

STUDY

US-China Competition and Its Implications for the Middle East

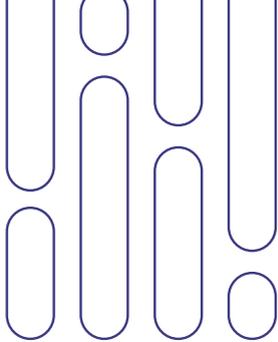
08 May 2021

Dr. Mohammed Saqr Alsulami,

Founder and President
of the International Institute for Iranian Studies (Rasanah)



RASANAH
المعهد الدولي للدراسات الإيرانية
International Institute for Iranian Studies



Contents

Introduction	3
1. US and Chinese Policies Towards the Middle East: Between Continuation and Change.....	5
2. The Impact of US-China Polarization on the Middle East	11
3. Opportunities, Challenges, and Options for Middle Eastern Countries.....	17
4. Conclusion	24



Introduction

China is inching strongly towards the top of the global order in accordance with a vision adopted by the Communist Party to turn China into a middle-level advanced country by 2035 and a superpower matching the United States by 2050. This Chinese rise has made it imperative for the United States to reconsider its policies towards Beijing. The United States had begun to shift from forming a strategic partnership with China, which prevailed in the aftermath of the Cold War, to entering into strategic competition with it.

Behind the United States adopting the path of strategic competition, there is an objective to prevent China from threatening the existing global order, particularly Washington's leadership of it. The United States also seeks to exhaust China and impose restrictions barring it from turning

into a revisionist and transformative power. The US moves in this regard include working on: restoring the strategic equilibrium in West Asia by redirecting resources and forces towards the Far East, keeping an economic and technological edge and finally rallying alliances to support its values and principles.

Undoubtedly, the way China responds to these US moves will ultimately determine the nature of the competition between the two powers at the global level. There is a huge difference between China adopting a less hostile policy, and the extent to which it is satisfied with what the United States has offered it in terms of advantages, in a way that ensures that the two world powers remain within the framework of the existing global structure, and hence restoring a strategic partnership and a balance of power within the prevailing unipolar world order, and China opting to expand the scope of geopolitical competition, working to weaken the United States and move towards becoming the world order's epicenter. This is based on China's undeclared ambition to lead the global order or to present US behavior as an existential threat to the Chinese system.

This competition will mostly – in the long run – involve some changes in the world order's structure and the criteria governing it. Currently, there is some sort of balance of power. China's rise is an undeniable fact which is becoming more evident as time passes. This will give China leverage when it comes to shaping some of the world order's rules or at least rejecting others. Consequently, the two countries will have more influence in adopting new criteria, while granting other countries some privileges to maintain their compliance. There is no doubt that the emergence of new powers such as China, and to a lesser degree Russia, grant other countries policy options which are much broader than under a unipolar world order.

This reality will naturally impact the sub-orders, including the Middle East; a region which interests both the United States and China, given their economic and geopolitical balance has become a *fait accompli* in this region, which has entrenched with time. Moreover, some strategic competition indicators began to emerge in the region over the past decade. The United States has traditional influence in the region as well as a significant security and military presence. However, China has begun to engage more in the region via its economic megaprojects, which reflects its extensive geo-economic clout. The last among these indicators was the signing of the strategic partnership agreement

between China and Iran.¹ These indicators clearly show that China will resist Washington's strategic competition and containment via a policy of offshore balancing, and preventing the United States from moving eastwards through its giant economic connection routes such as the Belt and Road Initiative (BRI), which entirely passes through the Middle East.

These developments raise several questions regarding whether or not US and Chinese policies will change in the Middle East because of their strategic competition. What are the ramifications of this competition on the region and the opportunities, challenges and options available for regional countries considering the mounting polarization between these two global powers?

1. US and Chinese Policies Towards the Middle East: Between Continuation and Change

The Middle East is significant for both the United States and China as they enjoy great influence there. Within the framework of ongoing competition between the two powers, it is expected that moves in the region will see some change. Both powers could adopt new policies and alignments as well as forge new alliances. Their competition will result in adopting broader engagement in the region's issues and developments. The trajectory of their competition, the possible changes that could be made to the two countries' policies, and their influence are discussed as follows:

1.1. The Region's Strategic Importance and Position From the Perspective of the United States and China

The Middle East is one of the most important sub-regions within the global order. It is considered the heart of the world and the link connecting East and West. It is endowed with maritime waterways through which a significant volume of global trade passes. It is also an important historical and civilizational depot, especially considering that it is blessed with rich resources, particularly energy and oil. It is also one of the arenas that witnessed significant geopolitical competition during the Cold War. Moreover, it is one of the regions that experienced competition among key global powers despite the world order shifting to a unipolar one, especially between the United States and China. The region reflects the competition between the United States and China at the global level.²

For its part, the United States looks to the Middle East as the most significant oil supplier in the world. The region is also an important pillar

of US international clout, and a significant percent of world trade passes through this region. In addition, it is the epicenter of the civilizational dispute between East and West; and where Israel is situated, which is sponsored by the United States; the region disputes its right to exist and survive. Further, it is significant when looking at how to counter US rival powers such as Russia and China. Most of the region's countries are considered as traditional US allies and back the current world order, except some regimes that proclaim hostility towards the United States and are opposed to its clout. However, the United States never avoids employing adversary powers for the sake of achieving regional control and ensuring a desired balance — as is the case with how the United States has employed the Iranian political system as an example.³

As for China, it has important historical ties with the Middle Eastern countries given the geographic proximity and the movement of trade between China and the region's countries. Amid China's rise, the region has maintained extensive economic, technological and developmental relations with China.

