

# **China and the Middle East**

## *The Quest for Influence*

*Edited by*  
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# ***The Middle Kingdom Meets the Middle East: Challenges and Opportunities***

**David Dewitt**

*This brief essay* aims to place the previous papers—each of which has addressed a particular phenomenon or relationship involving China and one or another partner or issue linked to the Middle East—into the larger context of international and regional affairs. It does so by identifying a few key issues in general, drawing attention to some factors that are likely to affect relations between countries of the Middle East and Asia, particularly East Asia.<sup>1</sup>

## **TIES THAT BIND ALSO CONSTRAIN: MIDDLE EAST–EASTERN ASIA RELATIONS**

The papers presented here address in detail many of the most significant bilateral relations and linkages between China and states of the Middle East. Throughout the years of the Cold War, with the significant exception of the post-1973 dramatic rise in the price of oil to which Japan and South Korea felt particularly vulnerable, and the political interests of China that led it to support Palestinian national aspirations and various radical regimes and groups, the Middle East of this past half century had little, if any, direct or sustained linkages with East Asia. The continuing political turmoil, interstate conflict and penetration by the then super powers made the region unattractive for the countries of East Asia. For most of Southeast and Northeast Asia, the countries of the Middle East offered comparatively little in the way of markets for their exports or finance for investment. For East Asia, this was an asymmetric relationship, with oil flowing from the Arab OPEC states to Southeast Asia and beyond

<sup>1</sup> The term 'essay' is used to distinguish this contribution, which is more in the nature of general commentary and synthesis, from the conventional research papers offered by the other authors. My task, unlike theirs, is to reflect on 'challenges and opportunities' among the countries of the Middle East and East Asia, taking particular note of China's place. I take the liberty of avoiding the conventional academic procedure of detailed referencing since so much of the relevant literature is identified in the previous papers. I have approached this topic by assuming that the detailed analyses of various topics—especially military, economic and diplomatic factors—have been read and need not be repeated but only intimated.

through the South China Sea northward to the ports of Japan, Korea and Taiwan, as well as across to the Americas.

The principal exceptions within the East Asian community to this general record of benign neglect—so long as access to oil was assured—were Indonesia, Malaysia and China. Islamic politics have evolved as a significant issue for each. Malaysia has closely identified with a more aggressive strand within the Organisation of the Islamic Countries and both its foreign and domestic politics have employed the rhetoric of anti-Israel and anti-western positions. During the Suharto era, Indonesia was perceived as an Islamic country with a more friendly face. Although ruthless in its repression of those who challenged Suharto, his regime, and the consolidation of the Indonesian nation-state, the Indonesian government was perceived as having moderate views on Islam, tolerating a fairly diverse expression of faith. Its connections with the Middle East have been more broadly based, being a leader within the neutral and non-aligned movement. Reflecting Suharto's strident anti-communism, Indonesia along with Singapore, Thailand and the Philippines (having its own Muslim issue in Mindanao) was more attracted to the Middle Eastern governments with western leanings and less friendly towards those who courted relations with the then eastern bloc. Furthermore, having its own domestic oil reserves, Indonesia was far less vulnerable to the pressures of petrodollar diplomacy.<sup>2</sup>

China has been the most important link between East Asia and the Middle East. Its substantial Muslim population, its borders with the Muslim states of South Asia and Central Asia including Afghanistan, and its proximity to and history with the Islamic forces moving northeast from what is now modern Iran ensured that events in the Middle East would carry some resonance within China. This was heightened by China's interest in using its position as a leading member of the developing world to pursue its own diplomatic and strategic objectives, including serving as an alternative to either Soviet or American influence. Moreover, its relatively early diplomatic support for the PLO was but one of the Chinese government's forays into support for radical political movements to counter the weight of American or Soviet influence while shoring up its status as a global leader of the developing world. At the same time, its vulnerability to criticism concerning its Muslim minorities coupled with its distance from the region and its lack of strategic military capabilities sufficient to provide an attractive alternative to Soviet or American largesse, tempered the profile of Chinese actions on the Middle Eastern issues, including the Iraqi invasion of Kuwait and the aftermath.

Yet, over the past quarter century, as noted in the preceding papers, China has become an active and increasingly aggressive arms merchant to the region. From Iran through the Arab heartland as far west as Algeria, China has made a systematic effort

<sup>2</sup> Space does not permit anything other than an acknowledgement that the complex relations involving South Asian states with both East Asian and the Middle Eastern countries deserve a far more thorough examination. The two papers in this collection which touch on India and Pakistan are a beginning. I would argue that in order to understand relations between these two important countries and the Middle East one needs to explore the multilateral aspects of how the fluid relations of Pakistan and India variously with the west, Russia and China altered their calculus of decisions. As important as the Middle East might be to each, these are very much residual issues when compared to the more powerful roles of the former super powers and China.

to enhance its diplomatic presence, to pursue opportunities for trade including but not limited to arms sales, and thereby to consolidate its position as a potential player in the Middle East. During the past decade, China is reported to have developed trade in military technology with Israel. China's military technology has also penetrated indirectly through its connections with North Korea, which in turn has established important bilateral ties and transacted military deals with countries such as Iran and Syria. Over the last few years, concern has been expressed about reports that China has been providing technology relevant to the development of weapons of mass destruction, including but not limited to delivery systems.

