China’s rise in the Middle East: Confrontation or cooperation with U.S. and the EU?

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Abstract

China is playing an increasingly important role in the Middle East region’s economic and security landscape through its Belt and Road initiative, or BRI. In turn this may provide scope for innovative approach to diplomacy and economic cooperation, given China is a wild card and a blank canvas on which regional countries can project their aspirations for a different type of great-power relationship. By creating economic value and boosting geopolitical relations in the region, Beijing’s economic involvement via the BRI has the potential to transform Middle East’s trade, infrastructure, regional relationships, as well as provide new security and stability. The convergence of the Middle Kingdom and its Middle Eastern partners can thus serve as a powerful transformative force in this region, and help pave the way towards post-conflict peace and stabilization.

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Introduction

China is rising as a new extra-regional power in the Middle East. In a way, it is a wild card and a blank canvas on which regional countries can project their aspirations for a different type of great-power relationship. It has no historical or colonial baggage unlike the West, and it does not moralize for others to conform to the superiority of China's ideology or culture with its non-interference principle. The Belt and Road initiative, or BRI, is promising deeper Chinese engagement with the region, thus Beijing will play an increasingly important role in the Mideast region's economic and security landscape. As such it is worth exploring how this may provide scope for innovative approach to diplomacy and economic cooperation in this conflict-prone region.

Moreover, given Sino-U.S. relation is the most important bilateral relation and a key pillar of any future global system, it is important for both countries to find ways to cooperate. Thus, rather than viewing China's rise as a zero-sum game to supplant the U.S. role in the region, Beijing's new Silk Road vision could provide a timely cooperative platform for China to supplement Western efforts to address security challenges in an increasingly multi-polar and multi-partner world.

This paper will be divided into four parts. It will first place China's rise within a broader theoretical and conceptual framework regarding economic interdependence and conflict, and then outline China's interests and its increasing economic investments in the Middle East. The third part will examine how the challenge of terrorism and regional instability is threatening its BRI vision and provoking a more proactive Chinese diplomatic and security posture, and part four will conclude with how China's rising role presents an opportunity for regional actors to leverage the BRI as a catalyst towards solutions for regional conflicts. While the BRI is not a substitute to political solutions, it could perhaps create a friendlier environment and conditions to facilitate the arrival of these solutions in the region.

1. Trade expectation theory

1.1 From static to dynamic theories of peace and conflict

Realism and liberalism have been the traditional conceptual framework for examining a rising China and its implications for the U.S. and the West. On the key question of under what conditions interstate commerce will reduce or increase risk of conflict between nations, the realist model argues that due to a zero-sum competition for raw materials and markets, war is more likely, while the liberal model argues that economic interdependence raises the cost of conflict so war is less likely.

But a new trade expectation theory put forth by Dale Copeland (2015) addresses the unsatisfactory nature of both the realist and liberal views on economic interdependence and war. It is an amalgam of liberal (commercial ties give actors strong incentives to avoid war) and realist (risks of trade and supply cut-off prompt war to secure access) insights, and introduces the expectations of future trade as a causal variable

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for the likelihood of war. That is, if there is positive expectation of future trade environment, then war is less likely because the actor wants to remain at peace to secure economic benefits that enhance long-term power, which is based on the liberal model. However, if expectation of future trade is negative, then war is more likely, and this leans towards the realist model of a zero-sum competition for scarce resources and markets. Copeland cites the example of Germany in 1914 that had high levels of trade, which according to the liberal logic would have reduced the risks of conflict. Despite this, German leaders expected rival great powers would attempt to undermine this trade in the future, so a war to secure control over raw materials was in the interests of German long-term security.

Using this framework, if it became apparent that a U.S.-China trade war was about to take place, then there would be a sharp rise in the probability of conflict. Nonetheless, a highly trade dependent state is a necessary but insufficient condition for the likelihood of war. While war is more likely when dependence is accompanied by negative expectation of market access, it is less likely when dependence is accompanied by positive expectations. Thus moving from static (current level of trade) to dynamic (expectation) theories that incorporates the future within their core deductive logic may provide better explanations for the rise of China and implications for the West.

