THE ARAB SPRING: IMPLICATIONS FOR CHINESE POLICY
By Mordechai Chaziza*

The Arab Spring has created new centers of instability in the Middle East-North Africa (MENA). China now finds itself forced to alter attitudes and tactics and seek new opportunities. This article evaluates current Chinese foreign policy in the Middle East and the benefits and challenges to China's policy by examining how recent events affected Beijing in four areas: economy and trade, social stability, welfare of Chinese citizens, and strategic rivalry with the United States.

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The Arab Spring has created a completely new situation, and with it new centers of instability in the Middle East-North Africa (MENA). The ramifications of these changes are unpredictable, as the process does not seem to be nearing an end. The new situation finds China itself confronting a complex situation, forcing it to alter attitudes and tactics and seek new opportunities. As a permanent member of the UN Security Council, China should act as a responsible power to help maintain regional stability, but in effect is not actively making efforts in this direction. Furthermore, the turmoil in the MENA region shows that China’s policy toward the region does not come at a low cost, as Beijing might have thought.

The time for China's policy quietly to reap economic benefits with limited risk exposure to the Middle East markets and policies is past; Beijing can no longer steer clear of geopolitical risk. The recent developments in the MENA region have presented challenges and opportunities for China’s policy. Whether based on the principle of non-interference in other countries’ internal affairs or on national interests, it would not be sensible for China to stay out of affairs in the MENA countries. However, China’s influence and how they might be affected by the recent MENA turmoil is less understood. This article evaluates Chinese foreign policy in the Middle East during the Arab Spring. Specifically, it analyzes the challenges and opportunities to China's policy in the region, by examining how the recent MENA events affected Beijing in three areas: economy and trade, social stability, and strategic rivalry with the United States. The evidence suggests that although there are challenges and risks to Chinese foreign policy in the short term, in the long term there are economic benefits and strategic advantages.

HISTORICAL BACKGROUND: THE ARAB SPRING EVENTS

The Arab Spring, which broke out when a young Tunisian street vendor immolated himself after being harassed by a municipal official, has been shaking the region. It has also marked the end of three dictators while also undermining the authority and legitimacy of various others. The political success of the Tunisian revolution set a dangerous precedent for authoritarian regimes in MENA countries, with Egypt following a similar path.

In the wake of the successful uprisings in Tunisia and Egypt, the risk of the protest becoming contagious became increasingly real. A series of demonstrations took place in Algeria, Bahrain, Iran, Jordan, Syria, and Yemen, while Libya was engulfed in a violent spiral of protests and harsh military repression that left the country with thousands dead and on the brink of civil war. In Syria, residents of a small southern city took to the streets to...
protest the torture of students who had put up anti-government graffiti. The government responded with heavy-handed force, and demonstrations quickly spread across much of the country. As the crackdown dragged on, thousands of soldiers defected and began launching attacks against the government, bringing the country to civil war.

Many governments tried to preempt the protests by adopting limited reforms: In Algeria, the authorities promised to lift the state of emergency that has been in place for almost 20 years; in Yemen, President Ali Abdullah Salih announced that he would not run for a further term in the next presidential elections in 2013; and in Saudi Arabia, King Abdullah bin Abd al-Aziz unveiled a $37 billion package of pay raises, unemployment benefits, and other social measures. Nevertheless, at the end of 2011, the risk of contagion by civil unrest throughout the MENA region was still high.¹

CHINESE FOREIGN POLICY TO THE ARAB SPRING

Chinese foreign policy in the Middle East during the Arab Spring could be characterized by two main features. The first characteristic of China’s Middle East policy is that it is pragmatic and realistic. The second prominent characteristic of China’s Middle East policy is its constancy. Since the end of the Cold War, Chinese foreign policy in the Middle East has been primarily driven by the search for energy security and the desire to increase its overseas markets and investment opportunities. The core of Chinese policy is to maintain a stable international environment to facilitate continued reform and development at home. Consequently, Chinese policy in the MENA region seeks to advance its economic or energy relations, hence it advocates dealing with conflicts such as the Arab Spring events in a mode of cooperation, negotiation, and conflict management.²

China has maintained its traditional opposition to military intervention and what it sees as U.S. policy in the region in part because of its own history. China does not believe that economic sanctions are an efficacious policy tool, but instead are a blunt instrument that rarely works to achieve the stated objectives.³ The Chinese clearly have their own reasons for being very sensitive about intervention and sanctions and are a bit reluctant to support their implementation, even when they are aimed at authoritarian regimes in the MENA region. Yet the Arab Spring events are making it increasingly difficult for Beijing to maintain this policy.

