

*Chinese Involvement in the Middle East:  
Implications for the United States*

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## Abstract

As China grows as a world power, its actions and policies will have an increasing effect on the policies and goals of the United States. Given the importance of the Middle East to U.S. policies, it is important for U.S. policymakers to understand how China's activities and influence in the Middle East will affect the U.S. and its goals. This paper discusses the People's Republic of China's historic involvement, recent political involvement, and recent economic involvement in six different countries (Iran, Saudi Arabia, Afghanistan, Pakistan, Iraq, and Egypt). It then explores the repercussions for the U.S., either good or bad, that this involvement may have. This paper concludes that while at the moment China's actions in the Middle East often could lead to negative outcomes for the U.S., there is room for cooperation on matters of mutual interest in the future.

## Introduction

As China's economy grows, its increasing need for energy security is causing it to turn towards the Middle East in order to buy more oil and natural gas. China has multiple strategic priorities in the Middle East: to continue economic development, especially the need for energy imports from the Middle East; to maintain the "global strategic balance of power;" to modernize the Chinese military; and to avoid entanglements while still playing a more active role in the international community.<sup>1</sup> At the same time, the U.S. is losing power and influence in the region. The wars in Iraq and Afghanistan, failure to solve the Arab-Israeli conflict, religious animosity towards Western troops on the Arabian Peninsula, and also Arab opinions of the U.S. in general have all combined to reduce U.S. influence in Middle East countries. This loss of influence makes it harder for the U.S. to achieve its goals in the region, which include regional security, stability of the supply of oil and natural gas, nuclear nonproliferation, counterterrorism, and human rights and democracy. China has been taking advantage of the decline in U.S. influence to expand its own. They have been accused of "court[ing] rogue regimes and militant groups hostile to Israel and the U.S." They continue to adamantly push non-interference in Middle Eastern affairs, which the people of the region appreciate after years of Western "meddling." China has also historically promoted itself as a nonaligned leader of the Third World, especially during the Cold War, and the Arab governments like this stance as well.<sup>2</sup> Because of this, China's involvement in the Middle East is becoming increasingly important, especially in regards to its affect on U.S. efforts in the region. By examining six case studies, this paper will show that current Chinese involvement in the Middle East is detrimental to U.S. goals, but that in the future, China's involvement has the possibility of being beneficial to U.S. interests by sharing the

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<sup>1</sup> Pant, Harsh V. *China's Rising Global Profile: The Great Power Tradition*. Brighton: Sussex Academic, 2011. Print. pp. 66

<sup>2</sup> Pant, pp. 68

financial and political burden of being involved in the Middle East. This will in turn reduce domestic criticism of U.S. involvement in the Middle East by the American people.

## Literature Review

While many authors have written on China's presence in the Middle East, few of them have focused on the implications for the U.S. of China's growing presence. Instead, they emphasize China's desire for energy security as the main reason for China's presence, and many even downplay political interests in the region, pointing out that there aren't many besides advancing economic interests.<sup>3</sup> Other academics have pointed out the political repercussions for China if China's actions in the Middle East diverge from America's interests, but very few write about the repercussions for the U.S.

Academics have identified four main interests that China has in the Middle East, all of which have repercussions for the U.S. They are energy, trade, arms and military technology, and political influence.<sup>4</sup> The most important of these is energy, because more than 51% of China's oil imports originate in the Gulf region. Iran and Saudi Arabia by themselves account for approximately 30% of China's oil imports<sup>5</sup>. Most authors point out that the Chinese desire for a steady supply of oil does lead to a desire for stability in the Middle East, something the U.S. also wants.<sup>6</sup> Trade is the second interest China has in the Middle East that is written about, mostly due to the fact that China views the Middle East as a large untapped market for Chinese goods.<sup>7</sup> The third main interest is in arms technology – both buying technology from Israel, and in

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<sup>3</sup> Pant, pp. 68

<sup>4</sup> Pant, pp. 70-73; also Olimat, Muhamad S. *China and the Middle East: From Silk Road to Arab Spring*. New York: Routledge, 2013. Print. pp. 34,

<sup>5</sup> Pant, pp 71

<sup>6</sup> Currier, Carrie Liu., and Manochehr Dorraj, eds. *China's Energy Relations with the Developing World*. New York: Continuum, 2011. Print. pp. 73

<sup>7</sup> Pant, pp. 68.

selling technology to various countries in the Middle East such as Iran, Iraq, and Saudi Arabia.<sup>8</sup>

The final interest that authors writing on Chinese interests in the Middle East discuss is their desire for political influence. China wants to take advantage of the decline in U.S. influence in the region, and possibly even fill the power vacuum left by the U.S. removing troops from Iraq and Afghanistan. However, China is also not willing to jeopardize their relationship with the U.S. or the cooperation they share with the U.S. in certain areas of common interest, so they are very careful about how they increase influence. The U.S. still plays a crucial role in the region, and while China is trying to challenge U.S. dominance, they don't currently have the ability to do so.

Despite academia's focus on China's economic interests in the Middle East, China's political aspirations in the region are just as important to U.S. goals. While the Chinese do not have the power to challenge the U.S. for superpower status, they still have the ability to influence the strategic thinking of countries in the Middle East. This often means acting as a second option for Middle Eastern countries. These countries need the military supplies or political and economic support the U.S. provides, but at the same time are against U.S. interference in the Middle East, have a population that is against the U.S., or don't want to be criticized for poor human rights policies and a lack of democracy.