As such Copeland’s trade expectation theory provides a useful conceptual framework on why economic cooperation via the BRI between China and the West could be a constraining factor for conflict in the Middle East. Admittedly while trade does seem to reduce the likelihood of conflict, by no means is it a deterministic factor as strategic interests and vulnerabilities also have a large effect. China’s ultimate core interests are about regime legitimacy and survival—trade, economic development, protecting its citizens overseas, territorial integrity and sovereignty are all factors that undergird the Chinese Communist Party (CCP)’s legitimacy and will affect China’s decisions regarding military conflict. But the main factor is trade and rising living standard that supports domestic regime legitimacy.

Additionally, since dynamic relational factors such as “potential power” or “trade expectations” are more important in determining choices between war and peace than static factors such as actual level of trade, or a state’s form of governance on a unit level, Copeland’s optimism depends on the continued success of globalization. As such, in the face of a perceived protectionist Trump presidency, China’s President Xi Jinping began to present himself as the champion and defender of the liberal trading order at the 2017 World Economic Forum and Belt and Road Forum, and is pushing forward the “China Dream” of the BRI for Afro-Eurasian economic integration.

1.2 Commitment problem—institutionalizing cooperation via BRI

China is also slowly institutionalizing economic cooperation via the BRI with the Asian Infrastructure Development Bank (AIIB), the Silk Road Fund, and the Shanghai Cooperation Organization or SCO. In international cooperative endeavors, there remains a commitment problem (Fearon, 1995) which is a
primary roadblock to peace. For example, in various circumstances state X mistrusts state Y is committed to long-term peace, while Y has good reason to doubt X’s commitment to open trade and investments into the future. In a scenario where there is a trust deficit, then shared norms, institutions and international law could perhaps solidify cooperation and peace. In this regard, the SCO is actually a good example of how institutional building fostered Sino-Russian cooperation and mitigated their underlying competition over Central Asian republics in Eurasia, and perhaps be instructive for future cooperation between China and Western powers especially in the Middle East.

But why the Middle East? As stated earlier, Sino-U.S. relation is a key pillar of any future global system and given their sheer size and influence, both countries have global interests that make it difficult to find a solution for one without the consent of the other. Nonetheless, prospects for cooperation appear dim especially in the Western Pacific, where heightened mistrust and tension due to historic rivalry and legacy relationships make confidence building extremely difficult. However, in the Mideast where China has no territorial claims and is geographically far away, it has many overlapping interests with the U.S. and the EU especially regarding counter terrorism and regional stability. As such the Mideast could be a good test case and laboratory for confidence building and security cooperation between the U.S., EU and China. And if all actors are successful in establishing cooperative mechanisms in this region, they can subsequently apply the template and export important lessons learned to the Western Pacific in the hope of also nurturing cooperative security practices.

The next section will examine China as a rising stakeholder in the Middle East.

2. China’s Mideast Interests and Security Challenges to the BRI

China’s interests in the Mideast are threefold. It is firstly a source of energy, with more than half of China’s crude imports coming from the Mideast. It is also a hub for market access in Europe and Africa, where the EU is China’s largest export market, with trade volume at around $544.45 billion (€514.8 billion) in 2016. Finally, the region is a forward front for counter-terrorism. Terrorism is not just a concern for the U.S. and EU, but it is also a major threat to China and other Asian states that depend on the Mideast for energy imports. As China is expanding its global economic footprint, the presence of ISIS and Al Qaeda affiliates is posing a security challenge to Chinese citizens and assets overseas. China has 5 million workers abroad with about 2 million in the Mideast, and its outbound tourists in 2016 reached 122 million—thus they are driven to adopt a more robust security posture to protect those interests. Terrorism is likely the biggest challenge to the Middle East segment of China’s BRI.

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In May 2017, China convened its large Belt and Road Forum in Beijing and a new vision for the Eurasia continent. The concept was first launched by President Xi Jinping in Astana in September 2013, but less than one year later in July 2014, ISIS leader al-Baghdadi called for jihad against countries that “seized Muslim rights,” named China first in a list of 20 countries around the world, and threatened to occupy parts of western China Xinjiang which appeared on ISIS’s caliphate map.

While the idea of occupying Chinese territory is currently farfetched, the Chinese do have a legitimate security concern on what amounts to be a declaration of war, especially since the aspirant caliphate overlaps with large swath of territories of the Shanghai Cooperation Organization (SCO). The SCO is a China-led Eurasian security bloc encompassing China, Russia, four Central Asian republics excluding Turkmenistan, and India and Pakistan officially acceded to the SCO on June 2017 at the Astana Summit in Kazakhstan. Iran is next in line after UN sanctions have been lifted in the 2015 nuclear deal.

