

# **China and the Middle East**

## *The Quest for Influence*

*Edited by*  
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# ***China's Middle East Strategy***

**Barry Rubin**

*The People's Republic* of China has neither strong historical ties nor long-standing strategic interests in the Middle East. Yet its relationship with the region is an interesting and increasingly important one. Three motives are prominent in shaping Beijing's regional policy, namely, ideology and self-image; economic profit; and the 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.

## **IDEOLOGY AND SELF-IMAGE**

How a country views its identity and role in the international system are prime determinants of foreign policy, especially in relation to issues where strategic connections and material interests are limited. In China's case, this has passed through a series of stages. First, from the communist insurrection's victory through the seventies, China saw itself as a revolutionary vanguard, spreading Marxist–Leninist revolutionary thought throughout the world. While this approach was shaped by China's national and the regime's interest, it was no mere rationale but a seriously implemented—if very unsuccessful—effort. The fact that most Middle Eastern states preferred relations with Taiwan over the People's Republic and the prolonged denial of its legitimate place in the United Nations gave China less of an incentive to accept the status quo.

Thus, China helped a conglomerate of small radical groups which claimed to have the proper ideology, imitating China's ideology and past revolutionary tactics. These included various Palestinian factions and Persian Gulf militants, most notably in the Palestine Liberation Organisation (PLO) and the Popular Front for the Liberation of the Occupied Arab Gulf (later known as the Popular Front for the Liberation of Oman). These forces could do little to help China in any way, except perhaps on the propaganda front and Raphael Israeli called this the 'radicalism of impotence'.<sup>1</sup>

<sup>1</sup> There is a vast body of literature on these relatively marginal events: W.A.C. Adie, 'PLO', *Asian Perspectives*, No. 2, June 1975, pp. 5–22; Hashim S.H. Behbehani, *China's Foreign Policy in the Arab*

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 though they were pro-western. Indeed, this conflict led to China's eventual detente with the United States as the lesser of two evils compared to Moscow.

As its political isolation ended and the expectations for global revolution diminished, Beijing switched its partners from small opposition groups to governments and began to project itself as leader of the Third World, struggling against the hegemony of the two super powers, the USSR and the United States. Lacking the strength and level of development of other great powers, China tried to become the leader of a massive coalition of weaker states. Unable to provide large amounts of aid, loans, or modern technology, Beijing emphasised non-material factors. Essentially, this posture evolved into the basis for China to become a global power in its own right.

While echoes of this approach survive, it is difficult to maintain this stand after the end of the Cold War, the disintegration of the Soviet Union, the collapse of Eastern Europe, the fading of the short-lived 'South versus North' and non-aligned consciousness, and the formation of many other regional combinations and bilateral alliances. China's ideological fervour faded in the post-Mao Zedong re-evaluation of the country's politics and society. Mao's slogan of 'politics in command' was replaced by the slogan 'economic development in command'. At a time when Third World regimes openly aspire to imitate the west and Japan, China is rapidly becoming a normal great power. That status is legitimised by China's presence as a permanent member of the UN Security Council. Normalisation allows China to openly express the same motives as those held by the other major 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 completely dominates the Middle East there may not be any scope there for Chinese economic foothold. In 1991, commenting on US policy on the Kuwait crisis the Communist Party of China Central Committee stated, 'Their first task is to teach Saddam a lesson then to dominate the world'. President Jiang Zemin asserted in 1994 that China should oppose 'hegemony' by helping dissident countries like Iran, but emphasised international stability essential for China's development as a far more important objective.<sup>2</sup>