As much as many authors have written on Chinese interests in the Middle East, few have written on how China's actions in the Middle East will affect what the U.S. is trying to achieve, like nuclear nonproliferation, counterterrorism, and regional stability. Those few authors that do, such as Jon Alterman and John Garver, generally agree that China's influence in the Middle East has negative repercussions for the United States.<sup>9</sup> Alterman and Garver's main argument splits U.S. concerns about Chinese involvement in the Middle East into three main sections. The first is

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<sup>8</sup> Pant, pp 71.

<sup>9</sup> Alterman, Jon B., and John W. Garver. *The Vital Triangle: China, the United States, and the Middle East*. Washington, D.C.: CSIS, 2008. Print.

“a fear for energy security,” that is, that Chinese military buildup and other things are meant to challenge U.S. control of shipping lanes in order to control the flow of oil and natural gas.<sup>10</sup> The second is the concern that China will continue to support enemies of the U.S. in the Middle East such as Iran.<sup>11</sup> The third concern the U.S. has is that China may be able to entice U.S. allies such as Saudi Arabia and Egypt, who have grievances against both old and recent U.S. foreign policy, away from the U.S.<sup>12</sup> While these three concerns are all important and will be integrated into this paper, they are not the only concerns that the U.S. has regarding Chinese involvement in the Middle East. Alterman and Garver also leave out many repercussions that Chinese involvement in the Middle East has for the United States. Awareness of these repercussions is important for U.S. policymakers striving to form policy relating to China’s increasing involvement in the Middle East. This paper seeks to explain in more detail how Chinese actions will affect U.S. goals, whether positively or negatively, both in the Middle East as a whole and in specific countries in the Middle East that are important to the U.S.

## Methodology and Definitions

This paper will look at six case studies: Iran, Saudi Arabia, Afghanistan, Pakistan, Iraq, and Egypt. For each country, this paper will examine the historical relations between the People’s Republic of China (China) and the country, as well as the recent political and economic involvement of China in that country, and the implications for the U.S. of Chinese involvement in that country.

The six countries were chosen based on their importance to U.S. strategy in the Middle East and the amount of involvement China has in that country, as well as the ability of China to

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<sup>10</sup> Alterman and Garver, pp. 95

<sup>11</sup> Alterman and Garver, pp. 97

<sup>12</sup> Alterman and Garver, pp. 98

influence American efforts in that country. Iran was chosen due to the increasing international concern about the possibility of Iran developing nuclear weapons as well as their support for known terrorist groups like Hezbollah. Saudi Arabia was chosen because it has been an extremely important U.S. ally in the region, but domestic problems may cause the Saudis to turn away from the U.S. in search of a less domestically controversial ally. Afghanistan was chosen because of the U.S. presence there, and the strong U.S. desire to rebuild the country as a democracy. Pakistan was chosen due to its importance in the War on Terror, as well as the possibility of conflict between Pakistan and India. Iraq was chosen due to the U.S.'s desire to build a strong democracy and also its need to fix some of the problems caused by the U.S. invasion of Iraq. Finally, Egypt was chosen because until the Arab Spring, Egypt under Mubarak was one of America's strongest allies, who tacitly supported the existence of Israel, while Egypt under President Morsi is decidedly less friendly towards Israel.

The other countries in the region were not chosen either because China has little involvement in them, China's influence could not substantively affect the U.S. relationship with that country, or China's influence in that country is remarkably similar to one already discussed. Syria, while extremely important to the U.S. at this moment due to the civil war, has very little interaction with China because of Russian and Iranian influence there. Israel was not discussed in this paper because while China has been going to Israel for military modernization programs, Israel and the U.S. are very strong allies, and the ability of China to influence that relationship is essentially zero. Other countries like Lebanon and the rest of the Gulf states were not discussed because China's policies towards these countries tend to mimic those of the ones discussed – the Gulf States are similar to Saudi Arabia (although oil trade is smaller, it's still the reason the Chinese are interested in the rest of the Gulf) and Lebanon usually follows Syria's lead.

Each case study is split into historical relations, political involvement, and economic involvement. The purpose of the historical relations section is to give an idea of how much involvement China had in the country in the post-World War Two era, and how China's relations with that country have evolved over time. Political involvement and economic involvement are split because for the Chinese, economic involvement has become much more important than before, with political goals now secondary to the growth of the Chinese economy (usually). Also, political involvement and economic involvement can have different effects on U.S. efforts in the country and the region. For example, Chinese economic involvement in Saudi Arabia is not nearly as detrimental to the U.S.-Saudi relationship as Chinese political involvement in Saudi Arabia.

Historical relation is defined as any interaction between the country in question and China, from the founding of the People's Republic of China or the founding of the modern definition of that country (whichever came second) up to 2000. Any interactions after 2000 are split between political involvement and economic involvement, defined below.

The definition of political involvement, as used in this paper, is any kind of political support (rhetoric, supporting or not supporting United Nations Security Council Resolutions, etc) to the country in question, as well as any other kind of statement made by China about that country. Political involvement also includes any support provided by the Chinese government to that country's government for anything non-economic, such as military aid, arms sales, and technological assistance (for nuclear programs, etc). This section will also cover any security concerns China has regarding that country that are non-economic, such as terrorism.

Economic involvement as defined by this paper means any kind of development aid, financial aid, or bilateral trade, as well as any major Chinese investment in the country or region.