China's transformation from being oil self-sufficient to an oil importer has signalled a new longer term interest in the Middle Eastern affairs. Whereas it is too early to suggest a greater willingness of Chinese officials to become more directly engaged in regional diplomacy, there is no doubt about the importance for China of access to the Middle Eastern petroleum and gas. This may make China somewhat less able to exert influence over AOPEC states given the projections of China's energy needs, let alone a fully recovered Northeast and Southeast Asia twenty years or so into the future. On the other hand, it gives China a greater stake in ensuring relative political stability so that it has confidence in supplies and in the capacity of those exporting countries to manage not only the oil producing centres, but also the increasingly expensive pipeline system required for effective transportation from wells to the end user. Arms-for-oil has been a well-worn contractual relationship, a pattern which China appears to be increasingly interested in pursuing, although it will become incumbent upon it to act responsibly and hence to temper what some analysts believe to be a very dangerous trend of unrestricted proliferation of advance weaponry.<sup>3</sup>

The importance of the newly independent Central Asian republics has not yet been fully realised. Enormous potential of oil and gas reserves, gold, and other minerals are obvious incentives for global and regional investors. The competition for access is already creating local as well as regional tensions. Russia, Europe, China and the United States are actively engaged in the private sector and governmental activities aimed to provide favoured entry into the development potential of this large region. For China and Russia, this area is of tremendous strategic importance not only for economic reasons, but also for classic concerns of territorial and military security. The 1996 Shanghai agreements and border force reductions involving China, Russia and the three contiguous Central Asia republics of Kazakhstan, Kyrgyzstan and Tajikistan were an outgrowth of a negotiating process that started in earnest in 1989 with the restoration of 'full normalisation' between China and the Soviet Union.<sup>4</sup> In the light

<sup>3</sup> There is an irony here. As China pursues its interests with the Muslim Middle East and Pakistan, the countries of East Asia and especially Southeast Asia, as well as India, have come to fear what is perceived to be the inexorable expansion of China's interests and capabilities into all areas immediately contiguous to Chinese borders. This fear thus includes both Muslim and non-Muslim countries of Asia, creating cross-cutting cleavages within this bloc which struggle with finding ways to deal with their sense of China as the looming threat and China as the new balancer to western influence and Russian impotence in Southwest Asia.

<sup>4</sup> See Jing-dong Yuan, 'Sino-Russian Confidence-Building Measures: A Preliminary Analysis', *Asian Perspective*, Vol. 22, No. 1, Spring 1998, pp. 71-108.

of new policies pursued by the three republics, this area has assured a new importance, forcing China to address the inevitability of greater international presence and interest in this area to which they are so sensitive. It also brings Turkey more directly into its net of strategic interests as a bridge to Europe, as a potential coalition partner in the wake of Turkish unhappiness with its perceived unfair treatment by the European Union as well as its concerns with the implications of an expanded NATO, and as another ostensibly secular country with a large Muslim population.

### THE SHADOW OF THE COLD WAR: PROVIDING THE CONTEXT

Both the contemporary study of international politics and the twentieth century practice of international diplomacy have been dominated by the western world. At least since the turn of this century, students and practitioners from Europe and North America generally assumed that the world as they viewed it, understood it and preferred it is the world that all should accept if not strive for. International institutions, international law and international practice reflect this. Although the initial years of the nuclear age negated some of those platitudes and presumptions, and while the Cold War perverted and undermined much of what might have been possible through the new international institutions of the United Nations, the dominance of the west, whether from London, Paris, Washington, or even at its edge in Moscow rarely abated. Even in the face of the assertion of independence by former colonies, neither much time nor attention was given to alternate views of history, of politics, and of a preferred world order. Rather, these newly independent states were required to fit into the hegemonic order of Cold War politics, perhaps the most complete expression of the north's assertion of interests and power over all.

The Sino-Soviet split, though not then viewed as a challenge to the western way of 'doing business' but rather a feud among communist brothers, eventually led to ascribing 'Chinese characteristics' to communism as well as to China's foreign policy and international affairs. Coupled with the emergence and increased assertiveness of the 'neutral and non-aligned', we see in retrospect the evolution—albeit inchoate, weak, disorganised and internecine—of alternative models of politics and economics; the age of development and the coming of age of the Third World.<sup>5</sup>

Government, politics, economics and interstate relations that were rooted in non-western history and traditions were being practised by regimes throughout the developing world. On reflection these civilisational differences are not merely the subject

<sup>5</sup> Quite obviously, this compressed history is a caricature of events and ideas, and though it reads as if the countries of the north who so dominated international affairs over the last few centuries were malevolent, it does not in any way suggest that one might have preferred life elsewhere than in the west had one the choice. Statistics continue to confirm the north-south split and it is difficult to find within national or UN documents on living standards data which suggest otherwise. In objective and material terms, it is indisputable that opportunities for individual and societal accumulation of wealth and of opportunity were the province of the northern countries, most particularly around the North Atlantic.

of scholarly dispute but rather reflect profoundly differing views of very real and practical state–society relations; the operational code of non-western norms and practices. Some countries in Asia, the Middle East and most of Africa—that is, those places in which indigenous cultures were not overwhelmed and replaced by immigrant societies—did have historically embedded identities, cultures, modes of exchange and of governance which existed in uneasy tension along side that imposed by the conquering powers.