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World (London: Routledge, 1985); Lillian Craig Harris, 'China's Relations with the PLO', *Journal of Palestine Studies*, Autumn 1977, pp. 123-54; Raphael Israeli, 'The People's Republic of China and the PLO', in Augustus Richard Norton and Martin H. Greenberg (Eds), *The International Relations of the Palestine Liberation Organisation* (Carbondale and Edwardsville, IL: Southern Illinois University Press, 1989), pp. 138-65; Glen Allerhand, 'Sino-Palestinian Relations', *Journal of International Affairs*, Summer 1981, pp. 133-35; John Cooley, 'China and the Palestinians', *Journal of Palestine Studies*, Winter 1972, pp. 19-34; Moshe Maoz, *Soviet and Chinese Relations with the Palestinian Guerrilla Organisations*, Davis Institute Papers on Peace Problems (Jerusalem: Leonard Davis Institute for International Relations, 1974); and Yitzhak Shichor, 'The Palestinians in China's Foreign Policy', in Chun-tu Hsueh (Ed.), *Dimensions of China's Foreign Relations* (New York: Praeger, 1977), pp. 156-70.

<sup>2</sup> Deng-Ker Lee, 'Peking's Middle East Policy in the Post Cold War Era', *Issues and Studies*, Vol. 30, No. 8, August 1994, p. 85.

### SEEKING ECONOMIC PROFIT

China's emphasis on modernisation requires extensive financing and increasing access to oil. The Middle East has become China's fourth largest trading partner, but developing this commerce has sometimes led to China's involvement in political controversies and regional issues. Being a late comer in the region—and having less to offer in economic or technology terms than the United States, Russia, Japan or Europe—China must pursue marginal or risky markets where others cannot or will not go, supplying customers no one else will or service goods no one else will sell them. While China wants to exploit and expand such links, it does not want to sacrifice its relations with the United States or incur costs in other, more important, policy areas.

By 1990, China's exports to the Middle Eastern 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's exports falling short by about \$700 million 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 and China tripled its oil purchases to 60,000 barrels a day and agreed to build a joint oil refinery in China and cooperate in oil exploration.<sup>3</sup> It also built power plants, cement factories and joint shipping lines in Iran.

Nonetheless, arms sales have been China's leading single field of endeavour.<sup>4</sup> The principal area of Chinese profit, advantage and risk is arms sales and Iran is its number one customer.<sup>5</sup> (An end of sanctions would probably lead to huge sales to Iraq as well.)<sup>6</sup> The Sino–Iran relationship is plagued with four major problems:

1. Iran is a major threat to regional stability and security.
2. The United States considers Iran the world's leading sponsor of terrorism, strongly opposes arms sales to Iran and acts to discourage them. US officials repeatedly warned that Chinese arms supplies were a major concern and a threat to the US allies and forces in the Gulf.<sup>7</sup>
3. Iran wants China to sell it technology for weapons of mass destruction, violating other Chinese international commitments, jeopardising regional peace,

<sup>3</sup> Jonathan Rynhold, 'China's Cautious New Pragmatism in the Middle East', *Survival*, Vol. 38, No. 3, Autumn 1996, pp. 102–16.

<sup>4</sup> Iran News Agency, 'China–Iran... Ties Growing in Various Areas', 2 October 1995.

<sup>5</sup> On these issues, see also Barry Rubin, *North Korea's Threat to the Middle East and the Middle East's Threat to Asia* (Ramat Gan: BESA Centre for Strategic Studies, 1997).

<sup>6</sup> British statistics show that between 1984 and 1989, Iraq bought \$3.3 billion worth of arms from China, see Rynhold, *op. cit.*

<sup>7</sup> *The Jerusalem Post*, 20 April 1997.

and damaging China's reputation. This aid includes helping Iran build a missile, chemical, nuclear and, perhaps, biological warfare arsenal.<sup>8</sup>

4. China is Iran's number one supplier of unconventional arms.<sup>9</sup>

The Sino-Iran military relationship was largely established during the Iran-Iraq War, when Tehran was desperate for supplies following US sanctions and Soviet reluctance to provide weapons. If Tehran had a choice it would buy from western sources but for China, however, Iran's isolation is an opportunity to exploit a market that would otherwise not exist. In short, Iran's isolation by other major powers makes it an attractive market—or even a market at all—for China, as a supplier of last resort for certain conventional goods and weapons of mass destruction.