This can be government investment or major private investments such as building a factory. It will also include any economic agreements signed by the two countries, such as free trade agreements. Finally, economic involvement will include any kind of projects in the country in question either funded by China or planned by China that involve infrastructure or sectors of the country's economy like manufacturing.

## Iran

### Historical Relations

China and Iran's relationship started out poorly. Up until 1971 China supported the Iranian Communist Party and spoke out against Iranian cooperation with Western countries. In return, Iran did not officially recognize the People's Republic of China (China) instead of the Republic of China (Taiwan). Eventually, China realized that the Iranian Communist Party wasn't going to win in Iran, and that Iran was one of the power centers of the Middle East and therefore potentially an important partner for China. At this point, China decided to reduce its verbal attacks on Iran, and in 1971 the Iranians decided to recognize the PRC. Between 1971 and the 1979 revolution, relations between China and the Shah's Iran were good. After the revolution, however, relations between the two countries soured again. The new Iranian regime did not appreciate the fact that China had not only supported the former regime but also that they had supported peaceful negotiations between the Shah's government and its political opponents.<sup>13</sup> All that changed in 1980, however, when the Iran-Iraq war started. The Iranians realized that they couldn't do much against China politically, and that they needed a source of weapons. They had ousted the Americans in 1979 and the Soviet Union was already firmly supporting Iraq. Because

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<sup>13</sup> Olimat, pp. 150-151

of this, China became Iran's main weapons supplier during the war.<sup>14</sup> One of the most significant purchases made by the Iranians was HY-2 "Silkworm" ship-to-ship missiles.<sup>15</sup>

Economic cooperation in the 1980's between Iran and China consisted of cooperation on major construction projects in Iran and the commodities and service trade between the two countries, followed by a concentration on oil and energy.<sup>16</sup> Between 1979 and 2000 China helped Iran's oil industry in many ways. They helped rehabilitate gas and oil fields destroyed in the eight year Iran-Iraq war, and exported oil technology to Iran. Finally, multiple agreements were signed between the Chinese Oil Company Sinopec and the National Iranian Oil Company (NIOC) during this time. These agreements included the importation of crude oil to China as well as developing oil fields and upgrading refineries in Iran.<sup>17</sup>

Starting 1987, China also helped Iran develop its nuclear program. China provided specialists to teach Iranian scientists how to mine uranium, and also provided the designs for a uranium hexafluoride plant.<sup>18</sup> In 1992, Iran and China also announced that China would help Iran build a nuclear power plant,<sup>19</sup> although China withdrew before construction begun.<sup>20</sup>

## Political Involvement

Due to its nuclear aspirations, Iran is a major source of controversy on the world stage today. China is successfully dancing between the two sides of the controversy, managing to annoy but not anger both sides. On the one hand, China does not want to have a major

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<sup>14</sup> Olimat pp. 154

<sup>15</sup> Kamrava, Mehran. *International Politics of the Persian Gulf*. Syracuse, NY: Syracuse UP, 2011. Print. pp. 64

<sup>16</sup> Olimat pp. 156

<sup>17</sup> Olimat pp. 156-157

<sup>18</sup> Lake, Eli. "Iran's Nuclear Program Helped by China, Russia." *The Washington Times*. N.p., 5 July 2011. Web. 22 Apr. 2013. <<http://www.washingtontimes.com/news/2011/jul/5/irans-nuclear-program-helped-by-china-russia/?page=all>>.

<sup>19</sup> "China-Iran Nuclear Cooperation." *Federation of American Scientists*. 17 Sept. 1992. Web. 22 Apr. 2013. <<http://www.fas.org/news/iran/1992/920917-243261.htm>>.

<sup>20</sup> "Nuclear Power in Iran." *World Nuclear Association*. May 2013. Web. 01 May 2013. <<http://www.world-nuclear.org/info/Country-Profiles/Countries-G-N/Iran>>.

confrontation with the U.S. in regards to its support of Iran. This is because while Iran is important to China, the U.S. is more important to China strategically. On the other hand, China has important national reasons for dealing with Iran. China wants to sell nuclear technology, buy oil, and sell weapons. All three are in direct conflict with U.S. interests in Iran. First, China says that there is no proof that Iran is attempting to develop a nuclear weapon, and maintains that Iran has the right to peaceful nuclear energy. Because of this, China opposes sanctions, military strikes, or any other kind of action taken against Iran in retaliation for not shutting down its nuclear program. China also maintains that it has the right to help the Iranians develop their nuclear energy capacity as they did in the past. China plays a major role in the P5+1 talks with Iran, and insists that the problem with Iran's nuclear program can and should be resolved peacefully. However, while China supports Iran's right to a peaceful nuclear program in principle, they are also aware that most of the international community has no faith whatsoever in Iran's program not being weaponized. Next, China continues to buy oil from Iran despite sanctions prohibiting this. (This will be discussed more in the next section.) Finally, China continues to sell millions of dollars in weapons to Iran every year. In both 2010 and 2011, China sold \$79 million worth of weapons and military technology to Iran. This weaponry includes ammunition, tanks, land mines, and missiles including anti-ship missiles. Iran and China also maintain a level of military cooperation, and China is assisting Iran in modernizing its military.<sup>21</sup>

## **Economic Involvement**

China has significant economic involvement in Iran due to the large amount of oil that Iran produces and China buys, and the large amount of military technology that China sells to

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<sup>21</sup> Olimat pp. 154-155

Iran in return (discussed above).<sup>22</sup> Iranian oil goes to China because China is willing to buy Iranian oil (and gas) despite sanctions.<sup>23</sup> In the most recent set of sanctions against Iran, China was given a waiver to continue buying from Iran in return for cutting back on how much they were buying.<sup>24</sup> China helps Iran's oil industry by providing oil rigs and platforms and updating their oil field technology as well as signing more agreements similar to those in the 1990s between Sinopec and the NIOC. Trade between the two nations has also intensified greatly since the early 2000's. The following chart is the trade data on imports to China from Iran and exports to Iran from China (in millions of dollars). The table shows imports increased by a multiple of almost 10, and exports increased by a multiple of almost 7.