China depends on the Middle East for approximately 60 percent of its energy needs in order to turn its massive economic wheel. The region is also an important geographic mainstay and market for giant Chinese economic projects, such as the Belt and Road Initiative.⁴ Hence, China is the most important trading partner to the Middle Eastern countries, and it is on their soil that China is setting the stage for its economic control over the world order, which undoubtedly will lead to political domination. The Chinese economic model as an alternative to the Western model is being promoted in the region through Beijing participating in the development of financially insolvent countries in the Middle East. China has employed the Asian Development Bank (ADB) which has become a rival to the World Bank (WB) and the International Monetary Fund (IMF), which are both controlled by the United States. Perhaps the recently announced China-Iran partnership is a clear practical example of this.

There is no doubt that both the United States and China agree on the economic importance of the Middle East. The region's countries are among the biggest oil and gas producers worldwide. Moreover, with underground reserves, and various natural mines, these countries possess the biggest oil and gas reserves in the world particularly in the Arabian Peninsula and North Africa. Even if oil consumption declines in the future, as some argue, gas is still one of the most important resources in the region which

continues to be discovered. The sources of energy such as oil and gas are essential drivers of major global economies. As for global trade, it cannot flow normally in case it is impeded at ports and key routes located in the Middle East such as at those Arab ports overlooking the Arabian Gulf and the Red Sea or at international waterways such as the Strait of Hormuz, the Strait of Bab al-Mandab, or the Suez Canal. This means that at the present moment, the continuation of US, Chinese, and even global economic growth, and the flow of trade is inextricably linked to the Middle East as well as in the future.

In addition, increasing population growth rates, rising income levels and accelerating economic growth, makes regional countries promising markets for investments and injecting capital into various spheres and exporting defense and security hardware.

1.2. US Military Clout Versus China's Economic Clout

The United States maintains a strategic military presence in the Middle East to protect its interests. US military bases are considered a protection umbrella for regional security and a means to ensure stability in the region. The United States also forges strategic economic relations in the region.⁵

It partnered with the Gulf states to extract and export oil in the past and currently it is among the biggest trading and investment partners to many countries in the region. The region depends on it to provide high-tech services and products such as industrial, medical, technological and consumer equipment as well as machinery, transportation and spare parts. Trade volume between the two sides hit \$113 billion in 2020 according to the IMF.⁶ Meanwhile, US investments in the Middle East reached \$75 billion during the period from 2000 to 2019.⁷ On the other side, many of the region's countries are investing hundreds of billions of their sovereign funds in the United States.

China maintains a limited security presence in the region to protect its economic projects, investments, and nationals. This is classed by some as a form of a "soft military presence" to protect its trade movements within key strategic corridors.⁸ Hence, China's presence in the region is mainly related to economic imperatives. It managed to boost its ties with regional countries economically to the extent that it has become their most important trading partner since 2016. The region's countries depend on China in regard to their ambitious short-term, medium-term and long-term development plans.

Figures show that China's economic clout in the region surpasses the United States due to its growing investments in recent times. This confirms that China has been exerting real efforts to achieve its integrated strategy in the Middle East. China provides the region's countries with industrial and consumer items as well as various alternatives at competitive prices but their quality varies. Chinese investments in the Middle East and North Africa reached \$197 billion during the period from 2005 to 2020.⁹ Meanwhile, trade exchange between China and regional countries hit \$151 billion in 2020,¹⁰ i.e., bigger than the trade posted with the United States — despite the coronavirus pandemic and its ramifications on global trade, especially on Chinese trade.

Suspicious About the Middle East's Declining Significance in Light of Biden's Orientations

Following in the footsteps of the Obama administration, the Biden administration is attempting to reframe its strategic approximations in the Middle East, especially its security approximations. It is still unclear whether this approximation will keep in place the US security umbrella for regional countries according to a new formula or whether there will be a partial withdrawal of Washington's security role in light of the region's declining importance as some US think tanks continue to push. Some argue that Washington's redeployment strategy and relocating some of its troops to the Pacific to confront China will come at the expense of its presence in the Middle East.¹¹

But it is still difficult to imagine that the United States will easily leave a security vacuum which will be filled by its rivals. Hence, it is more likely that US redeployment will not result in the Middle East taking a back seat and Washington will not allow an alternative security equation which could potentially be proposed by China or Russia or both of them which will definitely not be in its favor.

The Ever Given cargo ship becoming stuck in the Suez Canal and disrupting the ever-important waterway proved the centrality of the Middle East in global policy and its importance for any country seeking to uphold its position within the existing world order, let alone the importance of oil in enabling the United States to maintain its stature.

China, through its technological partnership with regional countries via launching 5G networks, has concerned Washington. This is due to its

impact on China's competitive economic advantage and the expansion of its security and intelligence clout. This led Washington to pressure some regional countries to end China's technological clout, in what seemed to be a "technological cold war."

Along with this growing technological clout, China's influence is growing via its Belt and Road Initiative, which strengthens its presence on the ground in the region. This presence could be supported by military deployments as time passes in several countries and at key ports through which the Belt and Road Initiative passes. This could curb Washington's clout as time goes by and result in China having the final say over the movement of trade and eventually controlling it.

