China's Foreign Policy on Iran and the Middle East

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Abstract

Realizing that the Middle East is too important to be left to others—and that neglecting it could run to China's peril—China is no longer willing to sit on the sidelines and watch the region descend into chaos. The final case study represents an exploration of the traditional domain of IR: state-state interactions. This yields further insight into how the Chinese state approaches its economic and political interests in the Middle East. The relative paucity and novelty of China's relations with Middle Eastern state actors undoubtedly explains the corresponding lack of academic attention. Given the prominence and pertinence of Iran's alleged nuclear aims, coupled with China's well-developed association with Iran, it would appear that one can learn about China's interests and its approach to international relations through this bilateral relationship. This relationship, developed many decades ago, now seems to revolve mostly around Chinese firms' participation in large-scale infrastructure projects within the Islamic Republic, as well as Iran's role in meeting China's energy requirements factors which have led some commentators to go so far as to herald the coming of a Chinese-Iranian "alliance". The major question is what are objectives as well as emerging political roles pursued by China in context of the Middle East and toward Iran? The hypothesis is there are two key dimensions to China's emerging political role in the Middle East: (1) expanding friendly, multidimensional cooperation and relations of mutual understanding and trust with all countries in the region, which entails maintaining a degree of neutrality and evenhandedness in conflicts between Middle Eastern states; (2) channeling Middle Eastern resources—export markets, capital, and, above all, petroleum—into China's development drive. To secure access to petroleum resources in the event of crises, Beijing seeks to encapsulate energy supply relations in political relations valuable to the supplier.

Key words: Iran, China, Middle East, USA

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Introduction

The international community and academic circles have paid relatively little attention to China's policy toward Iran specifically and the Middle East in general, despite the fact that Beijing's role has been expanding and influence has grown significantly since the 1990s. This is partly because Beijing has chosen to adopt a low profile and has been careful not to overplay its hand. China's Policy has based on peaceful rising in order to achieve economic and political goals. Thus, the country has avoided take actions that cause reaction by other international and regional actors. However, Beijing never has ignored promoting its political role and presence. In the light of its economic and political aims, China pays attention to the Middle East in general and Iran in particular. Beijing's policy toward the Middle East has evolved as the People's Republic of China (PRC) has risen in power and as the Middle East and the rest of the world has undergone economic and political change. Through much of the Cold War era, the PRC had few diplomatic partners in the region and was relatively inactive there. Its interests were primarily ideological and its propaganda focused on China's revolutionary credentials, presenting the PRC as the natural ally of the anti-colonial and anti-imperialist Arab states. Beijing's virulent attacks were directed not only at what it considered Western colonial and imperialist control and exploitation, but also at the revisionist Soviet collusion with the United States. From the late 1970s on, Beijing's operations in the Middle East became more pragmatic and pluralistic, transcending ideology. As the PRC grew in economic and diplomatic strength, Beijing became increasingly keen on expanding its influence and asserting its interests in the region, seeking to shape geopolitics in its favor. Since the 1980s, China's burgeoning economy in the wake of Deng Xiaoping's crusade for "opening and reform" has generated two additional major policy priorities in the Middle East. One is the development and consolidation of energy resources. The other is the pursuit of investment opportunities and consumer markets for Chinese goods. There thesis is that China has been developing military and trade relationships in the Middle East that will come at the expense of American interests. The major question is what are objectives as well as emerging political roles pursued by China in context of the Middle East and toward Iran? The hypothesis is there are two key dimensions to China’s emerging political role in the Middle East: (1) expanding friendly, multidimensional cooperation and relations of

mutual understanding and trust with all countries in the region, which entails maintaining a degree of neutrality and evenhandedness in conflicts between Middle Eastern states; (2) channeling Middle Eastern resources—export markets, capital, and, above all, petroleum—into China's development drive. To secure access to petroleum resources in the event of crises, Beijing seeks to encapsulate energy supply relations in political relations valuable to the supplier.

1- China's Strategic Objectives and Partnership with Iran

Since the ouster of the Shah of Iran in the 1970s, Beijing has viewed the Islamic Republic as a potential political ally and has sought to cultivate and forge a strategic partnership with Teheran. In addition to being a major source of energy, Iran is an important geopolitical player, capable of playing a leading role in the diplomatic balance in the Persian Gulf region and Middle East, hence a highly valuable anti-Western partner for China. Both China and Iran share the belief that "the enemy of my enemy is my friend," and have cooperated to challenge and counterbalance what they see as attempted U.S. hegemony in the region.