With the admission of India and Pakistan underway, the aspirant caliphate now includes SCO territories of Central Asia, AfPak, Kashmir, Russia’s Chechnya and China’s Xinjiang where they already have ongoing
extremist activities. There are an estimated 5,000 Chinese fighters affiliated with Al Qaeda in Syria and more than 300 Chinese fighters in ISIS, as well as fighters from Central Asia and Russia in Syria. Thus, SCO member states face the risk of their fighters taking Syrian jihad back home and radicalizing their large Sunni Muslim population—China for one has over 20 million Sunni Muslims.

Thus the issue of returning foreign terrorist fighters (FTFs) poses a threat to the BRI because the Muslim province of Xinjiang serves as the centerpiece and bridgehead for the economic “Belt” across Eurasia. This also threatens China’s territorial integrity, and since the Xinjiang uprising in 2009, China’s internal state security budget has surpassed its defense budget every year, which suggests Beijing views terrorism and instability as a greater security threat than military conflict in the South China Sea.

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7 U.N. Security Council Resolution 2178 defines foreign terrorist fighters as “individuals who travel to a state other than their states of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts or the providing or receiving of terrorist training, including in connection with armed conflict.”

8 In 2010, China’s security budget was $87 billion while defense was $84.6 billion; in 2011 security was $99 billion while defense was $95.6 billion; in 2012 security was $111.4 billion while defense was $106.4 billion; in 2013 security budget was $123.6 billion while defense was $119 billion. In 2014, the Chinese government withheld full disclosure of the security budget due to its sensitive nature, while defense is $131.57 billion. However, based on past trends it was likely higher than the defense budget. In 2015 the defense budget is $141 billion a 10% increase from 2014, while security budget increased by 11%. By comparison Pentagon’s budget is $534 billion. In 2016 the defense budget is $146 billion a 7.6% increase from 2015, while stated budget to “maintain stability” is at least $25 billion (167 yuan, 5.3% increase, SCMP). By comparison Pentagon’s budget is $573 billion, four times that of China. However, overall internal security budget is likely higher than the defense budget based on past trends.
Moreover, the presence of ISIS, Al Qaeda and other Islamic extremist groups in the Levant and North Africa not only threaten China’s energy supply but also its trade and market access, especially via the Suez Canal. In 2013 China surpassed the U.S. to become the world’s largest trading state at over $4 trillion (U.S. $3.4 trillion)\(^9\) and with over 95% of trade still being seaborne, Beijing is heavily dependent on the Canal to reach its largest export market in Europe. Thus besides being the mainstay of China’s Maritime Silk Road, the strategic significance and security of the Suez—which spurred the 1956 war over control of the Canal—is not lost on the Chinese.

In fact, in 2013, Al Qaeda affiliates Al Furqun Brigade attacked China’s COSCO Asia in the Suez Canal by firing RPGs (rocket propelled grenades) at the large container ship (with 10,000t of cargo) en route to northern Europe. Faced with increased military activity and ship inspections in the Canal, maritime insurance company Lloyd’s List actually recommended ships take the 6,000-mile longer route around the Cape of Good Hope instead. These shipping delays and increased risk premiums are thus costly for China’s maritime trade and economic growth.\(^10\)

Map 4: Cape of Good Hope route

![Map of Cape of Good Hope route](www.ajot.com)

Although China is building overland networks of railroad and highways across Eurasia, including the Med-Red rail or steel canal through Israel to connect the Red Sea to the Mediterranean Sea and bypass the Suez, this is a form of diversification, not replacement, of maritime transport corridors given 95% of trade is still seaborne. As such President Xi stepped up Chinese engagement of the Middle East with visits in early 2017 to Egypt, Saudi Arabia and Iran, and pledging $15 billion special loans to boost Egypt’s industrial production especially around the Suez Canal in the north end of the Red Sea.\(^11\) China also set up a naval base in Djibouti to protect its sea lines of communication (SLOC) through the southern end of the Red Sea and the Gulf of Aden. It is upgrading counterterrorism ties with Egypt and conducted joint naval exercises

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\(^9\) China surpassed Canada as US’s largest trading partner in November 2015. China trade $441.6 billion, or 15.7% total US trade compared with Canada with $438–billion at 15.5% total US trade, according to US Commerce Department. Iain Marlow, “China passes Canada to become largest U.S. trading partner”, *The Globe and Mail* 5 November 2015.