The perception of the Middle East declining in importance and the effectiveness of any alternative regional alliances are still uncertain estimates to be plausible justifications of the US withdrawal from the region— because China is ready to move its battle with the United States to outside its vital sphere; most likely to the Middle East. This is in addition to the significance of oil for US allies and they are an essential pillar in its strategy to counter China's rise. The United States has tested multiple alternative alliances and initiatives to ensure a security protection umbrella under its patronage. But none of them have yet proven to be effective. It is too early to speak of a radical or wide-ranging change when it comes to US policy towards the Middle East. As US Secretary of Defense Lloyd Austin stated, the process of relocating US forces is nothing but a normal tactical maneuver, not an abandonment of Washington's role in the region.¹²

1.3. The Extent of China and Rival Power Preparations to Strengthen Their Presence and Counter US Pressure

China displays a desire to settle its dispute with the United States through bilateral talks and understandings and attempts to avoid engaging in any strategic polarization. However, competition between them will remain unabated. This is because the Middle East is a vital sphere where the interests of the two sides intensively intersect more than in any other region, and since it adopts the strategy of rising peacefully through economic projects, China will continue to benefit from Washington's security umbrella in the region. China and the United States agree that regional security is a must and that there is a need to contain disputes among regional countries. This creates an appropriate environment for its economic projects and provides a stable market for its investments as well as ensuring oil supplies for its overflowing factories. Neither China nor Russia will spare any effort, if they

are given a chance, to change the region's geopolitical map in their favor. China specifically is ready to expand its cooperation with some influential regional powers, which falls within its plan to advance its global economic and strategic position and to curb US hegemony, especially after Biden's plan to forge alliances in Southeast Asia to counter China's danger. Also, China has shown readiness to involve Iran's nuclear file and its relationship with the country into its rivalry with the United States after it recently pledged to protect the nuclear deal and defended what it called "its legitimate interests in having relations with Iran," according to remarks made by Chinese Foreign Minister Wang Yi on March 25, 2021.

The indications of China's moves in this direction began when it signed a strategic partnership agreement with Iran on March 27, 2021 in Tehran, a step essentially taking aim at the United States. Based on China's policy and its typical insistence to achieve its core interests, Beijing will soon spread its clout in the Middle East via this partnership which includes several economic and commercial agreements which are not limited to Iran but extend to encompass the rest of the region's countries.

The same thing applies to Russia, which seems ready to play a bigger role in the Middle East as evidenced by its involvement in Syria. This comes within NATO easing its pressure on its traditional spheres of influence, especially on the alliance which the Biden administration seeks to forge with the Europeans to counter Russia. It seems that Russia's declared position on the nuclear deal and its relationship with Iran is harmonious with its geopolitical competition and desire to possess more levers to counter expected US pressure. Russian moves are not limited to Syria, but Moscow has deepened its partnership with Turkey to the extent that the latter purchased the Russian S-400 missile defense system, indicating a change in US and NATO clout in the region.

But so far it cannot be said that China, Russia or even any other country possess any alternative initiative or have the readiness to provide an alternative security umbrella in the Middle East or that they have schemes to expand their geographic spheres of rivalry with the United States in the region. On the other side, regional countries are hesitant about granting China any security leverage, especially in light of divergent viewpoints on some issues, such as China's position on Iran. This is in addition to Israel's position on China, which it deems a backer of Arab causes. Hence, the region's countries do not want to let China take Washington's role but will use China's economic clout to pressure the United States to maintain

its support or change its viewpoint on certain regional issues. For its part, China is concerned that its intervention in regional issues and disputes will impact its gains, and result in implications for its economic projects and strategic interests in the region.

All in all, China will not cease its economic ties with regional countries and will work to complete its giant economic projects connecting other economies with its economy to advance its economic growth. China's main economic project is its landmark Belt and Road Initiative which will turn China sooner or later into a power exerting more regional and global influence. Of course, this will result in a decline in US clout, not only at the regional level but also at the global level, however, the United States will attempt to reassert its clout.

Hence, the region will witness fierce competition in the coming period, and will be deeply impacted by this US-China dispute against the backdrop of complicated regional realities and extensive disputes which allow for external intervention. This is in addition to the interlocking US-China presence and the fierce competition between them, let alone the region being an arena for confrontation beyond Washington's and Beijing's vital spheres and a backyard for the ongoing dispute between the two powers.

2. The Impact of US-China Polarization on the Middle East

Owing to its geostrategic location and rich energy resources, the Middle East receives much attention from all global powers, despite their divergent visions and political ideologies. If experts anticipate that the rise of China as a giant economic power will result in a change in the international structure, the Middle East region will be one of the regions impacted by this change, whether negatively or positively, as the global order shall transform from a stable unipolar order into a bipolar or multipolar order.

At this point, it is important to discuss the potential impact on regional countries as a result of US-China polarization by examining two different theorems: the first is that the two world powers avoid direct engagement to keep the status quo unchanged, and the second suggests that the policies of escalation and tension will mount, reaching the threshold of a cold war which will play out in the areas of contagion, particularly the Middle East, and lead to a reshaping of alliances and strategies.

2.1 The Implications of Competition in the Middle East While Avoiding Direct Rivalry

This study considers the peaceful rise of China as a power that is influencing developments in the Middle East and it is aware of not harming the position and clout of the United States in the region. The reciprocal friendly relations established by regional countries with both the United States and China have contributed to perpetuating the status quo. Several regional countries, except Iran and Syria, have good ties with the United States, particularly at the security, military and economic levels, while most countries share steadily growing economic relations with China.