Beijing's omni-directional friendship policy in the Middle East took shape early in the rule of Deng Xiaoping (1978–1997), with China's declaration of neutrality at the onset of the Iran-Iraq War (1980–1988). China succeeded in maintaining cordial relations with Iraq during the war, even while emerging as Iran's major arms supplier, nuclear partner, and supporter in the United Nations Security Council. Omni-directionality continued during the 1990s, when China forged normal and even cooperative relations with Israel—the two countries established full diplomatic ties in 1992—while continuing its friendship with the Palestinian Liberation Organization and later the Palestinian Authority as well as rejectionist states such as Iran, Syria, and Iraq. Following the onset in 2003 of the U.S.-led war in Iraq and the concurrent growth of regional competition between Iran and Saudi Arabia, China again showed its ability to remain neutral, developing friendly, cooperative relations with both Tehran and Riyadh (Alterman. 2008: 20).

One instrument China has utilized almost to perfection is the transfer of arms and weapons technology, which greatly adds to China's ability to win friends and enhance its influence quickly, while earning billions of dollars each year. In some cases, Beijing has adopted an "arms for oil" formula, providing weapons in exchange for oil from Iran (and Sudan).

China's extensive sales to Iran since the 1980s have bolstered Iranian military and weapons production capabilities considerably, with long term and far reaching consequences for the balance of power in the Middle East. Iran arms is a well-known patron of Hezbollah guerrillas in Lebanon (sometimes in cooperation with Syria) (Timperlake, 1999: 108), hence a major threat to the Arab States and Israel, as well as the U.S. (Gulf Daily News, September 2008).

Iran's acquisition of advanced conventional weapons from China has also poses a serious threat to American ships and troops in the Persian Gulf. In the fall of 1987, Iran fired Chinese-made Silkworm cruise missiles, at two U.S. oil tankers in the Persian Gulf. In the 1980s, Poly Group, a Chinese arms company controlled by the People's Liberation Army (PLA), exported more than $1 billion worth of Silkworms to Iran. The Chinese Eagle Strike, a much more sophisticated and dangerous weapon modeled on the French Exocet, succeeded the Silkworm in the 1990s. The new cruise missile has two versions, a solid-fuel, rocket-powered model (designated C-801 by NATO) and a longer-range turbojet-powered model (C-802). In 1996, Iran obtained Houdong fast patrol boats equipped with the C-802. In the late 1990s, two of the Iranian Houdong missile patrol boats carried out simulated high-speed attack against the U.S. aircraft carrier USS Kitty Hawk and the cruiser USS Cowpens. Similar Iranian provocation occurred again in the summer of 2008 (Chang, 2011: 6).

Iran has repeatedly vowed a crushing response to any foreign attack and flexed its military muscles by holding war games to show off an array of weaponry and missiles. Iranians have warned that Iran would target U.S. bases and ships in the Gulf-as well as Israel-if it were attacked. Indeed, there are acute worries in the Persian Gulf region and elsewhere that Iran could cause a global economic catastrophe if it carried out its repeated threat to close the Strait of Hormuz. A horseshoe-shape of water that stretches between Iran and the northern tip of Oman, the Strait of Hormuz is the only way into and out of the Persin Gulf. Accordingly, a Bahrain business weekly, on a typical day approximately 50 tankers carrying 14-17 million barrels of oil and oil products pass through the 180 km-long waterway; roughly 40 percent of the world's internationally traded oil supplies (Chang, 2011: 6).

Iran has a large number of Chinese made C-801 and C-802 anti-ship missiles deployed in coastal batteries along the eastern shore of the

waterway, aboard ships and on islands in the Strait. These missiles are expected to play a key role in any effort to block or control the waterway (Gulf Daily News, August 2008). The narrow shipping lane is ideal for the use of anti-ship missiles, as naval or civilian vessels have little room for evasive action. Over the past several years, U.S. coalition naval forces in the Persian Gulf and the Arabian Sea have conducted a series of exercises aimed at countering possible Iranian attempts to close the Strait of Hormuz whether the Iranians use large swarms of small, high-speed armed craft or maritime suicide attacks. Iran says it has amassed a fleet of 1,000 low-tech speedboats to counter the U.S. Fifth Fleet's armada of 30-40 high-tech warships. Broadsides of cruise missiles would be more dangerous. Iran has three frigates and 20 fast attack craft including Chinese-supplied Houdong boats, capable of mounting such attacks (Khaleej Times, September 2008).