<sup>25</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2011
Imports	3307.776	4484.352	6795.911	9946.064	13329.906	19581.289	13222.703	18235.745	30264.799
Exports	2315.538	2555.164	3298.268	4478.991	7288.467	8046.976	7923.556	11096.918	14797.108

## Implications for U.S. Goals in Iran

China's involvement in Iran has very little if any positive effect on U.S. goals in the region. One U.S. goal is to keep oil prices stable, which depends on the global supply of oil. While Chinese purchases of Iranian oil don't have direct economic consequences for the U.S., the Iranians could still harm the Chinese economy and therefore the global economy simply by cutting back on their oil sales to China. This would force China to buy more oil elsewhere and raise the global price of oil. In addition, China's support for Iran and its government complicates the ability of the U.S. to bring peace and stability to the region. China supplies weapons to Iran,

<sup>22</sup> Eberling, George. *Chinese Energy Futures and Their Implications for the United States*. Lanham, MD: Lexington, 2011. Print. pp. 63

<sup>23</sup> Olmat pp. 157

<sup>24</sup> Gardner, Timothy, and Roberta Rampton. "U.S. Extends Waivers on Iran Sanctions to China and India." *Reuters*. Thomson Reuters, 07 Dec. 2012. Web. 22 Apr. 2013. <<http://www.reuters.com/article/2012/12/07/us-usa-iran-sanctions-idUSBRE8B615M20121207>>.

<sup>25</sup> Table data comes from International Monetary Fund ELibrary - Data. Direction of Trade Statistics 2013. Washington DC. Accessed through American University Library. April 8, 2013.

and Iran is against the U.S. and many of its allies in the region such as Israel and Saudi Arabia. By supplying these weapons, China allows Iran to build up its military, and Iran becomes an increasing danger to U.S. troops in the region as well as other countries Iran doesn't get along with. China's military and political support to Iran also empowers Iran to support terrorist groups such as Hezbollah. Iran could also use Chinese mines and other military technology to block the Strait of Hormuz and cut off the supply of oil running through the Strait. While this would not be permanent, it could cause huge damage to the global economy<sup>26</sup>, especially as the global economy is still recovering from the recent financial crisis. Finally, Chinese political support of the Iranian nuclear program interferes with America's attempts to stop Iran's "supposed" nuclear weapons development. China has threatened to veto any harsher sanctions the United Nations Security Council places on Iran, and they have also failed to adhere to U.S. sanctions, which undermines the effectiveness of those sanctions. Because of this, it is much harder, if not impossible for the U.S. to force Iran to give up its nuclear program through sanctions.

## Saudi Arabia

### Historical Relations

Early in the life of the People's Republic of China, Saudi Arabia shunned close relations with China. This was due to China's nature as a Communist country and Saudi Arabia's status as a conservative religious absolute monarchy that was also an ally to the United States.<sup>27</sup>

Communism is inherently atheist, and the Saudi regime is very religious. The more radical and conservative groups in Saudi Arabia dislike atheists more than Christians or Jews, and atheism

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<sup>26</sup> Agence France-Presse. "U.S., Britain Warn Iran Against Strait Of Hormuz Blockade." *Defense News*. N.p., 18 July 2012. Web. 22 Apr. 2013. <<http://www.defensenews.com/article/20120718/DEFREG04/307180004/U-S-Britain-Warn-Iran-Against-Strait-Hormuz-Blockade>>.

<sup>27</sup> Olimat pp. 132

still sometimes carries the death penalty in Saudi Arabia.<sup>28</sup> China supported the anti-Saudi regime in South Yemen (1970-1990), and the guerilla movement in Oman (1970-1971), making Saudi Arabia suspicious of China's motives in the region. "China viewed Saudi Arabia as a 'reactionary' kingdom, the cradle of British and later American imperialism, Saudi Arabia viewed China as a 'godless' and lawless country."<sup>29</sup> China also had a bad reputation during the Cultural Revolution and even before for mistreating Muslims, a fact that was extremely disliked by the Muslim majority in Saudi Arabia.<sup>30</sup>

Relations between China and Saudi Arabia thawed once China and the U.S. normalized relations and a more pragmatic leadership emerged in China.<sup>31</sup> For example, Saudi Arabia purchased intermediate range ballistic missiles from China in 1987. However, Saudi Arabia and China did not establish normal diplomatic relations until 1990, after Saudi Arabia recognized the PRC instead of the ROC. After 1990, the Chinese were quick to establish economic ties and begin importing oil from Saudi Arabia and exporting Chinese goods to Saudi markets. By 1996, Saudi Arabia had become China's largest export partner in the Middle East, with 30% of Chinese exports to the Middle East going to Saudi Arabia.<sup>32</sup> In 1999, Saudi Arabia and China signed a "strategic oil partnership." This agreement opened oil and gas markets in Saudi Arabia to China (except for exploration and production), and allowed Saudi Arabia to invest in China's "downstream" oil sector, that is, the refining process. Under this agreement, Saudi Arabia became China's top foreign supplier of oil in 2002.<sup>33</sup>

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<sup>28</sup> "No God, Not Even Allah." *Economist* (2012). *Economist*. 24 Nov. 2012. Web. 12 Apr. 2013. <<http://www.economist.com/news/international/21567059-ex-muslim-atheists-are-becoming-more-outspoken-tolerance-still-rare-no-god-not>>.

