China's involvement in the Middle East has some negative and destabilizing effects on the region. By supplying weapons of mass destruction to Iran and other countries, while also campaigning for an end to sanctions against Iraq, Beijing has an important impact. These activities, however, are motivated by economic goals rather than political ambitions. They are also restrained by China's concern over its image as well as regarding relations with the United States.

The People's Republic of China has neither strong historical ties nor longstanding strategic interests in the Middle East. Yet its relationship with the region is an interesting and increasingly important one.

One of the major controversies of recent years has been whether China seeks to become a leading great power, even a global hegemonic power. While China's Middle East strategy indicates that its interests extend far beyond East Asia, however, its involvements are far more limited in ambition -- though larger in extent -- than during the past. In this arena, at least, China's direction seems more set out by a pragmatic effort to promote development at home by obtaining money and oil, rather than any political or strategic design.

Three motives stand out in shaping Beijing's regional policy: ideology and self-image; economic profit; and that area's direct or indirect effect on interests closer to home. Each of them has a number of aspects and implications, and all of them have evolved over time. This paper will briefly introduce this trio of factors and then evaluate each of them at length:

1. IDEOLOGY AND SELF-IMAGE
way, except perhaps on the propaganda front. Raphael Israeli called this the "radicalism of impotence." (1)

Second, however, the Sino-Soviet rift gradually led China to befriend regimes, like Anwar Sadat's Egypt, which also opposed the USSR's influence even if they were pro-Western. Indeed, this conflict also led to China's eventual detente with the United States as the lesser of two evils compared to Moscow.

As hope for global revolution faded and Beijing switched its partners from tiny opposition groups to governments, China now projected itself as leader of the Third World, struggling against the hegemony of the two superpowers, the USSR and the United States. Lacking the strength and level of development of other great powers, China would try to make itself the head of a massive coalition of the weaker states. Unable to provide large amounts of aid, loans, or modern technology, Beijing stressed non-material factors. Essentially, this posture evolved into a basis for China to become a global great power in its own right.

While echoes of this approach survive, it is harder to maintain after the Cold War and the Soviet Union's collapse, the fading of short-lived "South versus North" and nonaligned consciousness, and the formation of so many other regional combinations and bilateral alliances. China's ideological fervor faded, too, in the post-Mao Zedong reevaluation of the country's politics and society. China replaced Mao's slogan of "politics in command" with "economic development in command."

At a time when Third World regimes openly aspire to imitate the West and Japan, China is increasingly becoming a normal great power. That status is legitimized by China's presence as a permanent member of the UN Security Council. Normalization lets China openly express the same motives as those held by other states.

Thus, while China has little or no strategic interest in the region, the theoretical underpinning of its policy remains, in part because if the United States too thoroughly dominates the Middle East there may be no room there for any Chinese economic foothold. In 1991, the General Office of the Chinese Communist Party Central Committee said of U.S. policy on the Kuwait crisis, "Their first task is to teach Saddam a lesson then to dominate the world." President Jiang Zemin stated in 1994 that China should oppose "hegemony" by helping dissident countries like Iran, but emphasized international stability furthering China's development as more important. (2)

2. SEEKING ECONOMIC PROFIT

China's emphasis on modernization has required extensive financing and increasing access to oil. The Middle East has become China's fourth largest trading partner, but developing this commerce has sometimes involved China in political controversies and regional issues. Being so late in entering the region -- and having less to offer in economic or technology terms than the United States, Russia, Japan, and Europe -- China must go after marginal or risky markets where others cannot or will not go, supplying customers no one else will service with goods no one else will sell them. Yet while China wants to exploit and expand such links, it does not want to sacrifice too much regarding relations with the United States or incur costs in other, more important, policy areas.

By 1990, China's exports to Middle East countries reached $1.5 billion, and more than 50,000 Chinese workers were employed in the region. By 1994, overall trade with the Gulf Cooperation Council was estimated at $2.26 billion, with China exports falling about $700 million short in covering its bills. Iran has been a special focal point. From 1990 to 1993, China-Iran
trade rose from $314 to $700 million. In 1995, the two countries signed a $2 billion trade deal. China also tripled oil purchases to 60,000 barrels a day and agreed to build a joint oil refinery in China and cooperate in oil exploration. (3) China also built power plants, cement factories, and joint shipping lines in Iran. Still, arms sales have been China's leading single field of endeavor. (4)

A. ARMS SALES

The principal area of Chinese profit, advantage, and risk is arms sales and Iran is the number-one customer. (5) [An end of sanctions would probably prompt huge sales to Iraq as well.] (6) The China-Iran relationship has four major problems:

-- Iran is a major threat to regional stability and security.