\(^11\) China also enlarging Port Said and investing in Suez Canal Speical Economic Zone.
off the Eastern Mediterranean earlier in 2015, and Egypt’s application to join the SCO now brings the Eurasian bloc to the Levant and the Mediterranean.

Finally, the August 2015 Bangkok bombing that killed Chinese citizens, the ISIS terrorist attacks in Paris, Brussels, Berlin, Manchester, London, the August 2016 attack on the Chinese embassy in Kyrgyzstan by Syrian-based Al Qaeda affiliates, in conjunction with security challenges to China’s energy supply-line and market access, are all prompting Beijing to adopt a more robust military and diplomatic posture in the Middle East.12

3. China’s response to counter terrorism

3.1 China’s Evolving Non-Intervention Policy

Admittedly some observers may view Beijing’s non-intervention policy as an obstacle to a more proactive military stance, but this needs to be placed within context. From the Chinese perspective, this is more in reference to intervening in other countries’ domestic politics such as western-sponsored democracy promotion and color revolution. Non-interference policy does not mean inaction when China’s security and interests are threatened.

At a July 2015 International Institute for Strategic Studies (IISS) conference in Washington D.C., Stimson Center China Fellow Yun Sun further clarified that when it comes to protecting Chinese citizens, non-interference policy does not apply, and China will exhaust all means possible to protect them when they are threatened. Sun explained that due to a lack of domestic elections, the Communist regime derives its legitimacy by its credibility and capability to protect Chinese citizens—an issue of regime survival for the CCP. With an estimated 5 million workers overseas, protection of its citizens is vital for regime survival, and China will increasingly be compelled to intervene abroad to protect its expanding interest and workers.

This is evidenced by passing the new counter-terrorism law in December 2015 to allow the Chinese military to operate abroad; the establishment of their naval base in Djibouti in 2016; signing security cooperation with the governments of Syria, Afghanistan, Pakistan and Tajikistan to counter-terrorism in Aug 2016,13 offering $1 billion over 10 years for a UN peace and development fund and 8,000 UN peacekeeping troops in September 2015;14 and reinforcing the SCO, China’s main vehicle to combat terrorism abroad, with the admission of India and Pakistan as members to enable a more comprehensive regional

approach. Following Djibouti, China plans on establishing future logistics and replenishment bases for its expanding maritime power.

Map 5: China's future 18 overseas bases


3.2 China's Pro-Activism to Protect Citizens Overseas

Currently Beijing still lacks a large military footprint overseas and U.S. is the dominant global military power with over 800 bases throughout the world. However, it has signaled its willingness for burden sharing in underwriting regional security via UN peacekeeping missions. For example, in Lebanon there are over 300 Chinese troops in the United Nations Interim Force in Lebanon (UNIFIL), down from the original 1,000 after the 2006 Lebanon War. At that time, the Israelis approached China to contribute UN troops, as they did not want Arab troops, but preferred Asian troops from China, South Korea, India, Philippines, etc. that were deemed as more neutral in the Arab-Israeli conflict.

China is also reinforcing security for its citizens in conflict zones such as South Sudan by deploying a battalion of Chinese combat troops under UN banner, and until 2014, a Chinese general commanded the Cyprus UN mission. As mentioned earlier, in September 2015, China committed 8,000 UN troops on permanent standby for worldwide deployment including for example to Syria.

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17 "China ups Lebanon force to 1,000", BBC, September 18, 2006, http://news.bbc.co.uk/1/hi/world/asia-pacific/5355128.stm
forces, China would conduct evacuation operation similar to the 2011 Libyan evacuation of 36,000 Chinese nationals. In March 2015, Chinese navy again had to evacuate its citizens in Yemen when Saudi Arabia began its bombing campaign, and in November 2015 China signed a 10-year contract to open its first overseas military base in Djibouti.

### 3.3 Sino-Russian Cooperation in SCO

Finally, China is reinforcing SCO as a key counter terrorism tool for improved intelligence sharing and joint anti-terror exercises. In December 2014 when Premier Li Keqiang visited Kazakhstan, he said SCO should become the guardian of Eurasia and that the New Silk Road needs a SCO security cover. China is also aligning closer with Russia within SCO, despite skepticism over the prospect of any meaningful Sino-Russian cooperation and the perception of Russia’s Eurasia Economic Union competing with China’s BRI in Central Asia.