By the end of the fifties the peoples and governments of the countries of the Middle East and East and South Asia were asserting their independence from imperial and colonial experience. While Euro–American as well as Russian influence continued and in some areas was heightened in the context of Cold War politics, overall this did not dampen though in many cases it did distort the domestic affairs of these states. Most significantly, the competing and conflicting interests of the principal Cold War antagonists intruded into the interstate affairs of these regions, directly affecting the foreign policies and the domestic modes of operation of most countries.

It is not difficult to trace the impact of Cold War politics on either the Middle East or East and South Asia. This is well known and beyond the scope of this brief essay.<sup>6</sup> However, it is important to restate the obvious. First, for much of this period the governing regimes of many of these countries focused on regime security, threatened by both dissent from within and external challenges. The processes of internal national consolidation and regime stability often employed tactics of fear and coercion. Second, for those regimes successful in maintaining fairly stable domestic politics, primacy was given to economic development through not necessarily significant wealth redistribution. Third, both politics and economics were often manipulated by the regime in a supportive contractual arrangement with narrow elite interests as well as the military. This was fashioned through the rhetoric of nationalist as well as leadership cult ideology and often tied to identity politics. Fourth, the need for external aid—such as technology transfer, military assistance, finance capital and market access—and intra-regional conflicts over borders, territory, resources, status, identity, or due to personal and/or historical animosities created the ideal conditions for the establishment of a contractual relationship between the developing country and the potential external patron. The former was able to meet the requirements for regime maintenance and secure advantage over erstwhile enemies while the latter was able to pursue clientalist regional politics. As is well known, much of the Cold War politics was played out on the stages of the Third World, with the Middle East, Africa and Asia being the principal theatres.

<sup>6</sup> Note that most commentators and scholars agree that, by and large, the Cold War had a more direct and pervasive impact on the affairs of the Middle East than on East Asia. Although one might dispute this on a case-by-case basis, the primary point is that the politics of Asia—East Asia dominated by China and Japan, South Asia by India—was so strongly influenced by the regional powers that the Cold War really affected the margins, albeit often significantly, of intra-regional politics. Due to its history, strategic minerals, strategic location, absence of dominant regional hegemons, etc. and its proximity to both the Soviet Union and to Europe, the Middle East was significantly more vulnerable to and affected by Cold War issues.

This establishment of partnerships with extra-regional patrons for mutual benefit may well have contributed not just to wars or to the propping up of dictators, but also to political change and economic well-being that otherwise would not have been possible. Unfortunately, this counter-factual is difficult to substantiate empirically. Most evidence would suggest that indirect as well as more explicit interventions under the strategic umbrella of Cold War politics, both in times of crisis and more generally in the day-to-day affairs of these countries, while bringing in various types of aid and investment were also accompanied by profound distortions in domestic politics, economics and social development. Moreover, they arguably derailed, pre-empted, or prevented the establishment of more positive inter-state relations and regional as well as inter-regional politics; again, however, a counter-factual rather difficult to substantiate empirically. The point, of course, is that just as the legacy of colonialism and imperialism affected affairs during the Cold War period, so too one cannot discount the lingering impact of Cold War politics on the affairs within and between states in the Middle East and Asia today.

It is in this light that we will consider the emerging characteristics of China's relations with the countries of the Middle East and, more generally, relations between the two great, pluralistic and turbulent regions of the world, Asia and the Middle East.<sup>7</sup>

#### UNCERTAIN TRANSITION: THE LEGACY OF THE COLD WAR

One of the more remarkable expectations arising from the destruction of the Berlin Wall and the collapse of the Soviet Union was the so-called peace dividend. Although the decade since has witnessed a reduction in absolute numbers of nuclear warheads and there is some evidence that global arms expenditures have been on the decline, it also has led to the confirmation of an increased number of nuclear weapons capable states and a diffusion of Russian-made weapons through barter and what in other industries is known as price dumping. While the Missile Technology Control Regime has combined with conventions concerning the different types of weapons of mass destruction to establish global norms and introduce more comprehensive proliferation management procedures, in fact both warheads and delivery technologies are now more accessible to a greater number of actors. A large number of states, not simply