-- The United States considers Iran the world's leading sponsor of terrorism, strongly opposes arms sales to Iran and acts to discourage them. U.S. officials repeatedly warned that Chinese arms supplies were a major concern and a threat to U.S. allies and forces in the Gulf. (7)

-- Iran wants China to sell it technology for weapons of mass destruction, violating other Chinese international commitments, jeopardizing regional peace, and damaging China's reputation. This aid includes helping Iran build a missile, chemical, nuclear and perhaps biological warfare arsenal. (8)

-- China is Iran's number one supplier of unconventional arms. (9)

The China-Iran military relationship largely began in the Iran-Iraq War, when Tehran was desperate for any supplies given U.S. sanctions and Soviet reluctance to provide weapons. If Tehran had a choice it would buy from Western sources. But for China Iran's isolation is an opportunity to exploit a market that would otherwise not exist. In short, it is Iran's pariah status that makes it an attractive market -- or even a market at all -- for China, as supplier of last resort for certain conventional items and weapons of mass destruction.

According to a 1997 CIA unclassified report, "Iran continues to be one of the most active countries seeking to acquire all types of [Weapons of Mass Destruction, WMD] technology and advanced conventional weapons....China was the most significant supplier of WMD-related goods and technology to foreign countries. The Chinese provided a tremendous variety of assistance" to Iran's missile, nuclear, and chemical warfare capability. (10)

In addition to bringing China lots of money, arms sales also lower China's research and development as well as unit costs for building its own weapons. Growing Chinese oil purchases from Iran would also increase Beijing's incentives for balancing trade through weapons' supplies.

1. Missiles

A 1988 plan to sell Syria missiles able to carry unconventional warheads was canceled following U.S. pressure on China. Iran is receiving Chinese (and also North Korean and Russian) help in building longer-range missiles that would pose an even greater danger to more distant countries. Chinese-made ground- and ship-based missiles threaten tanker traffic and naval forces in the Persian Gulf. China has violated its commitments under the Missile Technology Control Regime (MTCR) to supply such technology to Iran, and to Syria and Pakistan as well.

2. Nuclear

In early 1991, adverse publicity about China selling a nuclear research reactor for Algeria resulted in that deal's cancellation.

The U.S. Defense Department estimates Iran will have nuclear arms by the year 2000. If this happens, subsequently
destabilizing the Middle East, much of the blame will be on China. (11) China negotiated deals to supply Iran (and also Pakistan) with equipment and technology useful for making nuclear weapons, despite having signed the Nuclear Nonproliferation Treaty. The United States strongly opposed these deals and offered, in exchange for their cancellation, to sell nuclear power plants to China. China promised Washington not to start any new nuclear projects in Iran. In September 1995, it suspended the sale of two nuclear power plants to Iran, though probably due to technical and financial disputes with Tehran. China also rejected Iran's request to sell a heavy-water research reactor able to produce plutonium. (12) In October 1997, when President Jiang Zemin visited the United States, China pledged to stop cruise missile sales to Iran. (13)

3. Chemical and Biological Weapons
China, despite having signed the Chemical Weapons Convention, reportedly sold chemical precursors, production equipment and technology to Iran. The sale of technology and equipment able to produce biological weapons has also been reported, though less reliably.

4. Conventional Arms
China sold Iran a variety of armored vehicles; fighter planes; artillery; anti-tank, surface-to-surface, and anti-aircraft missiles; small ships; naval mines; and land- or naval-based cruise missiles. (14)

Perhaps China is starting to use political leverage to sell arms in additional markets. Kuwait's potential purchase of 72 Chinese-made self-propelled howitzers China has hinted that it will withhold its support at the United Nations for extending trade sanctions against Iraq if Kuwait does not agree to the estimated $300 million purchase. (15)

Conclusion
China's facile response to criticism has been that all arms exports should be regulated and the sale of all kinds of weapons limited in the Middle East. Until then, China can act freely, as do other states. Given China's interests, sales will continue unless reduced by Iran's inability to pay or a combination of U.S. pressure and concessions on issues relating to China's interests on East Asian issues, nuclear development or bilateral trade. Perhaps if China becomes concerned that arms supplies could destabilize the region, this might also encourage restraint.

B. SEEKING ECONOMIC ADVANTAGE: OIL

By the 1990s, however, a new factor stimulated China's economic interest in the Middle East. As its rapid economic growth required more oil, China became an importer in 1993 and is becoming a major buyer, expected to require 30-50 million tons by 2000. The Middle East (Saudi Arabia, Kuwait, Iran) and Central Asia (whose estimated, barely tapped reserves are currently a whopping 170 billion barrels) are the best sources for these needs.