In 2008, Iran also test-fired its Shahab-3 missile, which it says put Israel regime within range. Such an intermediate range ballistic missile and much longer-range versions, the Shahab 4 and 5, are under development with China's assistance. In February 2009, U.S. media reported that Iran had successfully launched its first so-called domestically produced satellite-an indication that Iran had made considerable progress in its ballistic missile system (New York Times, February 2009).

On June 25, 2008, the top Asia policy official at the Pentagon told the House Armed Services Committee that Chinese firms have repeatedly violated UN sanctions which ban the sale of weapons, military equipment and nuclear technology to Iran, and "China's willingness to cooperate on these is uneven" James Shinn, Assistant Secretary of Defense for Asian and Pacific Security Affairs, said he was particularly concerned over China's sales of weapons to Iran, accusing Teheran of supporting militant groups in Iraq, Lebanon and Afghanistan, "that target and kill Americans and our allies"(Agence France Presse, 2009). From time to time, the U.S. has imposed sanctions on Chinese companies for selling Iran weapons, weapons-related products and other dual-use commodities.

2- Beijing and UN Sanctions against Iran

Some Western observers regard China, a long time ally of Iran and a major buyer of Iranian oil and gas, as key in persuading Iran to give up its sensitive nuclear programs. In reality, however, Beijing has its own

agenda toward Iran and the Middle East and has been reluctant to consider steps that might hurt its strategic ties with Iran and endanger its crucial energy and economic interests. China has been on record opposing UN sanctions against Iran over the years. On September 6, 2008, Chinese President Hu Jintao urged world powers to show flexibility to resolve a prolonged standoff over Teheran's nuclear program. Hu said China respected Iran's right to the peaceful use of nuclear energy and called for further diplomacy. "At present, the Iran nuclear issue is faced with a rare opportunity for the resumption of talks, and we hope all parties concerned could seize the opportunity and show flexibility to push for a peaceful settlement of the issues," Xinhua news agency quoted Hu (Xinhua News Agency, September 2008). "China, as always, will be committed to pushing for the settlement of the issues through peaceful negotiations, and will continue to play a constructive role toward this end," Hu added.

There are several reasons for Beijing not to impose meaningful sanctions. Iran is China's third-largest oil supplier and home to expanding Chinese energy and commercial enterprises. China and Iran also share a strong resentment of perceived American meddling in their domestic politics. The bond with Tehran helps counterbalance American interests in a region that some strategists in China consider part of its "grand periphery." Beijing argues that sanctions on Iran are unlikely to work, and instead will backfire by inducing resistance instead of compliance. Beijing has indicated that it suspects that the West's fixation on sanctions is part of a broader plan to promote a change of government in Tehran – regime change that China is loath to see anywhere. Yet China will pay a high political cost if it is perceived internationally as having blocked new sanctions. Despite a mixed record, Beijing portrays itself as a committed supporter of international nonproliferation efforts. Growing used to the respect and self-esteem that come with being a world power, China does not want to appear an outlier as important global nuclear cooperation summits draw near. Ultimately, if China finds itself facing unanimous support for sanctions from other permanent UN Security Council members, it will not use its veto but rather will work to water down the resolution though a delay-and-weaken strategy that maximizes concessions from both Iran and the West (Kleine-Ahlbrandt, 2010).

Iran has withstood the four rounds of limited UN sanctions imposed thus far. While China voted for these sanctions, Beijing's calculations are

complex and intriguing. By agreeing to limited sanctions, China wanted to show the U.S. and the international community that China is a "responsible stakeholder" on the issue of nuclear non-proliferation, while hoping to reduce the threat of a U.S. or joint U.S.-Israel armed attack against Iran.

On the other hand, Iran can count on China (and Russia) to delay, obstruct, and water down any harsher measures sought by the U.S. and the EU. On the basis of past experience as a guide, the fourth round of UN sanctions against Iran was an ordeal, with consuming months of negotiations and haggling and the end result was another toothless resolution.