The Middle East has always been a key strategic focus for the United States, Europe, and Russia, while for China, the region is not as important as its neighbors in the Asian Pacific region and other regions. Consequently, China’s approach to the Arab Spring is shaped by its relations with the United States, Europe, and Russia. Beijing recognizes that a U.S. presence in the Middle East is considered a strategic interest by Washington, that a U.S. diplomatic and military presence will persist for decades, and that U.S. policy is critical to regional stability.⁴ Thus, it seeks to avoid actions that will place it in direct confrontation with the United States. At the same time, Beijing wants to build and maintain political relationships with both the new and the old regimes in MENA countries, in order to ensure access to resources and markets.

Yet the recent developments in the MENA region have challenged China's policy, since Beijing’s economic interests constitute the most dominant factor in determining its foreign policy toward the region, whose core value is stability in order to ensure uninterrupted access to natural resources. Since the early 2000s, the Chinese have built far closer ties to many of the leading Middle Eastern states, mainly in order to meet China’s growing energy needs, but also to achieve Beijing’s long-term geopolitical ambitions. China also has begun slowly to insert itself into the politics of the region, whether by appointing its own special envoy to the region or contributing to anti-piracy patrols in the waters between Yemen and Somalia.⁵ Nonetheless, Beijing does not yet seem ready to play a larger role in the political turmoil
going on in MENA countries. Instead, China has instinctively shied away from intervention throughout the political unrest there.

**ECONOMY AND TRADE**

Rapid economic growth has made China dependent on the global economy for a range of raw materials, especially oil. China’s limited supplies of oil and natural gas have played an important role in broadening that country’s interests and are an important factor in Beijing’s foreign policy. China’s need for energy is growing faster than that of any other country. Record economic growth has resulted in a demand that outstrips domestic supply, leading Beijing to look outward to ensure growth and stability.

Until 1993, China was self-sufficient in meeting its energy needs. A decade later, it had become the world’s second largest consumer of oil, just behind the United States, with daily imports close to 5 million barrels per day, representing more than 50 percent of its daily consumption. In 2010, an IEA report stated that China had overtaken the United States to become the world’s number one energy consumer. Its World Energy Outlook 2012 factsheet states that China alone will account for more than 30 percent of total growth in global energy demands by 2035.

This growing reliance on imported energy has increased the concern about vulnerability to supply disruptions and price spikes, whether due to piracy, terrorism, embargoes, or the machinations of other powers. The concerns about the global oil market have led state firms to make investments around the world, often in countries shunned by Western firms. Since the late 1990s, Beijing’s policies toward the Middle East have been closely linked to the objectives of the state-owned Chinese energy companies to seek access to Middle Eastern oil and gas, frequently on an exclusive basis.

The prospect of continuing political instability in the MENA region may be seen as a geoeconomic problem for China, which has a strategic oil reserve of 100 million barrels and consumes about 8.3 million barrels of oil per day. This reserve would only last about 14 days if all oil supplies were disrupted. China will be seeing a rapidly growing dependence on imported oil, requiring it to import more oil from the Middle East over the next few decades. However, the proportion of oil imported from the Middle East could decline, as China has already set out to diversify suppliers.

Nonetheless, for China, the Middle East—with approximately two-thirds of the world’s oil reserves and low production costs—will remain in first place as a supplier of crude oil for the indefinite future. Thus, in the not so distant future, the region will continue to serve as the world’s principal source of oil. China’s economy continues to remain reliant on Middle Eastern oil, with half of its imports coming from Saudi Arabia and Iran alone. Like the rest of the world, China will become even more dependent in the future.