In June 1997, the China National Petroleum Corporation (CNPC) outbid U.S. and other companies to win a major share in two of Kazakhstan's largest oilfields and a contract to build a 3000-kilometer pipeline from Kazakhstan to China which would also supply Iranian refineries. Chinese Premier Li Peng lobbied hard to close this $4.4 billion deal. (16)

One potential advantage of China is its lack of political baggage, since its political ambitions are more limited than the United States, Russia, Iran or Turkey. For example, Kazakhstan is using China to gain more independence from Moscow, which tried to use its political leverage while offering poor terms for an oil deal. The Chinese plan would bring Kazakhstan more
money and employment opportunities. China can make better bids since it lacks alternative supplies and has a government willing to give subsidies at commercially unprofitable levels. But China is hurt by the inefficiency of its oil industry and may not be able to build the proposed pipeline. In political terms, the Kazakhstan deal will make China an even closer ally of Iran in the region. (17)

Being a late arrival on the highly competitive oil market, China must pursue more risky and marginal sources neglected by others -- including Iran, Iraq and Sudan -- which raise international political problems. More conventionally, China has made a $1.5 billion deal for a huge Sino-Saudi oil refinery in China and 10 million tons of Saudi oil annually for a 50-year period. (18)

C. LINKAGE WITH OTHER STRATEGIC INTERESTS CLOSER TO HOME

A. Asian Issues

Despite the factors mentioned above, East Asian and domestic issues remain more important for China than any Middle Eastern considerations. These include the integration of Hong Kong, reconquest of Taiwan, avoiding international sanctions over human rights and fair trade violations, promoting economic development, and domestic stability. Preserving good U.S.-China relations -- in large part to further all these goals -- is also a high priority.

For example, in 1993, China boycotted Middle East arms talks to protest a U.S. warplane sale to Taiwan. In 1995, the Chinese broke off talks on the MTCR over the visit of Taiwanese President Lee Teng-hui to the United States, while Qian's announced suspension of reactor sales to Iran that same year explicitly mentioned China's expectation that the United States would be more prudent in future on the Taiwan issue. (19)

B. Preserving U.S.-China Relations

If China assists Iran and supports radical forces in the Middle East, it will have to pay a price in terms of its relations with the United States. As Senator Alphonse D'Amato, the strongest congressional advocate of sanctions against Iran and those who help it, explained: "China cannot have cooperation with the United States while it sells materials used for making chemical weapons to Iran, and China could lose its trade surpluses with the United States that way....You cannot trade with us and...build a relationship of mutual respect, and then because you're going to receive a half a billion dollars in hard currency sell weapons' technology to Iran" without jeopardizing that relationship.

Chinese decisions to reduce weapons' sales to Iran or refrain from supplying weapons of mass destruction can bring rich rewards. In January 1998, President Bill Clinton submitted to Congress a nuclear cooperation pact he signed with China. White House spokesman Mike McCurry said the president was satisfied that China has met the necessary conditions on nuclear non-proliferation "to engage in peaceful nuclear cooperation with U.S. industry."

But despite considerable provocation, the United States never put sanctions on China over Middle East arms sales. This indicates that Washington also puts other bilateral issues above Chinese Middle East policy.

C. The Problem of Chinese Muslims

A new factor in China's Middle East policy is concern over unrest in its mineral-rich western province of Xinjiang, where 10 of 16 million residents belong to Muslim ethnic groups. Separatists have sparked riots, assassinations, and bombings since 1996. Nationalist and economic discontent may be sparked and aided by other members of these communities in neighboring
Kazakhstan and Kyrgyzstan, as well as by sympathizers in Iran, Turkey or Afghanistan. Chinese officials accuse dissidents of seeking to establish an Islamic Republic of East Turkestan. This instability is also discouraging Western investors from developing the oil reserves in that province. (20) To reduce this problem, China wants to build good relations with neighboring states and to increase local prosperity by making oil and other deals in Central Asia.

D. CHINA AND MAJOR MIDDLE EAST ISSUES

A. Iraq

China took a cautious position on the crises involving Iraq’s conquest of Kuwait, the anti-Iraq coalition, the 1991 Gulf war, and the subsequent sanctions against Baghdad. It supported both Baghdad’s compliance with UN-mandated arms controls and a quick end to sanctions. This policy was such as could please Saddam Hussein without antagonizing too much the United States.