According to a 1997 CIA 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.<sup>10</sup> In addition to bringing in a significant amount of foreign exchange, arms sales provides political leverage to China vis-à-vis Iran. Like any other arms exporting country, such transactions also lower China's research and development as well as unit costs for building its own weapons. Growing Chinese oil purchases from Iran would increase Beijing's incentives for balancing trade through weapons' supplies.

In 1988 the Chinese plan to sell missiles able to carry unconventional warheads to Syria was cancelled following US pressure. Iran is being given Chinese (as well as North Korean and Russian) assistance in building longer range missiles that would pose an even greater threat to more distant countries while Chinese made ground- and ship-based missiles threaten tanker traffic and pro-western naval forces in the Persian Gulf. China has violated its commitments under the Missile Technology Control Regime (MTCR) by supplying sensitive technologies to Iran, and to Syria and Pakistan as well.

In early 1991, adverse publicity about China selling a nuclear research reactor to Algeria resulted in the cancellation of that deal. The US Defence Department estimates Iran will have nuclear arms by the year 2000. If that happens, it will subsequently destabilise the Middle East and China will be largely held responsible.<sup>11</sup> China negotiated deals to supply Iran (and also Pakistan) with equipment and technology useful for making nuclear weapons, despite having signed the Nuclear Non-proliferation Treaty. The United States strongly opposed these deals and offered, in

<sup>8</sup> US House of Representatives Committee on National Security: *Military Procurement and Research and Development Subcommittee Hearings on: The US Response to the Emerging Proliferation Threat*, March 15, 1995, transcript; *The Jerusalem Post*, 20 April 1997; *New York Times*, 10 November 1995; and Joseph Fewsmith, 'America and China: To the Brink and Back', *Current History*, Vol. 93, No. 584, September 1994.

<sup>9</sup> US Senate Foreign Relations Committee, *Subcommittee on Near Eastern and South Asian Affairs, Hearings on Terrorism*, April 17, 1997, transcript (Washington DC, 1997).

<sup>10</sup> Central Intelligence Agency, *The Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Chemical Munitions: July–December 1996* (Washington, DC: GPO, 1996).

<sup>11</sup> *Ha'aretz* (Tel Aviv), 27 June 1997.

exchange for their cancellation, to sell nuclear power plants to China while the latter 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 because of technical and financial disagreement with Tehran. China also rejected Iran's request to sell a heavy-water research reactor for producing plutonium.<sup>12</sup> In October 1997, when President Jiang Zemin visited the United States, China pledged to stop cruise missile sales to Iran.<sup>13</sup>

Despite having signed the Chemical Weapons Convention, China reportedly sold chemical precursors, production equipment and technology to Iran. Also, there are reports, though not very reliable, of the sale of technology and equipment for the production of biological weapons. In addition to these, China sold Iran a variety of armoured vehicles; fighter planes; artillery; anti-tank, surface-to-surface and anti-aircraft missiles; small ships; naval mines; and land- or naval-based cruise missiles.<sup>14</sup> Perhaps China is using its political leverage to sell arms in other markets as well. China has hinted that it will withdraw its support to the UN proposal for imposing trade sanctions against Iraq if Kuwait does not agree to the estimated \$300 million purchase of Chinese-made self-propelled howitzers.<sup>15</sup>

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.<sup>16</sup> 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 US pressure and concessions on issues relating to China's interests in East Asia, nuclear development or bilateral trade. If China becomes concerned that arms supplies could destabilise the region, this may encourage restraint.

### SEEKING ECONOMIC ADVANTAGE: OIL

Apart from arms sales, by the nineties a new factor kindled China's economic interest in the Middle East. As its rapid economic growth required more oil, China became an importer in 1993 and is a major buyer, expected to require 30–50 million tons by the year 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 meeting these needs.

<sup>12</sup> Michael Eisenstadt, 'US Policy and Chinese Proliferation to Iran: A Small Leap Forward?', *Policy Watch* (Washington Institute for Near East Peace), 1997.

<sup>13</sup> Reuters, 18 October 1997.

