amount</th>
<th>Sector</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Sinochem</td>
<td>$1,440</td>
<td>Makhteshim-Agan</td>
<td>Agriculture</td>
</tr>
<tr>
<td>2011</td>
<td>Sinopec</td>
<td>$3,300</td>
<td>SABC</td>
<td>Energy</td>
</tr>
<tr>
<td>2012</td>
<td>Jushi Group</td>
<td>$230</td>
<td>--</td>
<td>Other</td>
</tr>
<tr>
<td>2013</td>
<td>FosunPharma</td>
<td>$240</td>
<td>Alma Lasers</td>
<td>Medical</td>
</tr>
</tbody>
</table>

China considers Saudi Arabia as being its main energy partner in the Middle East. The relationship between the two countries is largely limited to oil exports to China and other trading, as Saudi Arabia, like other Gulf Cooperation Council (GCC) countries, pursues a restrictive policy on foreign investments in upstream activities. Moreover, Saudi Arabia’s national oil company, Saudi Aramco, enjoys both expertise and good finances—which limits the kingdom’s interest in cooperating with Chinese oil companies in the upstream sector.

In Iraq and Iran upstream projects initiated by Chinese oil companies constitute the largest investments in the Middle East. These activities include several contracts to develop major oil fields in both countries.

It is said that “trade follows the flag”. This is also the case with Chinese trade, which follows the “Stars and Stripes”. Chinese oil companies are among the largest beneficiaries in post-Saddam Iraqi oil industry.25 As Robert D. Kaplan sarcastically noted in The Wall Street Journal: “We

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have liberated Iraq so that Chinese firms can extract its oil.”

Iraq opened its oil fields to foreign companies in 2008, providing service contracts to foreign companies where the companies must pay a fee for the oil they extract. Chinese oil companies have won several contracts in collaboration with other international oil companies. These contracts are among China’s biggest upstream projects in the Middle East. The state-owned oil companies China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC), and Sinopec are among the largest foreign players in Iraqi oil production.

While Western companies have stopped their projects in Iran, Chinese companies still operate in the country. Companies that transfer money to the Central Bank of Iran run the risk of being cut off from the U.S. banking system, and as a result, it is increasingly difficult for the Iranians to get cash for their energy exports. China is in a position to overcome this problem. Instead of cash, China is trading Iranian oil with cheap consumer goods. This is the only way Iran can claim payment, providing China with substantial bargaining power. China has premium access to both the Islamic Republic’s energy sector and investment opportunities in its non-oil sectors, making China Iran’s top trading partner.

With Iran cut off from global markets due to sanctions, Beijing has been in a prime position to profit. Nonetheless, Chinese upstream activities in Iran suffer through lack of progress, and several projects have resulted in delays and contract terminations. This is due to the sanctions against the Iranian regime and Chinese unhappiness with business hardship in Iran.

China is also engaged in the oil sector in Libya through the presence of the China National Petroleum Corporation (CNPC) and Sinopec. Libya has long been a major exporter of oil to

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China, exporting 11 percent of its oil to China in 2011.\textsuperscript{28} There is still uncertainty associated with the oil sector because of the instability that characterizes post-Qadhafi Libya. Early in September 2013, production fell to 150,000 barrels per day and exports to 80,000 barrels per day; by comparison, this was only one-tenth of the production before the Arab uprising in 2011, when total production was 1.6 million barrels per day.\textsuperscript{29} There are so far few Chinese direct investments in Libya’s energy sector, but it is very likely that investments in Libya will eventually pick up, and that Chinese companies will be offensive during the next Libyan oil and gas licensing round that is scheduled for the first half of 2014.

The involvement of Chinese companies’ in war-torn countries such as Iraq and Libya shows their willingness to take significant risks and to consider potential long-term benefits of economic investment. This is in line with Beijing’s goal of securing energy supplies where diversification of oil imports is central. Further, Chinese companies are willing to accept contracts with lower earnings because they have lower operating costs than other international oil companies, and because investments are based on national interests—to meet China’s growing oil needs—rather than profit.

**Yet, No “Grand Scheme” for the Middle East**


\textsuperscript{29} Alarabiya, 4 Sep., 2013, at \textless http://english.alarabiya.net/en/business/energy/2013/09/04/Libya-oil-output-drops-to-150-000-bpd-exports-at-80-000-bpd.html\textgreater [3 Nov. 2013].
Despite rising energy dependence on the Middle East, Beijing still lacks an overall strategy for this part of the world. While the Chinese government has published so-called “white papers” that describe the country’s interests and priorities in most regions of the world, most observers agree that China lacks a 10–15 year perspective in its Middle East politics. Beijing handles Mideast issues on an ad-hoc manner, and has no “grand scheme” for the region. In the words of Robert Richard Bianchi, visiting research professor at the Middle East Institute of the National University of Singapore: “There is still no consensus in Beijing on overall Middle East policy.”[^30] Only when it comes to energy policy there are indications that the Chinese have a long-term perspective.