The events that have unfolded in the Middle East since the start of the Arab Spring at the end of the 2010 have driven up global prices for oil. For China, this implies higher import bills and a reduction in the trade surplus as well as slower economic growth as the contribution of net exports diminishes. The developments in the Middle East are therefore of great concern to the Chinese economy. China imports about 2.9 million barrels of oil a day from the region, including 1.1 million barrels a day from Saudi Arabia. The Arab Spring has thus posed challenges to Chinese economic interests in the region.

In addition, the MENA region is a key market for China’s off-shore construction and engineering companies, with bilateral trade expected to reach $300 billion in 2014. The Arab Spring thus poses a major threat to Chinese projects in the region. For example, according to some assessments, billions of dollars’ worth of businesses and contracted projects—some $18.8 billion—were abandoned in Libya, resulting in enormous economic losses.

Yet the MENA turmoil has had a limited impact on the growth of China’s economy and trade in the region. Oil supply still generally exceeds demand, and some oil-producing countries haven’t shifted into high gear yet.
China is still able to import enough oil to guarantee its economic security, despite the disruption in some MENA countries. Furthermore, the percentage of oil that comes from the Middle East in the global market is not as high as before. If the price of oil hits $150 per barrel, major powers, including the United States, will start to use their own strategic oil reserves.

Moreover, the odds of economic disruption are still low, since the MENA turmoil is expected to be temporary; hence the oil supply disruption is also projected to be temporary. In the short and medium term, there was a risk that the revenue and profits of Chinese infrastructure projects in the MENA region would be hurt. Huge numbers of skilled Chinese workers employed in infrastructure and petroleum projects were evacuated, and no one knows when they will be back. Infrastructure projects were paid for based on their progress, thus any delays will also adversely affect revenues. In the long term, the impact of the MENA unrest on Chinese companies should not be great, as China has had friendly relations with all the countries in the region.

Moreover, China is also especially well-positioned to profit from what is likely to be a veritable “fire sale” of Libyan assets across Africa bought by the substantial revenues earned by the country’s energy sector. With its sizeable foreign currency reserve, China is in a position to buy many Libyan assets across Africa at heavily discounted prices, and, in the case of the East African pipeline, to acquire a virtual lock on one of the largest petroleum production areas likely to be up for sale in the next few years. According to Chinese customs figures, in 2012, Sino-Libyan trade post-Qaddafi increased by 215 percent to $8.7 billion.

Moreover, North Africa is a major market for China with more than 35 percent of Chinese exports to the continent destined for this region. The change in North African governments thus creates commercial opportunities, especially for Chinese construction companies. For instance, the new Egyptian government has remained committed to a market economy and is projected to accelerate infrastructure spending. With Western companies expected to be cautious about sending employees back to the region, opportunities would be created for Chinese companies to fill the manpower vacuum.

To summarize, the Arab Spring is unlikely to pose a long-term threat to Chinese economic interests. On the contrary, there will be new and important commercial opportunities for the Chinese economy. While some short term disruption is expected, once things settle down, economic relations should bounce back fairly quickly. Both the new and the old governments in the MENA countries would likely still view China as a valuable partner whose foreign investments are important—and China offers this with fewer conditions than Western countries. Bilateral trade between China and MENA is expected to increase dramatically over the next few years, at a rate of 2.5 percent through 2020.

SOCIAL STABILITY

From the time of the establishment of the People's Republic of China, the Chinese authorities have been concerned about the lack of social and political stability. The main goal is to maintain domestic social stability, unity, and development that reflect China’s national interest and form the basis of China’s national security policy. Achieving rapid economic growth is China’s main interest and is a major factor in Chinese foreign policy. Moreover, consistent high economic growth also seems to be the strategy of the socialist party to maintain its legitimacy and to counter the domestic pressure to adopt democratic reforms in China.