The utmost importance that both the United States and China attach to energy security advances the option of avoiding a direct face-off in the region. The two powers are concerned about a possible disruption in oil supplies and the impact of this on global oil markets. This shared concern creates room for relative calm within the framework of cutthroat competition between the two powers amid China's growing economic strength and Washington's insistence to impede the Chinese dragon to prevent it from exerting regional hegemony in East Asia.

The status quo enables regional countries to capture considerable gains from both the United States and China. China has excelled at the technological level (5G), contributing to establishing infrastructure, and carrying out renewable energy projects, both solar and nuclear ones, at an exceptionally low cost. In 2019, China was the Kingdom of Saudi Arabia's number one trading partner and the second-biggest trading partner to Israel.¹³ China has also signed over the past decade diverse partnership agreements with 13 regional countries.¹⁴ On the other side, the United States has an edge in the military and security fields. The extent of its clout in the Middle East for decades as the greatest superpower in the world enabled its allies to establish security, armament, economic and investment partnerships, which resulted in far-reaching benefits for the people living in the region, particularly security and welfare benefits.

It is worth noting that recent regional variables can possibly help perpetuate the status quo, such as the Abraham Accords signed between several Arab countries and Israel. These variables advance Washington's position in the region as they help in bringing together its partners to confront hostile parties like Iran. Washington also benefits from these variables by not only advancing its position but also shifting the burden of upholding security on to the shoulders of other disputing partners, especially the Arab countries and Israel.

It seems that the United States, through its current administration and the two former administrations, sent ambiguous signals about ensuring peace and stability in the region. President Obama showed hesitancy about intervention in Syria and his successor Trump suddenly withdrew from the country, which raised fears and suspicions towards Washington's commitment to maritime navigation security and protecting vital waterways in the region.

In light of the status quo and the mounting suspicions towards Washington's position, regional countries turned to the other two world powers Russia and China by initiating official visits at the highest levels and forging partnership in different fields. Russia, in light of its ambition to restore its former global strength, its military presence in Syria and Libya in addition to the connections between its economy with countries like Egypt, Algeria and Saudi Arabia (via OPEC) managed to mend its bilateral ties with regional countries and present itself as an impartial mediator in regional disputes. Moscow's assistance of Bashar al-Assad to counter Western pressure enabled it to achieve multiple objectives, the most important of which for the region's countries was Russia's emergence as a world power that is keen on upholding national sovereignty and seeking to maintain the status quo. This is in addition to increasing regional interest in Russian weapons by countries such as Saudi Arabia, Qatar and Egypt, and Moscow ultimately pushed Turkey, a key NATO member, to act against the interests of the United States and the alliance.¹⁵

It is worth noting that the countries' motives behind their openness to China — in addition to ambiguous American signals — were China's non-intervention and neutrality adopted as main principles in its foreign policy.

China did not take a biased position in the cutthroat regional rivalry between Saudi Arabia and Iran. It also continued to pursue neutrality on the Israel-Palestine question. On the other side, its Belt and Road Initiative encourages regional countries to establish partnerships with China and benefit from the gains generated by this economic expansion.

Before discussing the other side of this equation, we point to mounting US concerns about the spillover of China's economic power into the region, especially its impact on its regular allies and partners. The study briefly sheds light on US reactions to Israel's relations with China. The economic partnership between Israel and China, which relies on US might to ensure its security, has grown, including plans to establish a desalination plant, and the Chinese presence at Haifa Port, which represents a periodic port for

the US Navy Sixth Fleet, as well as future agreements to take advantage of Chinese 5G technology.

2.2 The Implications of the Competition in the Middle East in Light of Heading Towards a New Polarization

Against the backdrop of increasing competition between Beijing and Washington, we find that their real schism over the Middle East was apparent in their political wrangling at international organizations such as the UN Security Council (UNSC) and the International Atomic Energy Agency (IAEA). For example, we find that there is a difference between the two sides regarding the Iranian nuclear file and the Syrian question. Also, each side uses its levers to serve its own interests. China and Russia always strike soft balances – according to the realistic approximation in international relations – against the United States with the aim of undermining its efforts or defaming its legal legitimacy whenever they have the opportunity such as opposing the US attempt to activate the snapback mechanism against Iran.

Their policies in this regard take into consideration the current regional developments which were a result of two opposing strategies: *action* and *reaction*. It is represented in the US strategy to head eastwards to contain Chinese expansionism and the subsequent Chinese strategy to head westwards to create geopolitical complexities in Washington's areas of influence to counter its intrigues and schemes to encircle China.

The impact of US-China competition on the region's countries is because of the principles and criteria outlined in their domestic and foreign policies. The United States, through its intellectual and normative positions, believes that spreading democracy brings about substantial solutions to disputes. It previously attempted to establish Western democratic systems in Iraq and Afghanistan without achieving tangible results. Thus, the region is fully aware of liberal US principles, given its historical experience of dealing with the United States as a security partner, and takes a cautious approach towards US efforts at regime change and its interference in internal affairs, especially when it comes to what Washington considers human rights violations.

Though regional countries are negatively impacted by the political maneuvers generated from the ideology of US administrations, specifically their ideology of democracy, no alternative can make up for the security and military partnership with the United States. The partners in the region will not be able to abandon the security advantages they have for the sake of

enabling another world power like China to deploy its military capabilities that undermine US clout. Maybe some countries can potentially use their relations with China as a leverage against the United States. However, complete alignment with the Eastern superpower shall lead to proclaiming hostility towards the United States, hence losing it as a security ally.