3- Sino-Iranian Energy and Economic Relations

Over the two decades since it became a net oil importer, it has grown increasingly reliant on energy supplies from the Middle East,a part of the world which is both prone to instability and in which it has little influence. Making matters worse, Chinese strategic thinking remains focused on the possibility of a confrontation with the United States, which has far more influence in the Middle East than China does. China, therefore, is doubly vulnerable (Alterman, 2012: 1).

In response to U.S. pressure, some European energy companies have cut their trade with Iran or withdrawn their investments. Royal Dutch Shell and Repsol of Spain withdrew in 2011. In early July 2008, French oil giant Total announced that it would pull out of a planned investment in a huge gas project in Iran's South Pars gas field. As Western companies have moved out, Chinese firms have stepped in to fill the void and take the business (Xin Ma, 2008). On July 28, 2008, Iran's Pars Oil and Gas Company and China National Offshore Oil Corp. announced an agreement to exploit North Pars gas field, and plan to start to sell the gas from the North Pars gas field in international markets soon.

China is Iran's top oil market. Iran is China's third-largest supplier, behind only Angola and Saudi Arabia, exporting about 300,000 barrels of oil to China. Moreover, China's oil giant, Sinopec Group, has planned to buy 250 million tons of natural gas over the next 30 years from Iran, and will help Iran develop its huge Yadavaran oil field in exchange for Iran's commitment of 150,000 barrels of oil per day to China for 25 years at market price (FNA, 2008).

In addition to energy, China is extensively involved in many areas of Iran's economic development. To help develop Iran's economy, empower it, and open up consumer markets for Chinese-made goods as well as investment opportunities have become China's major policy priorities. More than 100 Chinese state companies are working in Iran to help build infrastructure projects-highways, ports, shipyards, airports, dams, steel complex and more. When Teheran's subway was completed in February 2000, Chinese Foreign Minister Tang Jiaxuan was present for the ribbon-cutting ceremony. Likewise then-President Jiang Zemin made a state visit to Teheran April 18-22, 2002 to cement ties with Iran. According to Iran's state news Agency, China's and Iran's presidents witnessed the signing of six cooperation agreements covering oil, gas, trade, transportation, information, technology, and educational exchange (IRNA News Agency, April 2002).

A visitor to Teheran in recent years would be impressed by the supply of inexpensive Chinese products in the supermarkets and department stores. Two-way trade reached $11 billion in 2008, easily surpassing the $9.5 billion in 2007. China is Iran's second largest trading partner, behind only the UAE. It goes without saying that Beijing has not enforced UN sanctions. China, Iran and Russia have overlapping interests on many issues. They are partners to the Asian Energy Security Grid, an alternative to what they see as U.S.-led Western control of the world's energy resources. Iran has also joined the Shanghai Cooperation Organization (SCO) as an observer. The organization is largely a Chinese tool to counter U.S. presence in Central Asia and promote Beijing's interests.

An energy relationship with Iran has two principal benefits to China. The first is economic. When global sanctions depress the demand for Iranian oil, China can obtain that oil at a discount. China is large enough to feel it is unlikely to be sanctioned by the United States, and it feels little obligation to sacrifice its own interests for U.S. strategy. China takes a dim view of sanctions overall, so subverting them—especially when they are not imposed by the United Nations—seems the natural approach. Iran’s other benefit to China is as a strategic hedge against U.S. influence. That is to say, in the event of conflict between the United States and China, it behooves China to have energy relationships that the United States cannot turn on and off. Chinese strategists continue to worry out loud about the potential of Sino-American conflict over Taiwan, even as

the Chinese-Taiwanese relationship grows increasingly close, and they fear that one of the first U.S. steps in such an event would be to cut China's access to oil. China has taken many steps to ensure its energy supplies, from pursuing pipelines across the Asian steppes to developing port facilities in Burma that would allow some Chinese oil shipments to bypass the Straits of Malacca, which the U.S. Navy could conceivably control. One author urges, "Central Asia is a source of energy supply that demands no protection from any ocean navy. As China is still unable in the near future to build up an ocean navy strong enough to protect its oil shipping lines, this nearby energy source coming by land is obviously of great strategic significance for China's energy security" (Pan, 2008: 67). A senior Chinese scholar of the Middle East put the Chinese balancing act well: He told an Arab researcher, "'It would be the end of the world' if China had to choose between the United States, Saudi Arabia and Iran" (Al-Rodhan, 2012: 115).