Rapid economic growth is vital for the Chinese regime for a number of reasons, above all for social stability in the country and for regime survival. Beijing’s economic interests constitute the most dominant factor in determining its foreign policy toward the MENA countries, its focus being on stability in order to ensure uninterrupted access to natural resources, trade, and commercial relations. The Chinese economy’s rapid
expansion has led to an exponential increase in the demand for energy to fuel the burgeoning industrial and commercial sectors as well as to maintain rising living standards. Therefore, a sharp economic downturn would have profoundly unsettling effects inside China and might even threaten the continued rule of the Communist Party.24

Like governments around the world, China's rulers are watching the Arab Spring with bated breath, anxious about the outcome yet powerless to affect it.25 China is worried about chaos in the MENA region, because regional instability would adversely affect its own welfare in terms of energy security, economic interests, and its trade in the region. Due to the apprehension that the Arab Spring could potentially arouse its own people to similar protests and possibly produce similar consequences, Beijing has worked hard from the beginning of the protests to contain the spread of information to their own people via the internet and social media. Authorities have detained activists; increased the number of police on the streets; disconnected some text messaging services; and censored internet postings calling to stage protests in Beijing, Shanghai, and eleven other major cities--acting preemptively against anonymous internet posts for China to have its own “Jasmine Revolution.”26 In addition, it has limited news coverage of the recent uprisings and has clamped down on democratic activists and foreign reporters.

The Chinese Communist Party (CCP) leadership frequently stresses the importance of social stability, claiming that without the CCP, China would be divided and disorder would ensue. Thus, the assurance of social stability requires disallowing any organized opposition that is not fully sanctioned by the government, including independent unions and labor organizations, political parties, and religious groups.27 In a speech at a special “study session” at the Central Party School in Beijing following the mass protests and subsequent fall of the authoritarian regimes in MENA, Chinese President Hu Jintao warned: “At present, our country has an important strategic window for development, but it is also in a period of magnified social conflicts.”28

Despite its extraordinary economic transformation and achievements, Beijing faces significant problems of corruption, large numbers of educated youth who cannot find jobs that meet their expectations, rising inflation, an accompanying scarcity of available housing, and a closed political system. Moreover, China has not experienced any major recession or economic setback since it set out on its course of economic reform in 1978. If the country's current property bubble bursts and tens of millions of people are thrown out of work, the government's legitimacy, which rests on its management of the economy, would be seriously undermined. While Beijing has its concerns over the Arab Spring and its potentially infectious impacts on social and economic stability in China, there is strong reason to believe that any imminent threat to Communist Party rule remains minimal and manageable.29 China has something the other countries in the MENA lack--a strong and determined Communist Party leadership and high social mobility. The Communist Party's effective recruitment system draws in young people, students, and labor unionists; while a revolution needs a coalition of social classes, in China, the gaps are large and every sector looks after its own interests only. Tight control is kept over protest venues. On the one hand, the regime operates propaganda, censorship, and networks of informers; on the other hand, it is attentive to protest and sometimes even encourages it in order to enable the public to let off steam and to identify corruption at the local level.

To summarize, the odds of political contagion from the MENA region to China are small. Most participants in the MENA unrest are educated but unemployed youth, who resent poverty and the growing income inequality. Thus steady growth will have to remain a priority for China’s policy for years to come, as demand growth creates jobs and income. Beijing is fairly safe from the democratic wave sweeping other parts of the world--at least for now. Nonetheless, while it
appears China will not be affected in the short term by events of the Arab Spring, it could face problems further down the road.

STRATEGIC RIVALRY

The wave of unrest sweeping the MENA region poses a threat to China's existing geostrategic interests there. The pressure exerted on Beijing by the West can only result in China losing out. Media reports have revealed that Chinese investments in the regions amount to hundreds of billions of U.S. dollars. The pro-democracy movement in MENA countries will bring the Arab-Israel peace process into crisis, further complicating the situation in the region. In addition, it will greatly embolden the extremist forces in Central Asia, including the East Turkestan Islamist movement, thus undermining the harmony along China's western border as well as peace and stability in South Asia. China, the world’s most oil-dependent country would be profoundly affected by the outcome. The Arab countries’ future will have far-reaching security implications, which will help determine global defense expenditure.  

Nonetheless, since America's resolve to intervene seems unstoppable, the Arab Spring could become another arena in which China and America lock horns. For instance, in an interview, U.S. Secretary of State Hillary Clinton criticized China’s response to the Arab Spring. Clinton denounced China’s “deplorable” human rights record and characterized the Chinese government’s attempt to suppress democratic reform as a “fool's errand,” citing the Arab Spring revolutions in the Middle East as an example.  