“Heading westwards” is a Chinese attempt to counter the US containment strategy based on “heading eastwards.” Here we find that China is deeply cautious when it comes to utilizing its military and political might in the US traditional spheres of influence. But the current indications forebode developments in China’s foreign policy, especially towards the Middle East. The recent agreement signed with Iran is a case in point. The agreement between China and Iran was not limited to economic aspects only, but, according to the leaked provisions, includes agreements that enable China to establish ports which can potentially be easily used as military bases near the waterways which are critical to the flow of energy to global markets.¹⁶

The Middle East is located within the boundaries of China’s Belt and Road Initiative. In 2016, China issued a white book to detail its policy towards the Middle East based on a cooperative formula which evolved around three aspects. The first aspect was energy as the main axis, the second aspect was infrastructure and facilitating trade and investments and the third aspect focused on advancing technological fields such as nuclear energy, space, and satellites.¹⁷ The Chinese government sought to lay the foundations of common relations through signing investment agreements, establishing infrastructure for renewable energy projects and launching sophisticated technological projects, as well as concluding arms deals as mentioned earlier. There is no doubt that the low cost of Chinese services makes the country a lucrative economic and investment partner for several countries. Furthermore, the increasing regional frustration due to the United States hinting at the declining importance of the region has prompted these countries to drift towards China.

After all, the region’s countries have their own considerations when it comes to the spillover of China’s influence. Partnership with China is a mouthwatering prospect as the country bases itself on the Westphalian system in relation to respecting national sovereignty, unlike the United States, which exerts pressure using liberal principles. However, China maintains a Communist ideological outlook and engages in hostile behavior when dealing with neighboring regions and countries in East Asia. This Chinese approach is pursued towards Taiwan, Hong Kong, South

Korea, and Japan. Furthermore, allowing China's technological might to penetrate regional countries may result in several ramifications, such as Chinese intelligence infiltration and permitting China to gain several levers that violate the interests of regional countries.

As for the regional security environment, it becomes an intertwined and complex issue. The United States does not see China as a military power that can carry out a regional security role and disentangle the problems resulting from various ceaseless conflicts in the region. Maybe this matter is one of the reasons that prompted China to use the element of surprise by moving the battle raging between the two sides to the boundaries of the US clout in the Middle East. The region's countries, as well as China, are aware of the grave consequences for the region in case the competition intensifies, and China defies the US militarily.

However, changing the status quo involves multiple downsides for China itself, which invests in the region and imports needed energy resources without bearing any security or military burdens/costs, unlike the United States.

This approach was adopted by former US President Donald Trump, announced in April 2019, when he pointed out that China and other global economies must protect their own oil shipments in the Strait of Hormuz. "So why are we protecting the shipping lanes for other countries (many years) for zero compensation. All of these countries should be protecting their own ships on what has always been a dangerous journey," Trump said.

18

China, with its increasing international role, shares with Russia a desire to end Washington's control over sea (maritime shipping) lanes in the region. China, despite having a military base in Djibouti and its interest to carry out international shipping operations via waterways, has not yet defied Washington's military domination in the region. Nonetheless, China, through its long-term plans, has an ambition to maximize its role to securitize trade and its items along with other global economies. Any Chinese attempts to establish military bases, whether in the Arabian Gulf, the Arabian Sea or in other spots, could potentially trigger a cold war between the two powers.

Even if regional countries could potentially benefit from the intensified competition between Washington and Beijing, the outbreak of a cold war would reduce their diplomatic maneuvers to the lowest levels, especially if tensions escalated and regional countries were compelled to abandon

neutrality and join one of the two camps against the other. As soon as the region slides into a cold war between the two sides, the consequences will surely agitate disputes and prolong them in the region.

At this level of escalation, China will find itself inevitably compelled to choose between the region's warring parties, which will trigger a cold war, especially if China and the United States support opposing camps. The biggest pressure will be imposed on the regional countries partnering with the United States when they are compelled to side with either of the two powers and will subsequently lose either security partnership with the United States or economic/technological partnerships with China) as a result of their decision.

On the other side, US decision-makers are facing intertwined dilemmas. They are aware that the competition facing the world will inevitably lead to regional rivalries and divisions which could exacerbate over time. How can US decision-makers contain China at a time when they must not withdraw from a vital region like the Middle East nor stop countering regional disputes to ensure regional countries do not drift towards the Chinese dragon?

The talks of a nuclear agreement with Iran are among the most important US moves to curb China's expansionism, especially after the signing of the Iran-China partnership agreement, the core provisions of which enable Iran to access diverse weapons systems, inevitably fueling tensions in the region.

3. Opportunities, Challenges, and Options for Middle Eastern Countries

1.3. Opportunities

- Creating a new balance of power and removing the restrictions placed by the unipolar world order: it is in the interest of middle powers and small-states that there is a shift from a unipolar world order to a multipolar one. Maybe Middle Eastern countries see China's rise, and other world powers resuming competition with the United States, as an opportunity to push for the emergence of a new multipolar world order at the regional level. This will create more space for maneuvering and mitigating US restrictions, dictates and perhaps sanctions and pressure as well.

There is no doubt that the competition between China and the United States will enable Middle Eastern countries to strike a balance in their relations, diversify and distribute their alliances among competing

countries. This provides an opportunity to display a wide array of options, but without shaking the foundations of their relations with the United States.

This vision has begun to take shape over the past few months. Russian Foreign Minister Sergei Lavrov visited Saudi Arabia, the UAE and Qatar. Yet Kuwait and Qatar received a member of the political bureau of the Central Committee of the Chinese Communist Party (CCP) and the Director of the Bureau of the CCP's Central Foreign Affairs Commission Yang Jiechi.