There are many reasons for China's caution toward Iran. First, Iran's estrangement from many countries—most pointedly the United States—brings great scrutiny to the Chinese-Iranian relationship and imposes costs on China that it would rather avoid. The Vice President of the China Institute of International Studies told an Arab researcher, "We never hear the U.S. complaining about China's relationship with Saudi Arabia. But we hear them complain about Iran (Al-Rodhan, 2012: 113)". An Iranian scholar points out the problem from a Chinese perspective aptly: Chinese trade with Iran is a seemingly impressive $22 billion, but is less than one-fortieth of China's trade with its three largest trading partners: the United States, the European Union and Japan (Shariatinia, 2011: 75). It is with these countries that China has a strategic imperative to manage its relations. At the extreme, the Chinese goal is to persuade the United States and its allies that it is a responsible global power and not a strategic rival; at minimum, the imperative is not to engage in a direct confrontation with the United States (Shariatinia, 2011: 82). Sino-American relations remain at the center of Chinese strategic thinking, and whatever U.S. intentions, the Chinese government appears skeptical that China can win a confrontation with the United States in the near term (Zhongmin, 2012: 6). China is especially vulnerable when it comes to Middle Eastern energy. The United States has a unique ability to control the sea-lanes between China and Middle Eastern oil producers (in terms

both of protecting Chinese supplies and being able to threaten them in case of conflict), and land-based pipelines are far from able to meet China's needs. In addition, Chinese scholars frequently note that the United States is the predominant external power in the Middle East, and while its absolute position may decline somewhat in the face of a re-emphasis on Asia and a retrenchment following the political upheavals of 2011, its position relative to any other outside power is overwhelming and likely to remain so for some time. If, as one Chinese scholar notes, "A peaceful geopolitical environment of the Middle East and North Africa is a requirement for China's energy security" (Lei, 2012: 63) there is little appetite for a confrontation with the United States, Because, as the scholar admits frankly, "China lacks the capability of dealing with international energy politics and risks" (Lei, 2012: 79).

4- China's strategy toward Middle East

Beijing policy toward Iran epitomizes its policy toward other major states of the Middle East region, with some variations. Some in China want a new role, and they see opportunities in the Middle East for China to establish itself as a responsible global actor. Many current and aspiring Chinese allies in the Middle East also want China to have a new role, in some cases to supplement strong relationships with the United States, and in some cases to balance against U.S. power. There is little unity in China or elsewhere on what a new Chinese role should look like or what its priorities should be. Still, it is all but certain that China will have a larger role in the Middle East in the coming decades, even if it takes on such a role more slowly and cautiously than many in China and the Middle East would prefer. Arms sales, especially missiles and related military assistance, have been a very effective instrument in Beijing's efforts to make inroads into the Middle East. This approach, in addition to earning valuable foreign exchange, has helped the PRC to foster diplomatic and strategic ties with some Middle East countries such as Iran, Syria and Saudi Arabia.

During the Cold War, Syria maintained close ties with the Soviet Union and was seen as Moscow's agent in the Middle East. However, in the waning days of the Cold War, Moscow's refusal to augment Syria's missile capabilities with a long-range capability provided an opening for China to extend a helping hand by exporting intermediate range ballistic missile systems and related technology to Syrian in the late 1980s and

early 1990s. This was a significant breakthrough for the Chinese military diplomacy in the Middle East, modeled after the earlier Sino-Iranian cooperation (Zamvelis, 2008: 9).

Likewise, China exported intermediate range ballistic missile systems and related technology to Saudi Arabia in the late 1980s. Taking advantage of a Congressional veto that blocked the sale of advanced American missiles to Saudi Arabia, China filled the void and scored the related diplomatic gains. In July 1990, the Saudis cut off official ties with Taiwan and switched diplomatic recognition to Beijing. Beijing's decision to export advanced missiles to Syria and Saudi Arabia were not cost-free. The U.S. imposed sanctions on China on the sale of computers under the auspices of the 1987 Missile Technology Control Regime (MTCR). [23] Despite Chinese denials, China remains a major supplier of arms to the Middle East countries (Chang, 2011: 10).

Since the 1990s, Beijing's approach toward Syria and Saudi Arabia has diversified and become more pragmatic. In addition to arms sales, China attaches greater significance to market access, exports of Chinese made goods and investment opportunities. China's investments in Syria include electricity, construction, agriculture, telecommunications, transportation and tourism. Sino-Syrian trade reached $1.87 billion in 2007, up almost 33 percent from 2006, and the 2007 figure is expected to double by 2011 (Xinhua News Agency, March 2008). Whereas the overall trade volume is relatively small compared with China's trade relations with Iran and Saudi Arabia, China has become Syria's single largest trading partner.