<sup>7</sup> While Northeast and Southeast Asia can be viewed as sub-regional divisions within East Asia (that is, those areas of East Asia influenced by Confucianism and linked with its historical antecedents and its spread throughout the region), Central and South Asia stand somewhat apart both in terms of history and legacy, and of course have long and somewhat different relationships with the empires, peoples and cultures of the Middle East. The impact of the visual positioning of the Pacific Ocean and East Asia in the centre of a two-dimensional representation of the world rather than the more conventional placement of the Atlantic Ocean is a stark reminder of how deeply embedded the place of a Euro-centric, North Atlantic view of the world and its history really is. It even is worth noting that the names of these 'non-western' geopolitical regions are the detritus of European imperialism, indicating as they do a positioning in the east/west-north/south axes of points derived from Western Europe.

those that already have but also those that wish to have, regularly dissemble rhetoric from practice that it is not clear that today we are in fact any less vulnerable to global or regional strategic confrontation.

More worrisome may be the evident ability of men and women to devise methods to discriminate, violate, dehumanise and murder tens of thousands of their own fellowmen without using sophisticated military technology. Furthermore, in spite of the end of the Cold War, there is little evidence to suggest that the international community is any more prepared now than before to cooperate and adopt measures to stop such wanton acts. The Great Lakes region of Africa, the Sudan, Algeria, Chechnya, the former Yugoslavia, Afghanistan, Iraq, Somalia, Nigeria, Sri Lanka and Myanmar are but some of the more egregious examples. Early warning measures and preventive diplomacy, held out to be the cooperative post-Cold War answer to mid-crisis military intervention, have not materialised.<sup>8</sup> In other words, the elimination of the bilateral strategic umbrella of the Cold War and its concomitant Soviet–American rivalry does not seem to have had a marked impact on the politics of peace and war in most parts of the world. Even Europe, the frontline of the NATO–WTO confrontation, has been mixed with post-Maastricht Europe and an enlarged NATO auguring well for peace and prosperity, but with the shadows of large parts of the former Soviet Union and Eastern Europe in turmoil if not all-out war.

On the more positive side, one must acknowledge the efforts—even where there have been setbacks—to deal with the Israeli–Palestinian protracted conflict (although for now the process resulting from the Oslo accords is relatively moribund), Northern Ireland (still on edge), the former Sino–Soviet border areas, the Korean peninsula, the northern territories or Kurile Islands, the South China Sea, Southern Africa, West Africa, the Horn of Africa, and even parts of the Balkans.<sup>9</sup> Perhaps, more significant are the numerous occasions where states and their citizens, once constrained by Cold War politics from undertaking particular initiatives of trade, commerce, or diplomacy, now more freely engage and cooperate in areas of common interest or for mutual benefit. A somewhat perverse example is the willingness of the Russian government to allow and even to encourage the sale of advanced military hardware and technology

<sup>8</sup> The multinational effort in the wake of Iraq's invasion of Kuwait led by the United States and sanctioned by the United Nations was an anomaly both in terms of the characteristics of the conflict and the conduct of the states party to the international response. Besides, in spite of fairly clear signals and intelligence early on prior to Iraq's invasion, as well as the mobilisation of many within the diplomatic community, through to the unfolding of the conflict from the early bellicose threats from Iraq until the decisions leading up to Desert Storm, nothing seemed to deliver either a diplomatic solution or preventive intervention.

<sup>9</sup> Unfortunately, while there has been some optimism concerning each of these sites of conflict, many of them have slipped back into turmoil. For example, Sudan, Ethiopia and Eritrea continue to be plagued with civil war and their peoples must cope with severe and life-threatening disruptions including starvation; the Palestinian–Israeli process is stalled which is also undermining the emergence of what some had hoped would be a new regional security dialogue involving Israel with an increased number of Arab states; and the Kurds continue to face uncertainty in their ongoing struggles with the governments of Iraq, Syria and Turkey. We also should note that other sites of protracted conflict which were relatively unaffected by the Cold War although oftentimes with ties to Cold War actors and often employed in Cold War rhetoric—such as both inter-state and domestic violence in countries of Central and South America—continue as points of instability.

on the open market, especially where hard currency or other particularly advantageous terms of trade are available. A more positive development is the relative increase in the ability of people to travel, to work abroad, and to invest; the transfer of western non-military technology as well as some dual-use technology to the former eastern bloc states; and the increased activism of many international organisations, UN agencies and international financial institutions.