China's positions are based on respecting national sovereignty and not interfering in internal affairs. Hence, the competition could lead to easing the pressure exerted by the United States on the Middle East, especially when it comes to the promotion of democracy and human rights.

- *The possibility of regional countries having diverse relations with the two competing global powers:* The United States and China are important countries on the foreign policy agendas of regional countries. This is due to the complicated nature of the region, the multiple disputes and regional countries needing credible trade partners and buyers for their basic export commodities.

The United States, in addition to being a trade partner with regional countries, is also a security and military partner. The continued cooperation with Washington could contribute to stabilizing the Middle East and countering the security and military challenges which the region is facing.

At the same time, China has significantly expanded its investments in the region. It is among the big four Asian countries whose trade with the region exceeds the trade volume with the United States. From this perspective, regional countries should leverage the competition between the United States and China for their own benefit. This could happen through maintaining strong commercial and economic relations with China and at the same time benefiting from the security advantages of the US presence in the region. This is in addition to opening a trajectory for relations with other global powers, given that some countries, including Russia, show an indication to expand ties in the region to prevent the United States and China from solely controlling regional affairs.

- *Securing an alternative buyer for Middle Eastern oil after a decline in its importance for the United States:* China is considered the biggest importer of oil from the Middle East. Future estimates indicate that China is in dire need of more oil, which makes it a profitable customer which regional countries cannot afford to lose.

- *Benefiting from US-China positions to ensure regional stability:* the Middle East is gripped by many challenges and crises. Perhaps no country in the Middle East can endure a new chapter of competition between global powers. The United States and China share compatible and complementary interests concerning the security dimension in the region and the de-escalation of conflicts.

This could lead to Washington and Beijing finding common ground to ensure that China achieves its geo-economic interests in the field of trade, energy and investments, while the United States keeps its economic and political interests; hence contributing to fostering security across the region and defending regional allies, which will save the region from the devastating ramifications of ongoing competition between the two sides.

China has a seat on the UN Security Council and has the largest number of global peacekeeping forces. It also financially contributes the most towards the UN peacekeeping budget and dispatches its naval fleets to carry out tasks such as maritime escort missions in accordance with UN Security Council resolutions. Hence, China could play a pivotal role in fostering security across the region, which will prompt regional countries to resort to China in case the United States even partially withdraws its security umbrella in the region.

The Chinese desire to turn towards the Middle East requires security, political and economic stability. To achieve this end, China could find itself prompted to combine both *trade* and *geostrategic* partnerships with several regional countries. This could offer an opportunity for regional countries to bring in China to play an important role in bridging the divergent viewpoints regarding important files in the region such as the Iranian nuclear file, given its close ties with Iran. For China, Iran is a source of energy; in addition, it has strong economic and commercial relations with Tehran.

Given China's relationship with the Syrian regime, as well as with Iran, which plays a major role in the Syrian crisis, and China's desire to enter into a genuine partnership and competition with the United States in the Middle East, regional countries can potentially employ this relationship to pressure China to play a more central role in ending the Syrian crisis and dispel fears about Iran's nuclear ambitions and Tehran's interventions as well as relaxing tensions between powers in the region.

- *Having an alternative trading partner to support development plans:* at the economic level, most of the region's countries are experiencing deep economic transformations which involve structural changes, such as transi-

tioning from reliance on oil to digitalization and modernizing the foundations of their national economies. In 2016, China became the biggest trading partner to many regional countries, and it could play a significant role in ensuring national development plans are successful. Also, many Western countries, including the United States, have abstained from selling many categories of military hardware to regional countries such as drones and some heavy weapons. But China could supply such hardware to regional countries.

2.3. Challenges

- *China's interference in regional disputes and exacerbating instability:* the China-Iran cooperation agreement and China using the Iranian lever in its growing standoff with the United States poses a challenge and a future problem for several regional countries. Whatever the outcomes of pending events and of the interlocking relationships between China, the United States and Iran in the future, realities are supportive of starting an era where the United States does not possess the main keys to control the Middle East as was the case in the past. With key actors competing with the United States like China, the multipolar world order has become realistic; probably in the future, the regional competition between these two countries will heighten. The United States and China, which could potentially aggravate the instability which the Middle East is experiencing.
- *The United States and China punishing countries that engage with axes hostile to them:* it is likely that one of the two global powers will resort to other means and tools to curb the rise of the other and set up barriers along its road. Here, it is expected that Washington's tendency to exercise political and diplomatic pressure on several Middle Eastern countries will increase, accompanied by economic and trade threats against governments exceeding or contemplating to exceed the red lines in their transactions with China. This competition between the two giants will contribute to creating divisions in several regional countries. It could also lead to undermining security and stability at home and across the region.
- *US pressure on regional countries to curb their economic ties with China and its impact on their development plans:* over the past period, the United States has indicated it plans to reduce Chinese economic growth in the region and this could harm the economic interests of its allies which have established partnerships with Beijing. During the visit of former US Secretary of State Mike Pompeo to Tel Aviv in May 2020, he warned Israeli officials that their coop-

eration with China will endanger their strategic relations with the United States.¹⁹

Washington exerted tremendous pressure on Israel to prevent Chinese companies from winning a bid to build the biggest desalination plant in the world in Israel.²⁰ The United States could use similar pressure with its other allies in the region.