The quest for energy resources is one of China's top policy priorities in the Middle East, and Beijing's relations with Syria are no exception. Although Syria has only modest oil reserves, in recent years China's oil companies have invested large sums to modernize Syria's aging oil and gas infrastructure in a joint venture with Syrian energy firms in oil and gas exploration and oil refinement. In September 2008, the China petrochemical corporation made a $2 billion purchase of Canada's Tanganyika Oil Company, a firm with major operating interests in Syria's oil industry (Chang, 2011: 16). “China is increasingly focusing its attention on the Kingdom as a reliable energy partner, while Saudi Arabia sees China as an enormous potential market and strategic partner” (al-Tamimi, 2012: 1).

Over the past five years, China's relations with Saudi Arabia have expanded dramatically, primarily centered on oil-Saudi Arabia being China's largest oil supplier in the Middle East. However, there is also significant trade in arms and military hardware, construction material and cheap engineering labor. Saudi Arabia is a far greater producer of petroleum products than Iran, and in the last decade it has gone from supplying slightly more oil than Iran to China to supplying more than twice as much. Interestingly, Iran's share of China's oil imports has held relatively steady for the last decade, ranging bet ween 9 and 14 percent and more recently trending at the lower end of that range. But because Iranian exports have been declining overall, Iran's China trade has rocketed from 5 percent to 25 percent of its oil exports 14From the hinese perspective, the strategic relationship is with Saudi Arabia, which now accounts for more than 20 percent of all Chinese oil imports (Zhiyue, 2012: 2).

Saudi Arabia is China's largest trading partner in West Asia and North Africa, while China is the kingdom's fourth largest trading partner. In the first quarter of 2007, Saudi-China trade registered a year-on-year increase of 77.4 percent to reach $8.5 billion. China's burgeoning relationship with Saudi Arabia has been reinforced by the exchange of high-level state visits. President Hu Jintao visited Saudi Arabia in February 2009-his second visit to the kingdom in less than three years, which underscores the importance Beijing and Riyadh attach to the bilateral relationship. In January 2006, King Abdullah, on his first overseas travel after ascending the throne, went to Beijing - the first Saudi king to visit China. Riyadh was the first stop for Hu after a Washington visit and an embarrassing reception at the White House by President George Bush (Chang, 2011: 14).

Although Saudi Arabia has developed a close relationship with China, China needs Saudi Arabia more than Saudi Arabia needs China. China's efforts to forge significant and multifaceted ties with the Saudis reflect the increasing complexity of China's policy calculus that transcends pure ideological concerns.

China's early efforts to explore a larger Middle Eastern role were somewhat awkward. After 2001, however, China acted quietly but effectively in the shadow of U.S. conflict with the region. China managed not to get drawn into U.S. led wars in Iraq and Afghanistan, and it reaped benefits from what critics of the United States saw as a "war against

Islam." As the United States waged a high profile "Global War on Terror," Chinese companies moved in and won energy and infrastructure contracts. In the first decade of the twenty first century, the Chinese economy boomed, fueled in significant measure by imported Middle Eastern oil. There is something else drawing China into the Middle East the Middle Eastern powers themselves. Many of them, and especially several oil producers in the Gulf, are eager for a greater Chinese role. In part, the interest in China stems from insecurity about U.S. intentions, especially with visible U.S. fatigue at the posture it has maintained in the Gulf for decades. Taken at face value, the language the United States and China have used to describe the region was pointedly different: the United States called for "energy independence" and "ending addiction" to Middle Eastern oil; Beijing advocated "energy interdependence," "energy security," and "strategic partnerships"(Al-Rodhan, 2011: 250).

Many petroleum producers see China as the future, a rising power that will be consuming their oil for decades more. China's eagerness for economic growth makes them a necessarily less fickle power, and one with a reliance on the Middle East that the United States does not share in the same way. Some see the U.S. relationship as something that can only diminish, while the relationship with China is something that will likely grow. In 2011, China accounted for half of the growth in oil consumption worldwide, and the Energy Information Administration estimates that China alone will account for 64 percent of the growth in global consumption in 2011-13 (http:// www.eia.gov/). China now imports more oil than the United States (Mills, 2012) and BP estimates that China will consume more oil than the United States by 2029 (BP Energy Outlook 2030: 33). With an increasing amount of U.S. imports coming directly from Canada and Mexico, China is a huge buyer from the rest of the world's producers.