<sup>29</sup> Olimat pp. 132

<sup>30</sup> *ibid*

<sup>31</sup> Currier, pp. 69

<sup>32</sup> Currier, pp. 69

<sup>33</sup> Currier, pp. 69-70

## Political Involvement

China and Saudi Arabia cooperate politically on a number of topics of mutual interest.

The first is counterterrorism, especially against Al Qaeda and the Taliban. Both China and Saudi Arabia have a problem with Muslim extremism (China in the northwest province of Xinjiang and Saudi Arabia generally), and the two countries support each others' various counterterrorism efforts. China also strives to make sure that Taiwan and Xinjiang do not gain any political support from Saudi Arabia in regards to separation from China.<sup>34</sup> Saudi Arabia believes that China should play a larger, more constructive role in the Middle East, especially in regards to Syria, the Arab Spring, and the Palestinian Peace Process.<sup>35</sup> For example, Saudi Arabia has repeatedly criticized China's veto of the United Nations Security Council resolution condemning the Syrian government's reaction to the uprising there. Saudi Arabia also feels that China could put much more pressure on Iran to abandon its nuclear program. On the other hand, China has taken steps to improve its image in the minds of the Saudi public (which, as mentioned above, is not good). For example, in 2011 China built the "Holy Shrines Metro," which transports pilgrims to and from holy sites in and around Mecca. In recent years, China has allowed more Chinese Muslims to make the pilgrimage to Mecca.<sup>36</sup> Finally, China continues to sell weapons to Saudi Arabia, who wants to become less reliant on U.S. sales and support.<sup>37</sup>

## Economic Involvement

China and Saudi Arabia have many strong economic ties. China is Saudi Arabia's largest import partner, and Saudi Arabia's second largest export partner.<sup>38</sup> Saudi Arabia is also China's

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<sup>34</sup> Olimat, pp. 140

<sup>35</sup> Olimat, pp. 141

<sup>36</sup> Olimat, pp. 145

<sup>37</sup> Olimat, pp. 146

<sup>38</sup> "CIA World Factbook." Central Intelligence Agency, 11 Apr. 2013. Web. 14 Apr. 2013. <<https://www.cia.gov/library/publications/the-world-factbook/>>.

main source of oil<sup>39</sup>, for two main reasons. First, Saudi Arabia has the largest proven reserves of oil in the world. This means China can buy enough to supply their ever-growing demand for oil. Saudi Arabia is currently assisting China in increasing its oil reserve from 30 days to 90 days, which most oil-producing countries couldn't do due to the sheer volume of oil needed to do so.<sup>40</sup> China is Saudi Arabia's second largest purchaser of oil, at 1.1 million barrels per day (mbpd), and the U.S. is not that far ahead at 1.4 mbpd.<sup>41</sup> Saudi Arabia has also invested a lot of money in oil refining capacity in China through multiple projects since 2001.<sup>42</sup> In recent years, Saudi Arabia has replaced South Korea and other Asian nations as the main supplier of petrochemicals for the Chinese textile industry.<sup>43</sup> Saudi's Aramco has also signed an agreement with Sinopec allowing the Chinese company to build a refinery on the Saudi Red Sea coast, which Sinopec gets a 37.5% stake in. This refinery would bypass the Strait of Hormuz and increase the ability of Saudi Arabia to export refined oil. Furthermore, dealing with Saudi Arabia is much safer politically for China than dealing with Iran, because Iran is an "outcast" in the eyes of the U.S. while Saudi Arabia is a treasured ally,<sup>44</sup> and neither the U.N. nor the U.S. have placed sanctions on Saudi Arabia.

China is also a huge exporter of goods and services to Saudi Arabia. Currently, over 100 Chinese corporations operate in domestic Saudi markets, most of which are construction firms.<sup>45</sup> The following table shows recent trade statistics: imports to China from Saudi Arabia, and exports to Saudi Arabia from China. Both imports and exports have increased dramatically over

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<sup>39</sup> Olimat, pp. 143

<sup>40</sup> Olimat, pp. 142

<sup>41</sup> "Saudi Arabia." *U.S. Energy Information Administration*. U.S. Department of Energy, 26 Feb. 2013. Web. 12 Apr. 2013. <<http://www.eia.gov/countries/cab.cfm?fips=sa>>.

<sup>42</sup> Currier, pp. 70

<sup>43</sup> Currier, pp. 70

<sup>44</sup> Currier, pp. 69

<sup>45</sup> Olimat, pp. 145



the past decade, and will continue to do so in the future, strengthening economic ties between China and Saudi Arabia.