- *Triggering a new cold war in the region amid the increasing Chinese military presence:* It is never unlikely that this competition over markets, investments and infrastructure in the region between the United States and China could prompt the latter to exceed its traditional caution when it comes to resorting to military options in its foreign policy; hence advancing its military presence in the region. This could prompt the United States to engage in a cold war with it, with the Middle East being the battleground this time, which is already gripped by tensions and disputes.

Under the guise of protecting commercial routes in the Red Sea and the Indian Ocean, China established a military base in Djibouti. Maybe under a similar pretext, such as securing the Belt and Road Initiative, China will work to increase its military presence in the region. The recent approval by the CCP in March 2021 to allocate a huge budget to develop and modernize the Chinese army and naval fleet over the coming decade in order for them to have the capacity to safeguard/protect the country within and beyond Chinese territories is perhaps proof of this Chinese intent.

- *China's biases:* since the beginning of the Syrian crisis, China has adopted a position siding with the Syrian regime given the historic and strong ties between the two sides. The Chinese position towards the Syrian crisis has gone beyond expressing dissatisfaction with foreign interference in the Syrian crisis, and Beijing has rejected calls to oust Bashar al-Assad. China in February 2012 used its veto power against the Arab-European resolution which adopted the Arab League position calling on Bashar al-Assad to step down as the Syrian president.²¹ China's veto was a qualitative development in its method of dealing with the energy-rich Middle East, which China needs to drive its economic growth. The veto was also indicative of a transformation in Beijing's view regarding its diplomatic and political role at the international level. China's position supportive of the Syrian regime has remained unchanged. It has used its veto on multiple occasions to block the issuance of resolutions from the UN Security Council against the Syrian regime. It has also opposed any military intervention in Syria even if the aim has been to combat terrorist organizations operating in the country.

3.3. Options

- *Pursuing a balanced policy towards the United States and China to maximize gains:* it will be more appropriate for regional countries to outline a balanced policy which brings them closer to the two global powers. The United States is the most important strategic ally for several regional countries today, and perhaps these countries do not have an alternative to US support in relation to various international frameworks, including the security and economic dimensions.

Considering China's interest in upholding its economic competitiveness in the long run, and its intent to become a leading economic and technological power, this makes it imperative for regional countries to frame a policy that strikes a balance between securing their short-term economic interests and safeguarding their security interests in the medium and long term and they must pursue caution and pragmatism when dealing with both global powers.

The economic and political partners of the United States in the region are considered at the same time the economic partners of China. The ideal option for the region's countries is to maintain a balance when dealing with these two global powers instead of leaning, when betting, on either of them. This could happen through depending on the United States regarding the security dimension while maintaining important trade and energy agreements with China.

The region's countries face a dilemma as the United States does not possess 5G networks and is not as advanced as China in the field of artificial intelligence. Both are critical in national development plans for transformation from oil to digitalized economies, as is the case with Saudi Arabia's Vision 2030 and Abu Dhabi's Vision 2030. China is now working on developing 6G, which will result in the Gulf states oscillating between the technological options provided by China and the security and military options provided by the United States.

Furthermore, the peoples of the region deal cautiously with China's clout in the Middle East due to its domestic human rights violations, China's violations of Uighur Muslim minority rights and its bias towards Iran (as part of China's rivalry with the United States) in regard to many files. This is in addition to China's hesitation to play a major role in the region and its avoidance of diplomatic or military alternatives through which it could play the same role as the United States to ensure the regional security equation. All these factors combined necessitate

regional countries to strike a balance in their relations with the two global powers.

- *Advancing the strategic independency of Middle Eastern countries:* considering what analysts describe as a new world order taking shape – the emergence of US and Chinese camps – there is an opportunity for regional countries to advance their strategic independence and to boost their strategic partnerships so that they are not compelled to choose between the two camps or pay part of the price amid a possible cold war. Therefore, regional countries may resort to the option of minimizing their dependence on Beijing and Washington. This could begin with looking for ways to enhance their political, trade and security relations with non-traditional partners.

These regional countries must maintain strategic independence from the United States when it comes to trade and investment in light of growing concerns about new US orientations and policies regarding partial disengagement and the possible reassessment of Washington's provision of a security umbrella to the region. In addition, regional countries must expand the scope of China's economic and investment role in the region as a means to pressure the United States so that it reevaluates its commitment to the region. In case US-Chinese competition escalates, with each side attempting to attract Middle Eastern countries by offering tempting proposals, it will become necessary for these countries to look for an alternative plan to enhance their independence and reassess their past policies in light of changes in the balance of power.

- *Regional repositioning and intensifying partnerships with middle powers:* it seems incredibly important, considering the growing competition between the United States and China, that regional countries plug the gaps and end regional conflicts as well as forge strategic alliances and outline regional security initiatives. Thus, it will be very hard for global powers to drag the region into their disputes. The region's countries also should deepen their relationships with middle powers and partners who wield influence within the global order, especially with the countries that have permanent seats on the UN Security Council and with European countries. This is in order to find alternatives and establish forward defense lines by these powers to protect their interests in the region and to impose a power balance equation which safeguards them from the ramifications of a potential cold war that may erupt in the region.

4. Conclusion

The United States is still the sole global power, and it is clear that China is still far away from making any structural changes in the global order, given Washington's military superiority, its extensive military deployment and its political, diplomatic and cultural clout as well as its profound impact on international organizations. This is in addition to the fact that there are many allies who are spinning in its orbit and defend the values it adopts. But this does not mean that China is a surmountable power. China has become a massive economic powerhouse whose capabilities surpass those of multiple global powers, and it has an ambitious plan to dominate the international scene via its economic superiority.