On the softer side of politics and security, what the UN and others have referred to as 'human security', it is evident that the end of the Cold War has led to a new openness, with governments and non-governmental organisations increasingly prepared to cooperate in addressing concerns of quality of life, including but not limited to human rights, welfare rights, access rights, and the multiplicity of factors which contribute to a dignified existence. Peace building, now a part of UN humanitarian activity in war torn societies, is both an indicator of the grave problems that persist and also of the willingness of a greater number of parties to participate in providing assistance and in accepting the loosening of the terms for intervention. There has been a partial breakdown in the old barriers of intellectual and political discourse as well as economic exchange. Basket three of the old Conference on Security and Cooperation in Europe has been generalised and taken life through an energised, albeit still frail and cumbersome, UN system working cooperatively with a vocal, aggressive, and increasingly confident transnational civil society.<sup>10</sup>

Clearly, no stable patterns or trends have emerged that differ significantly from the recent past with one obvious and important exception: the permeability of boundaries. This includes in particular the breakdown of barriers across the old Cold War boundaries as well as the increased willingness of the international community to accept or even promote not only humanitarian intervention but also action which prevents the possible escalation of conflict.<sup>11</sup> While this has contributed in some

<sup>10</sup> One might well consider the 'Ottawa process' which led to the recent anti-personnel land mines treaty an expression of this new willingness by governments and civil society to cooperate, in this case on a fairly 'hard' security issue. Not only is it unlikely that such an accord would have been passed, but it is also difficult to imagine anything approaching this process of officials and private citizens working together on such an issue. Elsewhere one also sees the growing albeit cautious acceptance of what has become known as 'track two diplomacy' involving experts from the academic, non-governmental organisations, and private sector communities working with officials in their unofficial capacities. This process has been employed for many years quietly, but has now taken on a particular public place in the discourse on security, especially on issues of recognised importance but where governments oftentimes feel somewhat constrained initially to address such issues in official forums. Both the Middle East and the Asia Pacific have been the focus of significant track two efforts for over a decade.

<sup>11</sup> Although the issue of intervention, whether humanitarian or especially in a 'preventive' mode, remains contentious there is much more discussion and decision-making both within the UN and through other forums (such as the NATO, the EU and other regional organisations) involving a more diverse and inclusive cluster of countries. Another factor which is a very real and noticeable post-Cold War change: the dramatic increase in the number of newly independent countries. That alone creates many more opportunities for bilateral interactions, both positive and negative. These newly sovereign states are very protective of the rights and privileges that come with this new status, yet they also are among the more likely targets for various forms of external assistance as well as sanctioned intervention. This increasingly diffuse and complex international system makes international norms and rules, as well as international institutions, that much more important.

cases to former Cold War actors on opposite sides of the divide finding the means to establish more positive bilateral or even regional relations with both former allies and former enemies—Vietnam would be one example, and of course Poland, Hungary, the Czech Republic and the Ukraine—the examples are few. However, what has not happened with the end of the East–West divide is reduction in inter-state animosities among contiguous or proximate countries within regions having a local history of antagonism and rivalry. The Middle East and South Asia, along with much of Africa, conform to this unfortunate pattern of behaviour. East Asia seems to be the obvious positive exception.

### THE SEVEN YEARS OF FEAST, THE EARLY YEARS OF FAMINE? EASTERN ASIA AND THE MIDDLE EAST IN THE NINETIES

In May 1989, Mikhail Gorbachev visited China to participate in the first Sino–Soviet summit in thirty years. Six months later on 9 November, the Berlin Wall came down. For the first time in over fifty years one could envisage travelling from capital to capital in the northern hemisphere without encountering spontaneous hostility. Not that many strategic, security, political, economic, or ideological differences were resolved or suspicions allayed; rather, there was a palpable decrease in the degree of tension, anxiety and imminent confrontation. Opportunities for cooperation seemed plausible and the idea of a ‘Vladivostock-to-Vancouver’ corridor encircling the globe no longer a dream.

Falling between these two momentous events was the June 1989 Tiananmen Square massacre, a sober reminder of the profound differences that persisted between the west and the east. Yet even this did not significantly undermine the fundamental changes which were known to be underway. The international response to this Chinese outrage was condemnatory, severe, but measured. The focus of rebuke from most western states was on human rights and democratisation, the emerging backdrop for much of the politics of the first post-Cold War decade. However, trade, commerce and investment with China was only slightly disrupted, although military cooperation was curtailed between many western countries and China until quite recently. Diplomatic relations in fact intensified, and as the post-Cold War world began taking shape, China entered into not only expanded bilateral relations but also took a new initiative to participate actively and responsibly in multilateral forums. By the middle of this decade, in spite of continuing human rights criticisms, it was evident that the ASEAN policy of ‘constructive engagement’ of China had come to be adopted, formally or otherwise, by most countries of the world.

A year after Tiananmen, the August 1990 Iraqi invasion of Kuwait confirmed two facts: that the use of force remained a serious and viable option for some states and that this was a test of whether the post-Cold War world could respond to such events in ways substantially different than would have been expected a year earlier. It

tested the tensions between global norms, new post-Cold War interests, and old Cold War partnerships. Ultimately, in spite of individual efforts by Russian and Chinese diplomats along with UN officials and representatives from the Arab, Islamic and western communities, a unique coalition of forces was forged that defeated the Iraqi aggressor. Moreover, the fact that the subsequently enforced sanctions which have not yet been fully revoked were not supported by all members of the Desert Storm coalition reinforces the importance of realising the implications of the narrow and temporary basis of post-Cold War coalition politics. Though the coalition that defeated Iraq was transitory, brought together by a complex assortment of diverse interests, it revealed that it was no longer likely that extra-regional powers would fight each other in a Third World location; regional blocs should not be presumed to be cohesive; states were not prepared automatically to align with one power over another but would exert their own interests; any coalition that might form around a particular set of convergent interests could quickly dissolve in response to other interests; and that the United States was well ahead in its 'revolution in military affairs', having demonstrated the enormous power projection, targeting and destructive capabilities of its military.<sup>12</sup>

The first seven years of the post-Cold War era had been a feast for most parts of East Asia, and even much of South and Central Asia. Similarly, throughout the Middle East even with the problems of Desert Storm the first half of this decade augured well for political as well as economic development. However, during the last days of these seven years, famine has struck.