After Iraq's invasion of Kuwait in 1990, China urged a diplomatic solution, a position favored by Baghdad. Beijing abstained (that is, neither supported nor vetoed) on the UN resolution authorizing the coalition to expel Iraq from Kuwait by force. But to win Chinese support, the United States and Europe dropped all remaining sanctions against China. (21)

By 1994, China was already urging an end to sanctions against Iraq, which cost Beijing a lucrative market for selling arms and other services while acquiring oil. Ideally, Iraq would comply with the UN demands that it eliminate its weapons of mass destruction and thus make possible a return to normal relations. When this did not happen, China was cautious and limited in opposing the U.S. policy of maintaining pressure on Iraq. Consistent with this strategy, during the 1997-1998 crisis with Iraq, Chinese Foreign Minister Qian Qichen called on the world community to be fair and lift sanctions soon, while urging Iraq to cooperate with the UN to make an end to sanctions possible. There was, however, a pro-Iraq tilt, with Qichen suggesting Iraq did not have any weapons of mass destruction: "I can say that what was discovered has been destroyed. And there are doubts about the existence of those which have not been discovered yet." (22) China opposed any attack against Iraq, with Prime Minister Li Peng suggesting that UN inspectors settle for only limited access to suspected weapons' hiding places. (23)

B. Arab-Israeli Peace Process

Historically, China had taken a strongly anti-Israel stance. But China shifted from total support for the PLO and Israel's destruction to establish diplomatic relations with Israel after the Madrid Conference. Subsequently, Beijing supported the Oslo agreements and the Israel-Palestinian and Israel-Jordan peace processes, advocating the creation of an independent Palestinian state alongside Israel. China only took, however, a secondary role in promoting mediation, though suggesting that regional peace and stability was the most important goal.

In practice, China gave little material help to the Palestinians while developing its relationship with Israel very rapidly. Despite its small size, Israel became an important investor in Chinese development projects and supplier of high-technology weapons. (24) Prime Minister Benjamin Netanyahu told the Chinese that "Israeli know-how is more valuable than Arab oil." (25) Whether or not that is true, Israeli technology did have a high value for Beijing. Moreover, like many countries, China thought good relations with Israel would help its relations with the United States. Thus, China-Israel
relations have become important independent of the peace process's current status or outcome.

C. Restraints on Chinese Policy

Chinese leaders realize the value of good relations with Israel. This link has resulted in useful high-technology equipment, including in the military sphere. There is no ideological motive to change the good bilateral relations between Beijing and Jerusalem. For countries like China, involvement in the Middle East is no longer a zero-sum game.

Yet while the value of relations with Israel prevent China from voicing extreme political views or going too far in backing radical regimes, they have an insufficient weight to stop China from its arms sales activities.

Even more important is the impact of China's activities on U.S.-China relations. American cautions against the proliferation of weapons of mass destruction do have an effect. Beijing's activities in this area are restrained, but they are not stopped altogether. Sometimes it is more a matter of effective concealment or a slower pace of operations.

Given the plethora of issues in U.S.-China relations, these questions are not going to determine the bilateral linkage. At the same time, though, concessions on Middle East activities are a far cheaper way for China to give concessions to Washington -- and thus maintain good ties -- than on the regional Asian or domestic fronts.

CONCLUSIONS

The balance and caution of Chinese policy is a result of that country's varied interests in the Middle East.

On one hand, China wants a peaceful, stable Middle East and to avoid entanglement in regional conflicts or crises. Rather than seeking a sphere of influence or strategic advantage, Beijing prefers to focus on trade and economic development. It prefers not to damage relations with the United States.

On the other hand, it does not want to give up lucrative relationships with Iran (and potentially Iraq), reduce arms sales (especially the supply of missile and nuclear technology), or see a region so dominated by the United States that there is no room for a Chinese economic role.

Two factors cut across this contradiction: First, China's link to radical states is not primarily an ideological or strategic choice but the result of that country's relative weakness and lack of a technological edge. Second, China has managed to develop and preserve good relations with virtually every country in the region, most obviously both Israel and Iran simultaneously.

In general, then, Chinese strategy can be judged as relatively successful. But its irresponsibility regarding arms sales -- and a tendency to violate commitments to restrain them -- could point to serious future problems for China's Middle East policy.

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NOTES

1. There is a huge literature on these relatively marginal events: C. Adie, "PLO,"


5. On these issues, see also Barry Rubin, North Korea's Threat to the Middle East and the Middle East's Threat to Asia (BESA Center for Strategic Studies, 1997).