But against the backdrop of (1) western sanctions on Russia over Ukraine and (2) shared threat of ISIS and increasing terrorism in Caucasus and Xinjiang, Russia and China are cooperating in Eurasia whereby Russia could be the main guarantor of security with China as the largest economic player. Given that SCO is a joint China-Russia initiative, they will coordinate Russia’s Eurasia Union and China Silk Belt under the SCO umbrella.

### 4. The Mideast as a laboratory for US/EU cooperation with China

As China’s BRI and SCO are consolidating across Eurasia, what are the implications for the U.S. and EU, and are there prospects of cooperation?

#### 4.1 Opportunity: Nontraditional security cooperation

There seems to be good prospects for non-traditional security cooperation on the BRI, especially in the Middle East segment. Here the transatlantic community—the U.S. and EU—can engage China in a “partnership of necessity”—meaning engaging with countries that do not share values but have shared interests for regional stability, while work with like-minded allies in a “partnership of choice” with shared values to shape a new regional security architecture still anchored in a liberal West.19 A “partnership of necessity” is possible with China because despite having divergent values on human rights and rule of law issues, U.S. and EU share convergent interests on security challenges such as terrorism, crisis management, and maritime security in the Middle East.20

Since China is now the world’s largest trading state, with its expanding investments in the Mideast and Mediterranean, China has an even bigger stake to ensure maritime security, freedom of navigation,

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maintaining open sea lines of communication (SLOC) as evidenced in their anti-piracy task force in the Gulf of Aden. It is also pushing forward its BRI vision to promote Eurasian connectivity, economic development and integration and thereby reduce ungoverned space for terrorist actors to thrive.

Moreover, Charles A. Kupchan (2012) aptly pointed out the relative decline of the U.S. and Europe both economically and militarily is limiting its capacity and willingness to provide global public goods.21 As such China’s increasing role in the Mideast provides an opportunity for the U.S. and EU to coexist with another major power, and develop “partnerships of necessity” to help underwrite the provision of collective goods at a time when Western wealth and capabilities are declining.

Engaging China is also imperative for crisis management in the region, especially regarding disagreement over the Syrian conflict. With U.S., NATO, GCC and Israel on one side and China, Russia, and Iran on the other, it is even more pressing to have confidence-building measures in place to avoid possible miscalculation and escalation into a military conflict between great powers. Due to the presence of thousands of anti-Chinese militants in the al Qaeda affiliate Turkistan Islamic Party (TIP), and their “intermingling” with the Syrian opposition, they enjoy U.S. and its allies’ protection even though they are designated as terrorist organizations. Western weapons and tacit Western support thus enhance their war fighting capabilities to launch future attacks on China and Chinese interests, provoking Beijing to increase military support to the Syrian army and prolonging the conflict.

4.2 External intervention prolongs civil conflicts

According to political scientists, civil conflicts are prolonged when foreign powers intervene. A 2008 study by James Fearon and David Laitin at Stanford University affirm that civil wars tend to be significantly longer when foreign countries intervene decisively on one side.22 This applies to Syria, where the Syrian government is supported by Iran, Hezbollah, and Russia while the Syrian opposition is supported by Turkey, Qatar and Saudi Arabia.

In a 2017 working paper by Nicholas Sambanis (University of Pennsylvania), Stergios Skaperdas (University of California, Irvine) and William Wohlforth (Dartmouth College), the authors further argue that if one side’s patrons increase material support for its proxy, this risks escalation by the other side’s patrons.23 That is, if actor A=Syrian government and A* is its sponsor (Iran, Hezbollah, Russia) while actor B= rebel opposition and B* is its sponsor (Turkey, Qatar, Saudi Arabia), then any escalation of B* may risk escalation of A* to further prolong the conflict.

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For example, with the April 2017 U.S. airstrikes directly on Syrian government forces on behalf of the opposition, Washington may be signaling an escalation of resource commitments to topple the Assad regime.\textsuperscript{24} This is corresponded by increasing Israeli airstrikes on Syrian military assets as well as military threats by Britain.\textsuperscript{25} U.S. military action thus risks opening the door for other direct foreign military attacks on the Syrian government by the opposition sponsors (Turkey, Saudi Arabia, Qatar), with additional backing from Israel, other Arab Gulf states and NATO.\textsuperscript{26}

In this case, the balance shifts in favor of the rebel opposition so that $A+A^* < B+B^*$.