<sup>46</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2011
Imports	5194.678	7518.068	12286.439	15086.484	17545.616	31071.817	23582.407	32862.019	49544.879
Exports	2147.155	2773.786	3824.843	5054.434	7814.535	10781.446	8983.850	10368.401	14850.762

## Implications for U.S. Goals in Saudi Arabia

Saudi Arabia is one of the biggest allies of the United States in the Middle East, and they are wary of going against the U.S. due to the protection the U.S. provides to them from regional enemies. At the same time, they are constantly looking for ways to decrease their reliance on the U.S. for military equipment. China can sell them somewhat similar military technology, and unlike the U.S., China does not place conditions on military sales or have any kind of strings attached, such as “human rights” or “good governance” requirements. China is also a less risky ally for the Saudi government, because while the more radical/conservative Muslims tend to really dislike atheists, they currently dislike the U.S. more, in large part due to the U.S. military presence in the region. In contrast, China has no “imperialist” history to overcome, and no desire to place troops in the Middle East. The U.S. currently is extremely important to Saudi Arabia politically and economically, due to arms sales, oil imports, and defense treaties. Because of this, the U.S. can get Saudi assistance in counterterrorism, and support for U.S. actions against terrorist groups, as well as Saudi support for the presence of U.S. troops in various places in the Middle East. However, China could easily increase arms sales to Saudi Arabia, leading to less Saudi reliance on the U.S. for the military technology it needs to balance against the Iranian threat. This change would lead to a loss of leverage for the U.S., and could be detrimental to our goals in the region. A counterpoint to this is that while China might be willing to supply arms

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<sup>46</sup> Table data comes from International Monetary Fund ELibrary - Data. Direction of Trade Statistics 2013. Washington DC. Accessed through American University Library. April 8, 2013.

without “strings,” China supports Iran (an enemy of Saudi Arabia) and would never provide Saudi Arabia with the military protection from Iran that the U.S. does, so the likelihood of the U.S. losing all influence in Saudi Arabia is small.

## Afghanistan

### Historical Relations

China and Afghanistan have had many ups and downs in their relationship since they first established diplomatic relations on January 19, 1955.<sup>47</sup> The first period in their relationship was a good one, lasting from 1955 to the Communist take-over in Afghanistan in 1978.<sup>48</sup> During this period, multiple treaties were signed, including the Treaty of Friendship and Nonaggression in 1960.<sup>49</sup> A few years later, the two countries solved their border dispute by signing a demarcation treaty on December 2, 1963.<sup>50</sup> China also began investing in development projects in Afghanistan in the mid-1960's, starting with the Parwan irrigation project, which consisted of an \$8.4 million loan from China to Afghanistan. These development projects continued in Afghanistan until 1978.<sup>51</sup> During this time, Afghanistan used China to balance the influence of the Soviet Union in their country.

In 1978, Afghanistan's Communist party, supported by the Soviet Union, overthrew the Afghan government. China opposed the Communist regime, and withdrew its Ambassador in 1979 after the pro-Soviet Afghan government denounced China's invasion of Vietnam. During this time, China's relations with the U.S.S.R. were also deteriorating, and China viewed the coup

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<sup>47</sup> Adamec, Ludwig W. *Historical Dictionary of Afghanistan*. Lanham, MD: Scarecrow, 2012. Print. pp xxxi

<sup>48</sup> Ku, Jae H., Drew Thompson, and Daniel Wertz. *Northeast Asia in Afghanistan: Whose Silk Road?* Publication. U.S.-Korea Institute at SAIS and Center for the National Interest, Mar. 2011. Web. 20 Oct. 2012. <[http://cftni.org/USKI-CFTNI\\_Report\\_NEA-AFG.pdf](http://cftni.org/USKI-CFTNI_Report_NEA-AFG.pdf)>.

<sup>49</sup> Adamec pp. xxxv

<sup>50</sup> Adamec pp. xxviii

<sup>51</sup> Ghaus, Abdul Samad. *The Fall of Afghanistan: An Insider's Account*. Washington: Pergamon-Brassey's International Defense, 1988. Print. pp101

as a Soviet take-over of another country on their border and therefore a possible security threat. In fact, the only involvement of China in Afghanistan during the Communist regime's time in power and the Soviet occupation which started shortly thereafter was to supply aid and weapons to the mujahedin fighting the Soviets during the 1980's.<sup>52</sup>

China's relations with the Taliban weren't much better than those with the Communist regime, but China did attempt to maintain normal diplomatic relations with the Taliban government (although they still had no embassy in Afghanistan).<sup>53</sup> The main problem China had with the Taliban is that they supported (and still support to this day) the Uyghur separatist movements in Xinjiang province in China.<sup>54</sup> Despite this problem, the Taliban and the Chinese government did manage to negotiate and then sign an economic treaty in February 1999.<sup>55</sup>

### Political Involvement

The U.S. invasion of Afghanistan in late 2001 changed the political and economic situation between China and Afghanistan. China supported all U.N. Security Council resolutions passed in the months after 9/11, including the one that gave the U.S. and the international community permission "to intervene militarily in Afghanistan to deal with the Taliban government and its Al-Qaeda allies."<sup>56</sup> After the invasion ended and an interim government was established, Afghanistan and China were quick to re-establish diplomatic relations, and they continue to have good diplomatic relations to this day.