Throughout most of East Asia, from China to Indonesia, years of double-digit annual economic growth rates, performance legitimacy that provided some of the conditions necessary for social and political stability, and the relatively low levels of military activity created the basis for national, regional and international developments within this diverse region. Democratisation, the emergence of an increasingly vibrant civil society, and a clear sense of national planning began taking shape in many countries of the region. APEC along with the ASEAN Regional Forum provided new frameworks for political, economic and security regional and sub-regional dialogue and decision-making, while an enlarged ASEAN moved towards the consolidation of a stable and prosperous Southeast Asia. Since the conclusion of the Paris peace accords of October 1991 which held out hope for a transition to democracy and peace in Cambodia, there evolved in Southeast Asia an increasingly positive vision of the future of this region. Economic progress was being matched by successive movements on political and security issues. This sub-region was viewed increasingly

<sup>12</sup> The two most enduring observations from this early post-Cold War conflict are likely to be, for the developing world, that if violence is to be used by the state against its own civilians or another state, it is best to do so in a manner that will avoid extra-regional intervention; and for the Russians and the Chinese, the realisation of the gap between their own military technologies and those possessed by the United States and, to some degree, by its key NATO allies requires a dramatic reconsideration of its own military doctrines and approach to weapons development. For some informed, measured, but provocative speculation concerning the issue of strategic global power politics, see 'Russia and China', *The Economist*, 26 April 1997, pp. 19-21; 'The Next Balance of Power', *The Economist*, 3 January 1998; pp. 17-19; 'As China Rises, Must Others Bow?', *The Economist*, 27 June 1998, pp.23-25.

as an attractive site for foreign direct investment. ASEAN, so long derided as merely a cluster of small states wishing to forge an anti-communist identity, emerged as a vehicle that could facilitate political stability, security and economic development, firmly embedding 'the ASEAN way' as a code for a process of regional consultation on issues of security and development.

Northeast Asia, the locus of the great powers of East Asia, is a sub-region of such size, diversity and presence that it in fact did not have any history of or pretence for a regional expression. The three countries—China, Japan and Korea—have some related socio-cultural phenomena (such as Confucianism, written script and the lunar calendar, dispersed by trade, war and migration) and a history of warfare, dominance as well as subjugation so strongly embedded as to preclude internally constructed common motivations for a shared regional identity. Each stood on its own, with significant political, economic and military assets to warrant recognition and engagement on their own merits. The politics of communism, the Sino-Soviet split, nationalism, and the Cold War US containment policy affected each of these distinct communities differently, eventually resulting in Japan and South Korea finding their place within the special security arrangements with the United States; North Korea creating its own unique polity with close though often strained relations with both China and the Soviet Union; and China striking an independent position, finding its way between the early days of a pro-Moscow policy, the past three decades independent of and often hostile towards either super power, and more recently exploring ways to manage both strategic partnership with Russia and a more positive, normal, and indeed active engagement with the United States.

The protracted conflict of the divided Korean peninsula, the ongoing process of Chinese consolidation including Tibet and the border areas with South and Southeast Asia, with the incorporation of Hong Kong and Macau but not Taiwan or areas claimed within the South China Sea, and the relocation of Japan within the western economic and security umbrella having still unresolved territorial disputes with China, Korea and Russia, together have combined to reinforce the strategic importance of North Pacific and Northeast Asia. Throughout these years, American forward positioning in the Pacific theatre—both north and south—was undertaken in the knowledge of the enormous Soviet military installations including SSBN in the Far Eastern provinces.

The end of the Cold War and the breakdown of large sectors of the former Soviet military has left maritime Asia-Pacific more fragmented. Only the US has armed forces with a full regional reach. Russia retains strategic forces in the Sea of Okhotsk while actively pursuing CBMs and force reductions along its borders with China. The abiding concern remains one of China's potential in developing significant power projection capabilities to move effectively beyond its immediate borders. While Japanese potential should the political and security climate change remains an issue of mythical quality, and North Korean adventurism a worry, the Chinese blue water fleet is the primary regional military concern for Southeast Asia, the Chinese land and air forces are a worry to the continental powers, and the growing Chinese nuclear and missile capabilities have become a matter of concern to the United States, Russia, and the

west. The recent Indo–Pakistan nuclear testing tit-for-tat is unlikely to do anything other than heighten the concern about Chinese intent.