However, it would likely provoke $A^*$ to escalate to rebalance $A+A^* \geq B+B^*$.

Thus $A^*$ would now include Iran, Hezbollah, Russia plus China and other Asian states, while $B^*$ may now include Turkey, Qatar, Saudi Arabia plus U.S., Israel, other Gulf states and NATO.

As such this risk escalating the Syrian conflict into a regional and international war between the great nuclear powers of U.S., Russia, and China, with al-Qaeda, ISIS and their patrons benefiting from the additional chaos. Indeed, a recent report by IHS Markit warned that “The Syrian government is essentially the anvil to the U.S.- led coalition’s hammer” against ISIS, and its downfall would empower ISIS to the detriment of the international community.\textsuperscript{27}

It would also invariably spill over into Israel as Iran, Russia, and China are provoked to increase military support to the Syrian army, and perhaps draw in other states in the SCO that are concerned with Salafi jihadists from their region setting up a safe haven in Syria. Thousands of Central Asian militants mainly based in Idlib and Aleppo have been training and fighting alongside U.S./Western-backed groups to try to overthrow the Syrian government.\textsuperscript{28}

Faced with a military escalation that would be bloodier, more violent, and involve even more great powers but still likely end in a stalemate, is there an alternative path?

4.3. Peace economics and China’s potential role in regional stabilization

Perhaps China, the new rising power and wild card in the Middle East, can play a role to diffuse the tension by leveraging its economic wherewithal and contribute towards conflict mitigation and conflict management in the region—whether it is the Arab-Israeli conflict, Saudi-Iran rivalry, or the Syrian crisis. 29

One example of how China can foster an economic ecosystem in the Middle East that could promote regional stability is via linking various trading and logistic hubs. There is a growing number of Chinese-owned ports in the Mediterranean including Algeria’s Port Cherchell,30 Egypt’s Port Said31 and Port Alexandria,32 Israel’s Port Ashdod33 and Port Haifa,34 Turkey’s Kupmport, Greece’s Port Piraeus, Italy’s Port Genoa35 and Port Naples, thus this provides an opportunity for the EU and China to jointly promote regional economic integration and stabilization via the BRI.

Map 6: China’s Mediterranean ports

Source: China’s ports in the Indian Ocean and the Mediterranean, INSS Strategic Assessment, Vol. 19, No. 1 April 2016, p.55

For example, with growing Chinese investments in Turkey and Israel, this may be utilized for broader cooperation and have positive spillover unto the political realm at the regional level.

One such project is the Jezreel Valley Railway line. Revived after 65 years in August 2016, cargo traveling by sea from Turkey to Haifa Port can be placed on the Jezreel line, and transported to Jordan and the broader Arab Gulf region. The Jezreel Valley train, part of the Turkish Hejaz Railway built under the Ottoman Empire in 1905, ran until 1951. With China winning a tender to operate Haifa Port for 25 years, this would facilitate China to ship goods from Turkey to Jordan and unto Asia via the Red Sea or the Arab Gulf region, and vice versa.

Map 7: Hejaz Railway during the Ottoman Empire 1914


Indeed, it is within the context of the BRI and goal of broader regional cooperation that Israeli transport minister, Capt. Yigal Maor, proposed the Israel-Gulf Economic Corridor (IGEC) in September 2016. He believes that if China can invest in this IGEC that encompasses linking infrastructure projects in the Arab Gulf region with Israel and Jordan to transship Chinese goods, this could push Gulf countries into more formal ties with Israel. In this case, positive trade expectation becomes an incentive for cooperation rather than confrontation.

In turn this could jumpstart the Arab Peace Initiative that aligns with EU and U.S. goals in the Middle East Peace Process, with the added benefit of promoting broader regional cooperation with Turkey and EU in the Eastern Mediterranean. The recent Israeli-Turkish reconciliation, launched after six years of broken relationship following the 2010 Mavi Marmara incident, would also help in this regard.  