Nevertheless, it is possible to identify three tendencies in China’s approach to the Middle East: firstly, Beijing seeks to cultivate good relations with all countries in the Middle East, where Turkey, Israel, Pakistan, and Saudi Arabia are prioritized partners. According to Huang Jing, professor and director of the Centre on Asia and Globalisation in Singapore, China’s Mideast-policy is driven by “pragmatism”. Beijing has no formal alliances and can easily switch sides[^31], which gives the Chinese a degree of flexibility in the Middle East, in contrast to the far more cemented politics of the U.S. in the region. Beijing has a particular stance towards the Israel/Palestine issue, consisting of giving principled support to the Palestinians while at the same time developing a relationship of mutual interest with Israel. Policy in the troubled Gulf represents a delicate balance, doing business with arch-rivals such as Iran and Saudi Arabia. Bo Zhiyue, senior research fellow at the East Asian Institute of the National University of Singapore, notes that Chinese leaders generally keep a low profile. He draws attention to the fact


that party leaders, who have no formal role in foreign affairs, are more visible in the Middle East than their decision-making state counterparts, and, moreover, that Chinese leaders as a whole stay away from “sensitive” countries such as Iran, Israel, and Syria in their diplomatic visits.\textsuperscript{32} The Chinese government adheres to the principle of non-intervention in other states’ affairs, but take care to hide behind Russia when it comes to vetoing U.N. sanctions against countries like Iran and Syria.

Secondly, economic interests drive China’s policy in the Middle East, where the key is to ensure long-term stable supplies of energy raw materials. Chinese authorities are aware that dependency on sea lines of communication makes their energy supplies vulnerable, and are investing in land-based pipelines. The Chinese seek to cover most of their needs for raw materials through supplies from their own country and neighbouring countries. This does not necessarily include energy, but if a pipeline between Iran and China becomes a reality, China could export oil from Iran over land. In terms of raw materials and energy, China has, in other words a long-term policy. The Chinese leadership considers this as essential to safeguard the country’s economic development and political system, both of which belong to the country’s “core interests”.\textsuperscript{33}

Thirdly, China is about to establish a modest military presence in the Middle East. This is in accordance with signals from Beijing on greater willingness to use military resources to protect the country’s interests abroad. Since 2009, Chinese warships have participated in the international anti-piracy operation in the Gulf of Aden, and Chinese warships have been on fleet visit to the Mediterranean. In autumn 2010, the Chinese and the Turkish air forces conducted a

\textsuperscript{32} Bo Zhiyue, “China’s Middle East Policy: Strategic Concerns and Economic Interests”, \textit{Insights} (Spring 2012): pp. 18-20.

joint exercise, a bold move from China at a time when Turkey had a strained relationship with both Israel and the U.S.\(^{34}\) In 2011, China evacuated 35,860 Chinese citizens by air and sea from war-torn Libya, a clear demonstration of the ability of the Peoples’ Liberation Army (PLA) to secure Chinese citizens abroad.\(^{35}\) In July 2013, President Xi Jinping stated that to strengthen the country’s navy was a priority due to the increased strategic importance of sea lines of communication.\(^{36}\)

Despite the absence of a long-term strategy, there is no shortage of debate about China’s role in the Middle East. There are reasons to believe that the debates within the party leadership in Beijing reflects the public debates that take place among Chinese think tanks and foreign policy observers. Here, the Middle East is a hot topic. This must be seen in light of the Middle East’s importance to China, and how Chinese interests are challenged by the continuing instability that characterizes the region.

It is increasingly noticeable that the ongoing Middle East debate in China is more about the relationship with the U.S. than anything else. Two opposite views appear: on the one hand, it is claimed that the U.S.’ position in the Middle East is weakened and that Beijing should adopt a more assertive approach to strengthen Chinese influence in the region. On the other hand, it is


argued—in line with Deng Xiaoping’s renowned advice to “keep a low profile”—that the Chinese government should uphold its current cautious approach, avoid to contest the U.S. hegemony, and let the U.S. war-machine bleed to death in the troubled region.