The People's Republic of China has a history of seeking greater friendship and cooperation with Middle Eastern states that enjoy friendly relations with the United States (Saudi Arabia, Jordan, the small Persian Gulf states, Egypt, Israel) as well as states in the region that are or have been locked in conflict with the United States (the Islamic Republic of Iran, Iraq under Saddam Hussein, Syria, Libya prior to 2002). Basically, China seeks multidimensional cooperative relations with all governments in the Middle East, especially those ruling the more powerful nations in

the region, regardless of the condition of those governments' relations with the United States (Alterman, 2008: 21).

China's "principled stance" is that no basic conflict of interest exists between China and any country of the Middle East and that cooperation between China and Middle Eastern countries should not be held hostage to U.S. conflicts with those countries. Although U.S. representatives may package their arguments for Chinese non-association with rivals of the United States in terms of respect for global norms and institutions, Beijing believes that, at bottom, the actual proposition is that China should have nothing to do with countries on the outs with Washington. But in the view of the Chinese, this would transform their country into a vassal of the United States. Principle aside, the reality of conflict between the United States and Middle Eastern states has created important opportunities for Chinese diplomacy, particularly in Iraq under Saddam Hussein and Iran. Since September 11, 2001, a similar dynamic has developed with Saudi Arabia. Yet even as it has effectively pursued these opportunities, China has been quite pragmatic in balancing the relatively modest goals they represent with its fundamental interest in maintaining cordial relations with the United States (Alterman, 2008: 22).

At the heart of Beijing's interest in the Middle East in the early twenty-first century is the desire for an uninterrupted flow of oil to China to sustain the country's booming economy. According to the International Energy Administration, in 2004 China produced about 54 percent of the oil it consumed. The rest was imported. China's energy shortfall is projected to grow rapidly. Chinese analysts note that countries that industrialized in earlier periods enjoyed an energy-abundant environment that no longer exists. Energy shortfalls could hobble China's development, and a high Chinese priority is to ensure that that does not happen by keeping adequate supplies of foreign oil flowing to China. China's unexpected demand growth in 2004 transformed the global oil market. Demand growth in 2004 was double the average of the previous decade and ate away at remaining spare capacity, tightening markets and allowing prices to move significantly with small disruptions and tension.

China's exports of goods and services to the oil-based economies of the Middle East are the flip side of its energy imports from that region and have also expanded rapidly. The Middle Eastern oil states are major consumers of Chinese light manufactured goods, machinery and equipment, vehicles, foodstuffs, and engineering and labor services.

Many of these states are placing increased stress on all-around economic development and see Chinese goods and services as economically and politically attractive. Chinese goods and post-sale services are typically cheap. Nor does Chinese cooperation come with the "interference in internal affairs" that is so common with Western cooperation. The same upheavals that drew the United States ever more deeply into the Middle East—the Iranian revolution, the Iran-Iraq War, Iraq and Iran's pariah status—have created commercial opportunities for China. Opportunities have opened to Chinese firms especially when Western firms faced legal or other obstacles to commercial interactions in certain countries. However, it is important to keep China's Middle Eastern trade, including oil imports, in perspective. The value of China's Middle Eastern trade, including oil imports, constitutes a small percentage of China's global trade. In 2005, for instance, China's total two-way trade with Saudi Arabia, then its number one oil supplier, represented 7.6 percent of two-way China-U.S. trade, 8.7 percent of China–Japan trade, and 1.1 percent of China's total exports and imports. China's two-way trade with all Middle Eastern and North African countries—including Chinese oil imports—accounted in 2005 for only 4.2 percent of its global trade. There is a steady but gradual growth in Sino–Middle Eastern trade; but China's global trade is simply so great that the entire Middle Eastern region still plays a relatively minor role (Alterman, 2008: 23).