Israel could also explore what role Beijing can play as a new external regional power broker to constrain Iran and Hezbollah’s hostilities towards the Jewish state. Given both China and Russia’s massive injection of military and economic investments to stabilize the Middle East, they clearly have no interest in having Iran attack Israel to further destabilize the Levant. Nor would Beijing want Israel to attack Iran, a strategic hub on the BRI linking the Middle East, Central and South Asia. Thus, China and Russia can exert influence over Tehran and help mitigate tensions with Israel, and China’s BRI vision of building connectivity across Eurasia to reduce ungoverned space for terrorist actors to thrive, provides an alternative path for Mideast economic development and regional stability.

4.4 Challenge: U.S. resistance and zero-sum paradigm

Nonetheless, currently there is resistance from the U.S. that tends to see a zero-sum, binary option between Washington and Beijing for the international order. As former senior State Department official David Sedney observed, there was a “strain in U.S. political thinking that says if we are not in the lead role, we

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should not be part of it—but I think that has been a mistake”—a view shared by U.S. allies on forcing them to choose between the U.S. and China.40

One example is the attempted U.S. boycott of China’s AIIB to address a legitimate US$8 trillion worth of infrastructure investment gap in Asia for the next decade.41 Neither the World Bank nor the Asian Development Bank were able to fill that development finance gap. Thus, despite the U.S. boycott, allies stampeded to join the AIIB, much to the Obama administration’s chagrin and embarrassment.

An Asian diplomat, whose country is a founding member of AIIB, revealed that “The truth is no one in the region wants to choose between the United States and China,” but U.S. hostility to the bank actually prompted many countries to choose in China’s favor. As such, Washington needs a better response to China-led initiatives than attempting to lead a boycott, especially when allies see benefits in participation.42

Indeed, both the Transatlantic Trade and Investment Partnership (T-TIP) and the now defunct Trans Pacific Partnership (TPP) are emblematic of misguided U.S. policy of forcing a binary option on allies of choosing either the U.S. or China. However, forging an economic NATO that excludes the second largest economy in the world and largest trading partner in Asia, as well as ignoring China’s multi-trillion BRI project in Eurasia, was a non-starter for many Asian, Mideast, and European allies. In contrast, China’s inclusive AIIB has an open invitation for Japan and the U.S. to join, although both have declined.

As Madame Fu Ying penned in a 2016 Foreign Affairs article, China and other rising powers are currently frustrated by their underrepresentation in current institutions, and are thus circumventing them by setting up alternatives better suited to defend their national interest.43 In this sense China is not necessarily a revisionist state that wants to overthrow the current liberal order in which it has greatly benefited, but merely to reform the existing order to better reflect their preferences. Andrew J. Nathan and Andrew Scobell also pointed out it is important to distinguish between security and hegemony in Sino-U.S. relations.44 They argue that while the U.S. seeks to maintain its hegemony, Beijing wants security and not global power. When China says it wants peace, it actually means stability in order to “concentrate on economic development” (Nathan and Scobell: 2012, 28). This explains why Chinese official statements are usually peppered with the phrase “maintain stability”, or weiwén (維稳), especially in reference to the Middle East which supplies the bulk of its energy sources.

Given that U.S. wants to maintain hegemony and Beijing wants stability and security, this presents an opportunity for synergistic cooperation in the Middle East, where China is still dependent on U.S. military power to underwrite regional security. As Henry Kissinger argued in On China (2011: 523), it may be possible for the U.S. and China to develop “strategic trust” of the same kind that once evolved between the U.S. and the UK, especially by increasing economic and institutional interdependence that dampens impulses towards conflict. While this does not make conflicts impossible and could make war even more destructive should it occur, nonetheless it provides incentives to keep conflict with major partners manageable.

5. Conclusion

With the U.S. seemingly still steeped in a cold war paradigm, Beijing is rising as a new champion for the virtues of economic interdependence via the BRI, hoping positive trade expectations would foster cooperation and mitigate conflicts across the Middle East and Eurasia. China’s rise and its economic involvement via the BRI thus has the potential to transform the Mideast’s trade, infrastructure, regional relationships, as well as provide new security and stability. By creating economic value and boosting geopolitical relations in the region, peace and stability in the Middle East could begin from the bottom up. The convergence of the Middle Kingdom and its Middle Eastern partners can serve as a powerful transformative force in a multi-polar world, and provides an opportunity for the U.S. and EU to incorporate China in a constructive role to supplement Western efforts for Mideast stabilization and reconstruction.

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