The dramatic rates of growth and overall economic performance in both North-east and Southeast Asia throughout the past two decades have been replaced almost overnight by the financial crisis that hit the East Asian economies in the fall of 1997. Efforts towards democratisation so evident in the Philippines, South Korea and Thailand now face the daunting task of continuing without the stimulant of a rapidly expanding economy. Nevertheless, the resilience afforded by democratic processes and institutions, coupled with assistance from international financial institutions, seem to provide some cushioning, with all three countries successfully negotiating national elections without resort to intimidation or the prevention of accession. Singapore, Hong Kong, and to a lesser extent Malaysia fared somewhat better in the early days of the East Asian recession, though how this process will affect their centralised and guided or soft-authoritarian forms of government is still not clear. Indonesia, a regional leader as well as a leader among both developing and Islamic states, is facing a crisis. Even optimistic scenarios that envisage President Habibie successfully transiting from government to be replaced by a leader and cabinet unscathed by Suharto connections or cronyism, having the confidence of the business elite, the military and the public, expect a three to five year period before Indonesia is able once again to see real growth rates and to encourage reinvestment by both the international community and its own ethnic Chinese citizens.

Today, only China seems to be reasonably resilient to the perturbations of the unfolding financial crisis, though it too will experience some effects on its rates of growth. So far China has acted responsibly in not devaluing its currency and continuing to encourage investment while developing fiscal and monetary policies to avoid an overheated economy. That could change unexpectedly and have dramatic implications. Japan continues to falter without signs of an emerging political or economic leadership that is able and prepared to address domestic restructuring so necessary to kick-start the ailing East Asian economies. Simultaneously, Russia continues to struggle, once again requiring in excess of \$20 billion in support from the World Bank. In such an environment of economic turmoil and uncertainty, the ability to project and hence to plan with any confidence is undermined. Does this create a climate of opportunity or does it impose severe constraints on countries in the Middle East which are in effect dependent on the economic well-being of others so that they have markets for their oil, agricultural and other export products, as well as foreign tourists, which have become a vital part of the economic life of much of the region? So long as the United States, Western Europe and China are resilient to these profound economic shocks, the Middle East should be able to weather these economic crises. It is evident how important China is becoming in the global marketplace. This alone gives greater weight to the development of China's relations with countries in the Middle East, although the implications may not be evident for a decade or more.

In the Middle East, at the turn of the decade the creative opportunities unleashed by the Madrid and then Oslo processes which opened the way to new forms of political and security arrangements and encouraged economic plans including regional development strategies have become a target of the complex intransigencies which

bedevil Israeli–Palestinian relations as well as intra-Arab and intra-Islamic politics. The old games of Soviet–American interests have played little part in this. The US and Russia, as well as individual European states and the European Union, have expended considerable effort and resources to fulfil the early expectations for a new era of peace and prosperity in the region.<sup>13</sup>

Middle East inter-state relations, domestic political, economic and social affairs of the core Middle Eastern states, and the activism of non-state actors (such as factions within the PLO, Hamas and other Islamic organisations) have derailed much of this effort. Moreover, the price of oil has fluctuated and the long hoped for recovery of a premium price per barrel has not occurred. Divisions within the OPEC (both the Middle East sector and overall) have undermined efforts to better manage supply, thus making it more difficult for the Arab OPEC states to pursue both domestic development and sponsorship of other Arab states as well as politically popular causes. The disillusionment with secular politics, the disappointment with promised but unfulfilled economic growth and concomitant improvements in individual and community well-being, and the disenchantment with the west and the dividends—including a Palestinian state—which were expected at the end of the Cold War have made Islamic fundamentalism and rejectionist politics more attractive.

The expectations of the young—now a majority in the Arab world—regarding economic and political advancement have been undermined, spawning radical politics, Islamic fundamentalism, and an uneasiness among elites. From Morocco and Algeria to Saudi Arabia, from Lebanon and Syria to Yemen, the Arab world is as diverse as ever but perhaps less unified. The Netanyahu government in Israel provides once again opportunist politics for the Arab leaders to direct the frustration of their citizens towards an external force. Aside from anti-western rhetoric still voiced by militant Islamists, anti-Zionist rhetoric and the call for a Palestinian state may still be some of the factors that bind the late twentieth century Arabs together. That Israeli–Palestinian politics should still offer the strongest unifying element to much of the Arab and even Islamic world speaks volumes not only about the ongoing significance of Israeli–Arab affairs to those both within and outside the region, but also about the inherent frailties within the Arab world. A quarter century of oil diplomacy with the accrued profits and resulting domestic as well as foreign investment and opportunities for infrastructure and human resource development still has not led to widespread benefit to the peoples of the Middle East to allow for more self-assured and resilient politics.