It is also important to keep in mind that China's vast global trade, together with its $1.33 trillion in foreign currency reserves (as of June 2007), gives it considerable financial wherewithal to respond to jumps in oil prices linked to Middle Eastern crises. This is yet another reason it can avoid undue entanglement in the region. In terms of Chinese investment, the Middle East ranks last among the regions of the world. In 2004, the region accounted for 1 percent of China's investment abroad. This reflects both the difficulties and the risks of doing business in the Middle East and China's efforts to diversify its oil supply away from disproportionate dependence on Middle Eastern sources (Alterman, 2008: 39).

5- China and Israel Regime

China's dealings with Israel regime provide one key to understanding the increasing complexity of China's policies in the Middle East. In the 1980s, China took a calculated risk by exchanging diplomatic missions with Israel, a decision that was not well received by Beijing's traditional

Arab and Iranian allies and partners. It was, however, a signal that Beijing's strategic thinking extended beyond the issues of energy security and market access.

Although China had become a major source of arms for the Middle East, what China has sought and obtained from Israel was sophisticated military technology to enhance its own military capabilities. One very public case was Israel's agreement in 2004 to upgrade an anti-radar drone called Harpy it had sold to China in 1994. The upgrade came after Israel had told the U.S. that it had ceased to provide new military technology to China. In another example, the design of China's J-10s (a new generation of fighter plane) contains technology used in the development of the Israeli Lavi strike fighter prototype, which Israel is believed to have sold to China. many other kinds of weapon systems that China has exported to the Middle East and elsewhere are said to have been copied from Israeli systems.

Israeli military exports to China primarily consisted of technology and upgrading rather than hardware (Segal, 1987: 195-210). Israel's desire to use military exports to further its political interests in Beijing, combined with China's close ties with Arab and Islamic countries in the Middle East, meant that both parties preferred to keep the military ties under wrap (Kumaraswamy, 1995: 235–249).

The rise of China's profile in the Middle East means that Israel Regime would have to seek an understanding with it, and if possible try to influence China's position on a number of issues. In the past Israel could have used its perceived influence in Washington to further its interests vis-à-vis China. This was an effective tool during the Cold War when China was way behind the West. Since the mid-1990s, however, the equation has dramatically changed in favor of China. Moreover, Israel-US relations are not as cordial as they were before, especially under Obama.

Adjusting to the economic rise of Asia will not be easy for Israel as its trade with Asia has increased dramatically in recent years. However, the absence of historic baggage is the biggest challenge facing Israel in dealing with China as well as other countries in Asia. Israel's ability to further its interests in China and other Asian countries thus rests on the convergence of present and future interests rather than past crimes, hatred or burden of history.

Declining US influence, the rise of China's role in the Middle East, and its lack of historical baggage brings us to the single most effective instrument at Israel's disposal: military sales.

More than six decades after its founding, arms sales remains Israel's most effective foreign policy instrument. Its close ties with countries are often measured by the depth of military-security ties. Reviving military ties with China, however, will not be easy. Unlike in the past, the US would not accept, let alone endorse, Sino-Israeli military ties. Both would have to pursue military-security relations with greater secrecy than before. Earlier they were kept under wraps because of their potential negative impact on China's relations with Arab and Islamic countries. However, this time around secrecy would be aimed at warding off American interference in the relationship (Kumaraswamy, 2012).

No doubt, China's national security interests were served by Israeli transfer of military technology. But the ensuing disapproval of Israeli policy by the United States, including with withholding of technology agreements, caused Israel to largely end its military relationship with China by the middle of the decade.

Conclusion

In a perfect world, China would seem to prefer not to have a Middle East policy. Closer to home, in Asia, it knows the landscape well, it has a long history, and it occupies a dominant position. Strength in Asia propels China to the global stage, and it seems delighted at the prospect of being regarded as a near peer of the United States. While China still feels vulnerable to American might now, China also feels that power is shifting in its direction. If China could limit itself to worrying principally about Asia and the United States, it would have plenty of challenges on its hands, but it would also see the prospect of considerable reward. And yet, it is continually drawn westward, toward more treacherous ground. For China, the Middle East is complicated, it is conflictual, it brings tremendous scrutiny, and the United States seems to have something of a home court advantage. Chinese reliance on the Middle East highlights China's continued vulnerability to U.S. power, especially when it comes to safeguarding global trade. China's instinct is to tread lightly. Many understood the limits of Beijing's power and were reluctant to be involved in a region over which they had little influence. And yet, China's energy consumption patterns make the region hard to avoid. Some in China seek to equivocate, while some advocate embracing the challenge head on and adopting a can do attitude to further Chinese interests.

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