Middle Eastern countries are still carefully looking at these considerations with regard to China. Hence, they are aware of the importance of their relations with the United States and frame their foreign policies according to their evaluation of the extent of the damage which might occur to their relationship with Washington. The United States is a strategic partner and still provides an indispensable security umbrella. At the strategic and security level, the US role is indispensable for the countries of the region. Moreover, China itself depends on the United States to ensure stability in the region and to essentially ensure the flow of its interests. But on the other side, China is also a crucial economic and trading partner which no global power, including the United States itself, can replace. This geo-security equation is based on a strategic relationship with the United States and is balanced by a geo-economic equation with China, making the Middle East the most impacted spot in the world in case of an open-ended conflict between the United States and China over who controls the world order. Hence, maintaining a balanced relationship and keeping this geo-security and geo-economic equation is an important guarantee for the region's countries to avoid negative ramifications in case the US-China dispute deepens in the Middle East.

What are the ramifications, opportunities, and challenges of the US-China competition for the region in light of the mounting polarization between these two global powers?

*Find the answer in our new study by Dr. Mohammed Alsulami
@mohalsulami*

#RasanahStudies #China #US #Iran

Endnotes

- (1) Leng Shumei and Li Qiaoyi, "China-Iran Cooperation Based on Domestic Devt Requirement," *Global Times*, March 29, 2021, accessed April, 19, 2021, <https://bit.ly/3mWWeHV>.
- (2) Chas W. Freeman, Jr., "The United States, the Middle East, and China," *The Middle East Policy Council*, accessed April, 19, 2021, <https://bit.ly/3sufeyB>
- (3) Ibid.
- (4) Michael Singh, "China and the United States in the Middle East: Between Dependency and Rivalry," *The Washington Institute for Near East Policy*, September 10, 2020, accessed April 1, 19, 2021, <https://bit.ly/3tu1p3B>.
- (5) Mohammed Soliman, "The Coming US-China Cold War: The View From the Gulf," *Middle East Institute*, (March 15, 2021), accessed April 1, 19, 2021, <https://bit.ly/3dvyV4N>.
- (6) "Exports and Imports by Areas and Countries, Middle East," IMF, Direction of Trade Statistics (DOTS), 2020 accessed April 10, 2021, <https://bit.ly/3eby9sR>
- (7) "Direct Investment Position of the United States in the Middle East From 2000 to 2019," *Statista*, accessed April 10, 2021, <https://bit.ly/3anDYIU>
- (8) Degang Sun, "China's Soft Military Presence in the Middle East," *Middle East Institute*, March 11, 2015, accessed April 19, 2021, <https://bit.ly/3dwm1q6>
- (9) "China Global Investment Tracker, Worldwide Chinese Investments and Construction (2005-2020)," American Enterprise Institute, accessed April 10, 2021, <https://bit.ly/2P1eTFX>.
- (10) "Exports and Imports by Areas and Countries, Middle East."
- (11) Ito Mashino, "The Future of the Middle East Caught Between US-China and US-Russia Rivalry," *Mitsui & Co. Global Strategic Studies Institute Monthly Report (August 2020)*, accessed April 19, 2021, <https://bit.ly/3etrF91>.
- (12) Natan Sachs and Kevin Huggard, "Israel and the Middle East Amid U.S.-China Competition," (July 20, 2020), accessed April 19, 2021, <https://brook.gs/2QyAy8M>
- (13) Wojciech Michnik, "Great Power Rivalry in the Middle East," *Real Institute Elcano*, 18 Jan, 2021, accessed 15 April, 2021, <https://bit.ly/3mXSz2G>
- (14) Natan Sachs & Kevin Huggard, "Israel and the Middle East Amid U.S.-China Competition," *Brookings*, July 20, 2020, accessed April 14, 2021, <https://brook.gs/3n1BYoC>
- (15) Wojciech Michnik, "Great Power rivalry in the Middle East," *Real Institute Elcano*, January 18, 2021, accessed April 15, 2021, <https://bit.ly/3mXSz2G>
- (16) Farnaz Fassihi & Steven Lee Myers, "Defying U.S., China and Iran Near Trade and Military Partnership," *The New York Times*, July 11, 2020, accessed April 18, 2021, <https://nyti.ms/3fRzjZh>
- (17) "Sino-Iranian Partnership: The Gulf as a Forward Line of Engagement," *180 Post*, March 29, 2021, accessed April 15, 2021 <https://bit.ly/3tuElmj>
- (18) Alex Lockie, "Trump Calls on China, and the World, to Protect Their Own Ships From Iran," *Business Insider*, June. 24, 2019, accessed April 15, 2021, <https://bit.ly/3x7nyHR>
- (19) "Pompeo Calls on Israel to Withdraw From Trade Deals With China: It Puts Our Important Projects at Risk," *CNN Arabic*, May 14, 2020, accessed: April 18, 2021. <https://cnn.it/2P21FZB>. [Arabic].
- (20) "US Pressure on Israel to Prevent China From Building a Water Desalination Facility," *I24 News*, May 2, 2020, accessed April 18, 2021, <https://bit.ly/3gnprdy>. [Arabic].

(21) Xinhui Jiang, “From Nonintervention to What?: Analyzing the Change in China’s Middle East Policy,” *Middle East Institute*, July 15, 2015, accessed April 18, 2021, <https://bit.ly/3uTAvmW>.



✉ info@rasanahiiis.com

🐦 📺 📘 @rasanahiiis

🌐 www.rasanah-iiis.org