The famine in the Middle East has set in; the politics of hope, whether oil or Oslo based, has been eroded. It is unlikely that even a combination of an Israeli–Palestinian settlement and a modest increase in oil revenues along with a stable output level will be sufficient to change this part of the world in the near future. Neither the Arab League nor the Islamic Conference have succeeded in overcoming national, state and personal animosities. The exceptions to this bleak scenario may be found in areas immediately contiguous to the two zones of conflict, Israel and the Gulf: the former combining a new political stability and a well educated population with proximity to

<sup>13</sup> China has been a marginal actor in these efforts in spite of its long standing connections with many of the Arab states, the PLO, Iran, and recently with Israel.

Western European markets and investment; the latter becoming a high technology and transport hub combining oil revenues and investments with both locals and expatriates well educated and connected to a recovering Asia. However, much needs to take place within the leadership of the major countries in these sub-regions for these two growth areas to emerge. The model of the East Asian growth triangles and special economic zones is not entirely inappropriate, but even these emerged only when extraordinary efforts were undertaken to reassure and to establish trust and confidence. Moreover, unlike in the Middle East, these economic zones did not involve countries which denied the fundamental existence of the other or challenged the legitimacy of the governing regime.

#### THE MIDDLE KINGDOM AND THE MIDDLE EAST: PROBLEMS AND PROSPECTS

This brief and general overview so far begs the question: what are the factors sufficient to sustain a significant Chinese interest in the Middle East and why should Middle Eastern countries consider China a worthy partner? Population, energy and strategic environment are the basic factors which propel China towards more active involvement in the region. These ultimately are conditioned by China's desire to become a central player in international politics, to move beyond its own borders into areas in which it will be seen as an actor of equivalence to the traditional world powers. At relatively little cost but with the potential of substantial gains—access to oil, sales of military equipment, enhanced international presence—the Chinese leadership must view the turbulent and unsettled Middle East as a long-term investment (though with immediate benefits in terms of military sales and oil purchases) of relatively low risk since so little of China has been invested.

The Middle East also provides context to work with (and to observe) Russia, Western Europe and the United States in a region of far less immediate strategic or prestige value to them than it is to others. If managed carefully and incrementally, this should afford China an opportunity to advance its own stature without risking assets or issues of greater importance and of much higher cost. So far, China has been able to establish bilateral ties with the principal actors—both state and non-state—within the region regardless of their own loyalties and conflicts. China's involvement in the Middle East, however limited, also benefits and is benefited by its growing ties with Central Asia. It broadens its potential source of oil; it widens its purchase on links with the Islamic world; and it might offer it some influence with those, such as in Afghanistan and Pakistan, involved in the trafficking of drugs, an increasingly serious problem for the Chinese emanating from Southwest, South and Southeast Asia.

In the Middle East, on the other hand, the inherent frailties of every country in the region move individual governments to seek erstwhile friends and allies, at times without much concern for the spill over of such deals. Although some countries

(notably Israel, Turkey, Iran, Saudi Arabia, Egypt and Jordan) are more sensitive than others to the nuances of strategic or tactical partnerships, the domestic pressures faced by each Middle East state create sufficient demands that linkages with external actors that might afford various types of assistance and access are to be sought after. Weapons, dual-use and other advanced technologies, development assistance, and support for political, religious, or ideological interests have been paramount in securing friends and allies, however transitory.

There is no denying the continued strategic importance—both an asset and a burden—of many parts of the Middle East, even with the end of the Cold War, and this clearly is recognised by the leaders of the Middle East. While oil continues to be the single most publicly identified strategic asset of the region, other negative attributes of the Middle East—political unrest, willingness to employ arms against citizens as well as neighbours, inability to overcome the problems of demography and poverty, capacity to compel international involvement either to prevent, pre-empt, terminate, or assist in conflict, and most significantly, the apparent interest of some to purchase or produce weapons of mass destruction—offer a myriad of ways that partnerships can be secured for mutual benefit. For countries of the Middle East, China is an attractive partner holding out substantial promise to satisfy at least some of the needs of the various regimes. As China provides arms or labour or technology to one it counters with similar or complementary assets for others. Just as was the case of Russia, Britain, France and the United States in the past, China, now finds the region compelling and seems quite prepared to deal with all concerned. And, just as in the past with other great powers, the Middle Eastern regimes seem to have little difficulty finding ways to make best use of this newly invigorated interest and apparent willingness of the Chinese to satisfy many partners at the same time.

The bottom line does not seem very complicated. In the uncertain transition of the post-Cold War era, China is emerging as a major global power. Most analysts concede that even at differential growth rates, the west and particularly the United States is so far ahead in terms of efficiency, technological innovation and military capacity that China will not be able to challenge western strategic dominance in the near future. Yet they also agree that China will soon be a formidable global player, whether as a friend or foe. We are now witnessing the stretching of China's limbs, and the oil rich and strategically vulnerable Middle East is an attractive place to reach for. China has much to gain at little cost, while providing many of the countries of the Middle East with yet another important source of external assets. It is too early to say whether the Sino-Middle East relations will retain their marginal importance to each other and to international affairs, but it is clear that there is a potential—through oil, arms and diplomacy—for something more. The challenges and the opportunities are likely to be many.