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<sup>52</sup> Ewans, Martin. *Afghanistan: A Short History of Its People and Politics*. New York: HarperCollins, 2002. Print. pp. 224, 228

<sup>53</sup> Nojumi, Neamatollah. *The Rise of the Taliban in Afghanistan: Mass Mobilization, Civil War, and the Future of the Region*. New York: Palgrave, 2002. Print. pp. 191

<sup>54</sup> Ku pp. 11

<sup>55</sup> Nojumi pp. 192

<sup>56</sup> Olimat, Muhamad S. *China and the Middle East: From Silk Road to Arab Spring*. New York: Routledge, 2013. Print. pp. 30

China's main political involvement in Afghanistan is related to two security concerns that China has involving Afghanistan. The first security concern is the continued support of Uyghur separatists in Xinjiang by groups in Afghanistan.<sup>57</sup> In relation to this, China continues to support Afghanistan's counterterrorism efforts to ensure that "terrorist activities and radicalism in the region do not spread to China."<sup>58</sup> During the Taliban's time in power, it is estimated that over a thousand Uyghur separatists travelled to Afghanistan to go to Al Qaeda's training camps, and the Chinese do not want this to continue. The support provided by Al Qaeda and the Taliban for the Uyghur separatists is part of a broader effort to provide support to any Muslim movement attempting to overthrow or gain freedom from a secular or non-Muslim regime. China, as a Communist regime, is almost as disliked by Al Qaeda and the Taliban as the Soviet Union was in the 1980's, and as the U.S. is now.<sup>59</sup> Because of this, China wants counterterrorism efforts in Afghanistan to succeed so that they don't have better-trained separatists/terrorists in their own country.

The second security concern China has in Afghanistan relates to the flourishing drug trade coming out of Afghanistan. China has a history of drug problems (the Opium Wars) and they don't want to have the same kind of problems now, as they could be devastating to China's prosperity. China wants to prevent the drug trade from spilling over into their country, and so they have supported efforts by Afghanistan and the U.S. to halt the drug trade.<sup>60</sup>

## Economic Involvement

As with most countries in the Middle East, China's economic involvement in Afghanistan centers around developing Afghanistan's natural resources so that China can have

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<sup>57</sup> Bhattacharji, Preeti. "Uighurs and China's Xinjiang Region." *Council on Foreign Relations*. 29 May 2012. Web. 20 Oct. 2012. <<http://www.cfr.org/china/uighurs-chinas-xinjiang-region/p16870>>.

<sup>58</sup> Ku pp. 14

<sup>59</sup> ibid

<sup>60</sup> ibid

access to them, and also providing aid in order to maintain influence in the region, especially relative to the United States.<sup>61</sup> China's economic relationship with the current Afghan government started in January 2002 when China promised to provide \$150 million in aid to Afghanistan during a visit to Beijing by then-Interim President Hamid Karzai. China continues to provide aid to Afghanistan, and since Afghanistan's budget is 90% foreign aid, China's contributions are extremely important to Afghanistan.<sup>62</sup> China's investment in Afghanistan is also important, especially considering China's ability to invest and operate in unstable regions. Other investors, like the U.S., are much more hesitant to invest large sums of money in areas like Afghanistan, so China's willingness to do so is crucial to the development of the natural resource and infrastructure sections of Afghanistan's economy.<sup>63</sup> The main investment project China has in Afghanistan at this time is the Aynak Copper Mine. The Chinese Metallurgical Corporation (MCC) paid \$3.5 billion for the right to develop the mine in 2007,<sup>64</sup> and the MCC has also agreed to build mosques, schools, and electrical plans, "as well as pay the Afghan government an \$808 million premium and an unusually high royalty rate of 20%."<sup>65</sup> The mine is also expected to provide around 4000 jobs for people in Afghanistan. In return, China expects to get over \$100 billion in copper,<sup>66</sup> which is around 11 million tons, over the next 25 years. The mine is also the largest foreign investment project in Afghanistan at this time.<sup>67</sup> The following is a table showing trade statistics for Afghanistan and China – exports from China to Afghanistan and imports from Afghanistan to China (in millions of dollars). As you can see by the table, Afghanistan's trade

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<sup>61</sup> Ku pp. 12

<sup>62</sup> *ibid*

<sup>63</sup> *ibid*

<sup>64</sup> Ku pp. 13

<sup>65</sup> *ibid*

<sup>66</sup> Kelley, Michael. "Mes Aynak Turned Into Copper Mine." *Business Insider*. 26 Sept. 2012. Web. 20 Oct. 2012. <<http://www.businessinsider.com/mes-aynak-turned-into-copper-mine-2012-9?op=1>>.

<sup>67</sup> Ku pp. 13

with China has grown incredibly quickly over the past decade, and given the increasing involvement of the Chinese in Afghanistan, this trend is likely to continue.

<sup>68</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2011
Imports	0.612	0.947	1.560	0.186	2.377	2.694	1.375	3.615	4.364
Exports	26.447	57.105	51.197	100.642	169.418	152.704	213.473	175.032	230.055

## Implications for U.S. Goals in Afghanistan

China's proximity to Afghanistan makes it an important potential partner for U.S. efforts to stabilize Afghanistan and to develop its economy, especially as the U.S. plans to withdraw most of its forces from Afghanistan by 2014. China and the U.S. actually have many of the same goals in Afghanistan, despite their competition for regional influence. China could potentially collaborate with the U.S. on stability and security efforts in Afghanistan because they don't want spillover into their country. This includes supporting counterterrorism efforts as well as actions to halt the drug trade. China also benefits from internal stability in Afghanistan, because China has personnel and investments in Afghanistan whose security is threatened by instability. In terms of economic goals, Chinese development aid will continue to help Afghanistan's economy grow, something the U.S. wants as it helps with stability. China's assistance in Afghanistan could also be beneficial because while the U.S. presence has the negative stigma of being "Western Imperialism," China has no history of imperialist tendencies and the Afghan population doesn't react negatively to China's presence like they often do to America's. Essentially, if the U.S. could find a way to work with China in Afghanistan, everyone could benefit and many U.S. goals could be achieved faster than if the U.S. worked alone (although this would result in a loss of influence for the U.S.).