China’s policy is shaped to a large extent by its view of U.S. policy. What the United States says and does has a strong influence on China’s foreign policy in the MENA region. Yet the U.S. position in the MENA region is now much weakened. At the same time, China’s economic ascent has raised eyebrows, with robust GDP growth lifting hundreds of millions out of poverty and an expanding role in global trade along with growing diplomatic ties in Asia, Latin America, and Africa. Most importantly, it has amassed U.S. $2.8 trillion (and growing) in foreign reserves, becoming a critical creditor of the United States. China is unlikely to become a superpower anytime soon, but America’s superpower leverage has diminished significantly, and Beijing knows it.

The good news for China is that the new situation in the MENA region could be more significant for its strategic interests, if Middle Eastern autocrats who manage to maintain their power lose their faith in Western promises of support after witnessing former Egyptian President Husni Mubarak’s fate. They may want to hedge their bets and improve ties with Beijing.  

In addition, Chinese policy toward the Syrian uprising is different than that of the United States. There are real disagreements between Russia and China and the West, both about the vulnerability of the Asad regime and about the most effective way to resolve the Syrian crisis. The two governments tend to view the Asad regime as salvageable, though barely, and continue to view a negotiated process of reform as preferable to regime change as a way to bring the Syrian uprising to an end. Until these assessments change—and without significantly more pressure from the United States—Russia and China are thus unlikely to support sharp United Nations Security Council (UNSC) sanctions against Syria.  

Russia and China feel strongly that the West violated the terms of the UNSC sanctions on Libya by initiating actions that were never envisioned when the two countries agreed to support the sanctions. After having been fooled once, they are not prepared to be misled again by the West into supporting sanctions against Syria that might be taken by the West as justification for even stronger measures, such as military intervention. While the United States would like the Chinese to join in more aggressive approaches to Syria, there is little evidence that China will do so.  

Russia’s position is a key factor in China’s calculations and interests regarding the Syrian uprising. Beijing seeks to minimize the costs of its actions and regards being isolated in the
Security Council as something to be strictly avoided. Though it often abstains from Security Council votes on decisions it disapproves of, it is far less willing to use its veto if Russia backs a resolution. In both October 2011 and February 2012, Russia and China issued a joint veto of a UNSC resolution to impose sanctions on Syria. The double veto on the resolutions, which had the support of the Arab League, the United States, and Europe, sparked strong criticism from countries worldwide.

China’s veto was unusual, being only the eighth time China has used its veto power since rejoining the UN in 1971. In 2011, China abstained from voting on the UN resolution on Libya, rather than veto a measure that enjoyed widespread support. Beijing’s veto in this case marks a departure from China’s normally conservative and pragmatic foreign policy approach. It highlights both Beijing’s concern over losing influence in the changing Middle East as well as its belief that Bashar al-Assad will at the end of the day remain in power. Moreover, China fears that the United States is fueling the protests in the Middle East to create situations that further their personal interests, which Beijing wants to prevent from happening.

In the eyes of Chinese policymakers, the Assad regime is not worth a veto. Since the Russians, motivated by their economic and security interests in Syria, opposed the resolution, China apparently decided it was better not to jeopardize relations with the Russians and risk losing Moscow’s support, which Beijing might need in the future. The Russia-China axis of obstruction at the Security Council has now become a critical variable in the council’s decision-making process. The two countries seem to have reached a strategic understanding: They will act to constrain and balance the United States and minimize its ability to impose its solutions on Middle East problems, so that neither seems isolated. To conclude, China seeks to prevent a repetition of Libyan events, whereas the West, on the pretext of upholding international law, went so far as to exploit the very laws they were purporting to preserve.

Another strategic benefit from the turmoil in the MENA region is the opportunity China has had to demonstrate its military capability. The civilian rescue operation in Libyan marks a profound shift in China’s security policy in the region. While most of the civilians were transported by merchant vessels or airplanes chartered by Chinese diplomats and companies, some 1,700 were evacuated on continuous flights by four IL-76 transport aircraft sent by the People’s Liberation Army Air Force (PLAAF). The People’s Liberation Army Navy (PLAN) also deployed the new Jiangkai II-class frigate Xuzhou to the Libyan coast to coordinate the evacuations by sea. The presence of the frigate Xuzhou, marking the first time a Chinese military vessel has ventured into the Mediterranean, sends a strong message of resolve to the region and the world.