<sup>14</sup> Bates Gill, *Silkworms and Summitry: Chinese Arms Exports to Iran and the US-China Relationship* (Washington, DC: Asia-Pacific Rim Institute, 1997); Yitzhak Shichor, 'Unfolded Arms; Beijing's Recent Military Sales Offensive', *Pacific Review*, Vol. 1, No. 3, 1988, pp. 320–30.

<sup>15</sup> *Washington Post*, 15 July 1997.

<sup>16</sup> For example, see, the statement by the Chinese Foreign Ministry in July 1991 concerning Middle East arms control, *Xinhua*, 9 July 1991, in *FBIS-CHI*, 10 July 1991, p. 19.



In June 1997, the China National Petroleum Corporation (CNPC) outbid US and other companies to win a major share in two of Kazakhstan's largest oilfields and a contract to build a 3000 km pipeline from Kazakhstan to China which would also supply Iranian refineries. Taking clue from his western counterparts, Chinese Premier Li Peng lobbied hard to close this \$4.4 billion deal.<sup>17</sup>

One potential advantage for China is its lack of political baggage, since its political ambitions are more limited than those of the United States, Russia, Iran or Turkey. For example, Kazakhstan is using China to become increasingly independent from Moscow, which tried to use its political leverage and offered poor terms for an oil deal. The Chinese plan means more money and employment opportunities for Kazakhstan as it can make better bids since it lacks alternative supplies and has a government willing to give subsidies at commercially unprofitable rates. 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 Beijing an even closer ally of Iran in the region.<sup>18</sup> Being a late comer in the highly competitive oil market, China must pursue more risky and marginal sources neglected by others—including Iran, Iraq and Sudan—which create international political problems. More conventionally, China has entered into a \$1.5 billion deal for a huge Sino-Saudi oil refinery in China and 10 million tons of Saudi oil annually for a fifty-year period.<sup>19</sup>

### LINKAGE WITH OTHER STRATEGIC INTERESTS CLOSER TO HOME

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, the reconquest of Taiwan, avoiding international sanctions over human rights and trade violations, promoting economic development and domestic stability. Maintaining good US-Sino relations—in large part to further all these goals—is also a high priority.

For example, in 1993, China boycotted the Middle East arms talks to protest a US warplane sale to Taiwan. Two years later, it broke off talks on the MTCR over the visit of Taiwanese President Lee Tenghui to the United States; while announcing the suspension of reactor sales to Iran that same year Qian explicitly mentioned China's

<sup>17</sup> Xiaojie Xu, 'The New Great Games in Central Asia, a Geopolitical Perspective on [the] Chinese Connection', *Turkestan News*, Vol. 98, No. 2, 5 January 1998; Cengiz Candar, 'Strategic Competition', *Sabah*, 28 December 1997, in *Turkestan News*, Vol. 98, No. 2, 5 January 1998. See also Matthew R. Simmons, *China's Insatiable Energy Needs* (Beijing: Simmons & Company International, 1997); and Xiaojie Xu, *The Geopolitics of Oil and Gas in New Century* (Beijing: Social Science Literature Publishing House, China Academy of Social Sciences, January 1998).

<sup>18</sup> Xiaojie Xu, Call for Debate on 'Who could Win the Great Game?', *Turkestan News*, Vol. 98, No. 2, 5 January 1998. For reasons why China's oil industry is ineffectively competitive, see 'Chinese Oil Industry will Collapse without Reform', *Oil Gas Journal* and *China Daily Business Weekly*, 25 January 1998.

<sup>19</sup> C. Raja Mohan, 'China Joins the Great Game', *Turkestan Times*, 1 February 1998.

expectation that the United States would be more prudent in future on the Taiwan issue.