Voices Advocating a More Assertive Approach

Wang Jisi, professor at Peking University and one of China’s leading experts on international relations most forcefully advocated a more assertive Chinese involvement in the Middle East after the Arab uprisings. In October 2012, he presented his geopolitical strategy, “March West” in the Global Times.37

Although the wording “March West” is new, the strategy itself is not new. In fact, it has the same connotations as previous concepts that China has promoted, under names such as “Development of the West”, “Opening to the West”, “Building a New Silk Road”, and the “Greater Periphery”. The core of Wang’s idea is close to Mao Zedong’s legendary military strategy: “The enemy advances, we retreat; the enemy camps, we harass; the enemy tires, we attack; the enemy retreats, we pursue.”38 The U.S. signals a greater focus on the Asia Pacific region, the so-called “Pivot”, apparently at the expense of the Middle East, and Chinese authorities have interpreted this to mean that the U.S. seeks to limit China’s influence in its own neighbourhood. The Americans seek to achieve this by strengthening military alliances with China’s neighbouring


countries, hampering China’s relationship with ASEAN, and undermining Chinese attempts to lead Pacific-Asia’s economic integration.39

Instead of seeking to challenge U.S. influence in the Asia Pacific, Wang believes that China should assume a greater role in the area west of China. As a result of the U.S. withdrawal from Iraq and Afghanistan, as well as signals of foreign policy reorientation away from this region, China has now the opportunity to fill a void in Central Asia, South Asia, and the Middle East. Wang claims this will give Beijing greater strategic leverage towards Washington as the Americans will need the help they can get in trying to stabilize the Middle East. According to the “March West” strategy, Chinese authorities must more aggressively promote their interests in the region through increased diplomatic and economic presence.

Voices Advocating a Cautious Approach

Some Chinese strategic thinkers indicate that there might be some advantages in the U.S. being “strategically trapped” in the Middle East, because this might weaken the “Pivot” to Asia. Qu Xing, president of the China Institute of International Studies, emphasizes the Middle East’s strategic importance for China because the region sustains Western countries from engaging strongly in Asia Pacific. According to him, the unstable situation in the Middle East hampers the U.S. declared intention of a reorientation to the Asia Pacific region—which serves Chinese interests. Qu therefore argues that China is best served by maintaining the non-interference line

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towards the Middle East, and avoid challenging the Americans’ position in the region. Meanwhile, it is also important for China to work to prevent the West in provoking regime changes that could harm Chinese interests in the Middle East. He stresses in particular that China must avoid Western countries in using the U.N. Security Council as a tool for regime change.40

Tang Zhichao, Middle East researcher at the think tank China Institute of Contemporary International Relations (CICIR) which is under the Ministry of State Security, expresses scepticism about the U.S. role in the unrest that has characterized the Middle East since 2011. He believes that the U.S. government uses this turbulence to resume its geopolitical status in the region, to maintain its hegemony and undermine its rivals. This is done by pushing oil prices up, which in turn prolong the economic crisis in the EU and delay the internationalization of the Chinese currency. Nonetheless, Zhichao argues—as Qu Xing—that China should not challenge U.S. dominance in the Middle East. This is because Chinese interests benefit by American political, military, and economic resources that are strategically tied up in the Middle East, resources that otherwise could have been used to contain China in East Asia. In the words of Tang: “[T]he strategy of Pivot to Asia would be greatly challenged by the increasing austere Middle East situation such as the Syria crisis and the Iranian nuclear issue, and President Obama would likely have to pay more concerns to this region.”41


Conclusion

There are few reasons to believe that China will be a “new U.S.” in the Middle East, as the costs of deeper involvement in this region by far exceed the benefits. So far, China has benefitted from its low-key approach to the region. Simply explained: The U.S. has taken the political, economic, and military costs of stabilizing the Middle East, while China has got the benefits in terms of stable energy supplies and secure sea routes of communication.

It is unlikely that China’s approach to the Middle East will change radically in the near future. Today’s “free-rider policy” will continue to serve Beijing well—as long as the U.S. arguably has too many interests beyond oil to protect in the Middle East to scale down its presence in the region substantially.

Nonetheless, there are reasons to expect a more visible China in the Middle East: economic interests, primarily oil imports and investments, will drive its growing involvement in the region. Beijing will continue to try to stay away from political conflicts in the Middle East, which, however, might turn out to be increasingly difficult to avoid in future as its economic involvement becomes more complex. Actors both within and outside the region will expect that China—as a responsible great power—takes a stand and chooses a side. Assuming that there is no unforeseen major crisis that threatens China’s core interests, Chinese military presence in the Middle East will remain modest, being limited to fleet visits and joint exercises.

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