The PLAAF and PLAN deployments in Libya were especially significant insofar as they represent not only the first Chinese operations in Africa (aside from participation in UN peacekeeping missions and in anti-piracy patrols off the coast of Somalia), but the first military action by China in Mediterranean, a major milestone in the evolution of the Chinese military’s expeditionary capabilities. In 2012, China pumped $56 billion into aircraft carriers, battleships, expanded airlift capabilities, and missile systems capable of targeting U.S. carrier fleets deep in the western Pacific—all part of a gigantic military modernization program, which will allow the country to defend its sources of energy, protect the sea lanes that carry the fuel back home, and balance U.S. navy capabilities.

To be sure, the new situation in the MENA region may at present pose a threat to China’s existing geostrategic interests in the region, but in the long term offers strategic gains and opportunities. The fact that American credibility in the MENA region is currently at an abysmal low, with U.S. policies and actions complicating the situation even more, is a great opportunity for Chinese foreign policy. Washington’s preoccupation with the escalating violence and instability in Iraq and
Afghanistan, as well as the Iranian nuclear crisis, provide Beijing with a historic window of opportunity to enhance its geostrategic position.

CONCLUSION

The Arab Spring and its aftermath present both challenges and opportunities for Chinese foreign policy. The evidence presented in this article suggests that China can maximize the Arab Spring events to achieve more economic benefits and strategic advantages. The turmoil in the MENA region could even offer a number of opportunities for China to earn access to new untapped consumer markets for its exports and lucrative investment as well as to increase its military expeditionary capabilities and strategic leverage in the region. Although there are challenges and risks to the Chinese foreign policy in the short term, in the long term, the future is promising.

Beijing views the revolutions and revolts in MENA countries as a threat to stability, but not as new grounds for changing its policy. Furthermore, it has nothing approaching the military capability that the United States can boast to help ensure the security of any regional allies. That is why China’s reaction to the revolutions indicates a lack of willingness to shape the political situation by adopting a reactive policy. Beijing’s key concerns in the MENA region are still commercial, not political.

From the beginning of the Arab Spring, China has persisted in its tendency to follow a wait-and-see policy. Beijing opts for maintaining a distance from active participation in the reorganization of the Middle East. The reason for such a passive policy could be summed up as an inflexible foreign policy that avoids taking unnecessary risks. China will try to get its share of the Arab markets and continue to pursue economic agreements and business contracts, rather than playing a zero-sum game at the expense of direct confrontation with the United States.

Moreover, Beijing has been forced to face the rapidly changing developments and make adjustments, both to monitor the potential repercussions at home and to protect its growing commercial interests in the region. Yet the wave of unrest sweeping the MENA region is unlikely to pose a longer-term threat to Chinese interests. From a Chinese perspective, there will be some short-term disruption in the MENA region, but once things settle down, business will recover fairly quickly. Both new and old governments in the MENA countries will still see the Chinese as a valuable partner.

Could China’s policy toward the Arab Spring change? The answer is complicated. Beijing has made huge investments and bought oil assets in some developing countries and cannot afford to simply withdraw when problems arise in the Middle East. Due to its diplomatic policy of non-interference in other countries’ internal affairs, China maintains good relations with MENA countries, no matter who is in power there. China’s influence in the region should be estimated realistically. Beijing does not share the strategic burden that the United States shoulders, for ultimately, China is just another participant in the redistribution of international resources. The U.S. position in the Middle East is not expected to change in the foreseeable future. If China is to play a bigger part in events, it must find a cooperative framework involving the United States and Europe, based on shared strategic and economic interests.

*Dr. Mordechai Chaziza holds a Ph.D. from Bar-Ilan University. His doctoral dissertation focused on China’s post-Cold War foreign policy in the Middle East, Iraq, Iran, and the Arab-Israeli Peace Process. He is a lecturer at the Department of Politics and Governance, Ashkelon Academic College, Israel.

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