Second, if China assists Iran and supports anti-US elements 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. . .<sup>20</sup>

The Chinese decision to reduce weapons' sales to Iran or refrain from supplying weapons of mass destruction can reap rich dividends. In January 1998, President Bill Clinton submitted to Congress a nuclear cooperation pact he had signed with China. White House spokesman Mike McCurry said that the President was satisfied that China had met the necessary conditions on nuclear non-proliferation 'to engage in peaceful nuclear cooperation with US industry'. Despite considerable provocation, the United States never imposed sanctions on China over Middle East arms sales. This indicates that Washington accords higher priority to other bilateral issues than to China's Middle East policy.

Finally, 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 been involved in riots, assassinations and bombings since 1996. Nationalist and economic discontent may be sparked off and aided by other members of these communities in neighbouring Kazakhstan and Kyrgyzstan, as well as by sympathisers 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 oil reserves in that province.<sup>21</sup> To mitigate this problem, China wants to build good relations with neighbouring states and to increase local prosperity by making oil and other deals in Central Asia.

## CHINA AND MAJOR MIDDLE EAST ISSUES

China took a cautious stand on the crisis involving Iraq's conquest of Kuwait, the anti-Iraq coalition, the 1991 Gulf War, and the subsequent sanctions against Baghdad.

<sup>20</sup> *Hearing of the Near East and South Asian Affairs, Subcommittee of the Senate Foreign Affairs Committee*, 19 April 1997.

<sup>21</sup> Muslim Uprising Brews in China, 23 November 1997, AP; Reuters, 4 January 1998; AP, 24 November 1997.

It supported both Baghdad's compliance with UN-mandated arms controls and a quick end to sanctions. This policy was aimed at pleasing Saddam Hussein without antagonising the United States.

After Iraq's invasion of Kuwait in 1990, China urged a diplomatic solution, a position favoured by Baghdad. Beijing abstained (that is, neither supported nor vetoed) on the UN resolution authorising the coalition to expel Iraq from Kuwait by force. In order to win Chinese support, the United States and Europe lifted all remaining sanctions against China following the Tiananmen massacre.<sup>22</sup>

By 1994, China was urging an end to sanctions against Iraq, which was a lucrative market for Beijing for selling arms and other services, and for buying 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 US policy of maintaining pressure on Iraq.

Consistent with this strategy, during the 1997–98 crisis with Iraq, 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'.<sup>23</sup> China opposed any attack against Iraq, and Prime Minister Li Peng suggested that UN inspectors settle for only limited access to suspected weapons' hiding places.<sup>24</sup>

Historically, China had taken a strongly anti-Israel stance on the Arab–Israeli peace process. But China shifted from total support for the PLO and Israel's destruction to establishing 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. However, China's role was secondary in promoting mediation, though it suggested that regional peace and stability was the most important goal.

In practice, China gave little material help to the Palestinians while establishing its relations with Israel very rapidly. Despite its small size, Israel became an important investor in Chinese development projects and supplier of high technology weapons.<sup>25</sup> Prime Minister Benjamin Netanyahu told the Chinese that 'Israeli know-how is more valuable than Arab oil'.<sup>26</sup> 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 improve its relations with the United States. Thus, Sino–Israel relations have become important independent of the peace process's current status or the final outcome.

<sup>22</sup> Mohan Malik, 'Peking's Response to the Gulf Crisis', *Issues and Studies*, September 1991, pp. 107–82.

<sup>23</sup> AP, 26 December 1997; Reuters, 6 January 1998.

<sup>24</sup> *Kol Israel* (Jerusalem), 12 February 1998.

<sup>25</sup> David Horowitz, 'Breaking Down the Wall of Secrecy', *The Jerusalem Report*, 9 January 1992, p. 9.

<sup>26</sup> AP, 24 August 1997.

## CONCLUSIONS

The balance and caution of Chinese policy is a result of that country's varied interests in the Middle East. On the 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 the region so dominated by the United States that there is no place 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 its relative weakness and lack of a technological edge. Second, China has managed to develop and maintain good relations with virtually every country in the region, most obviously with both Israel and Iran simultaneously. In general, Chinese strategy can be judged as relatively successful and its irresponsibility regarding arms sales—and a tendency to violate commitments to restrain them—could point to serious problems for China's Middle East policy in the future.