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<sup>68</sup> Table data comes from International Monetary Fund ELibrary - Data. Direction of Trade Statistics 2013. Washington DC. Accessed through American University Library. April 8, 2013.

## Pakistan

### Historical Relations

Pakistan and China have a history of strong political, military, and economic ties. In 1950, Pakistan became one of the first countries to break ties with the Republic of China and recognize the PRC,<sup>69</sup> and the relationship has only grown from there. After the Sino-Indian war in 1962, China and Pakistan signed a border treaty which recognized China's control over parts of Kashmir. This angered India while forging a stronger bond between Pakistan and China. Since the beginning of their relationship, China has provided extensive support to Pakistan, especially military, technical, and economic assistance, and Pakistan has assisted China when it could, going so far as to help with Henry Kissinger's famous secret visit to China.<sup>70</sup> China has consistently been Pakistan's largest defense supplier, with China helping Pakistan set up weapons factories. China and Pakistan have also participated in joint projects to produce military technology, including guided missile frigates and fighter jets.<sup>71</sup> In addition to providing technical assistance in conventional military technology, China has also supported Pakistan's nuclear infrastructure and helped Pakistan to develop its own nuclear weapons. It is probable that without China's support, Pakistan would not have developed the nuclear bomb. In 1982, China sold technical drawings and 50 kg of weapons-grade uranium to Pakistan. A.Q. Khan, who is considered to be the "father" of Pakistan's nuclear program, was the representative who negotiated the transaction.<sup>72</sup> At the same time, China also sold uranium hexafluoride to Pakistan, which is the form of uranium used in centrifuge enrichment.<sup>73</sup> In the 1990's, the Chinese designed and built a heavy water reactor for Pakistan in Khusab. (Heavy water reactors are used

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<sup>69</sup> Pant, pp. 30

<sup>70</sup> Pant, pp. 30

<sup>71</sup> Pant, pp. 31

<sup>72</sup> Foot, Rosemary, and Andrew Walter. *China, the United States, and Global Order*. Cambridge: Cambridge UP, 2011. Print. pp 158.

<sup>73</sup> Pant, pp. 32

for the production of weapons-grade plutonium.) China also supplied Pakistan with other components necessary for uranium enrichment and plutonium reprocessing, essentially giving Pakistan all the important parts of the nuclear fuel cycle.<sup>74</sup>

### Political Involvement

China's relations with Pakistan are strong due to "convergent interests vis-à-vis India."<sup>75</sup> Former Chinese President Hu Jintao describes Sino-Pakistan relations as "higher than mountains and deeper than oceans." Pakistan supports China on all issues important to China, including human rights, Taiwan, Tibet, and Xinjiang, and China supports Pakistan in relation to Kashmir. Although this might surprise most Americans, China is still Pakistan's largest defense supplier despite the "close" relationship the U.S. has with Pakistan. China is currently helping Pakistan to modernize its military, and the two countries are still jointly developing technology. In 2009, China agreed to sell J-10 fighter jets to Pakistan – a deal worth \$1.4 billion<sup>76</sup>, and China also sold F-22 frigates to Pakistan after the 2008 Mumbai bombing when India was pressuring Pakistan. China justifies its many arms sales to Pakistan on the grounds that India receives the same kind of help from the U.S.<sup>77</sup>

Besides military technology, Pakistan and China also provide political support to each other against India, who acts as a common "enemy." Pakistan and China use each other to counterbalance India's strength, size, and influence in the region. China guarantees the security of Pakistan against the conventional military strength of India, while Pakistan keeps India preoccupied so that China is able to remain unchallenged as the strongest regional player and the

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<sup>74</sup> Pant, pp. 32

<sup>75</sup> Pant, pp. 30

<sup>76</sup> Bokhari, Farhan. "Pakistan in Chinese Fighter Jet Deal." *Financial Times*. 10 Nov. 2009. Web. 01 May 2013. <<http://www.ft.com/cms/s/0/c42d66b0-cdd0-11de-95e7-00144feabdc0.html>>.

<sup>77</sup> Pant, pp. 35



only real global power from Asia.<sup>78</sup> Neither country likes India, and both countries have fought border wars with India, which provides the two governments with common ground and helps them work together. Pakistan is becoming more and more important to China as China's need to balance India's growing economic and political strength increases.

The Pakistani people would also prefer that Pakistan shift its main allegiance from the U.S. to China. While the U.S. is currently extremely active in the region, China is also emerging as a world power and the U.S. is increasing its cooperation with India. The Pakistanis are angry at the U.S. not only for its increasing support of India but also its continued use of drone strikes and other violations of Pakistani sovereignty. China could provide Pakistan with the same support that they receive from the U.S., without the conditions that the U.S. often puts on its help or the criticism that the U.S. gives on corruption and human rights in Pakistan. China also currently provides Pakistan with most of the support (ordnance, communications equipment, etc) that the Pakistani Inter-Services Intelligence (ISI, similar to the CIA) provides to "terrorist groups" operating in Kashmir and India. There is still a small amount of tension between Pakistan and China due to Uyghur separatists from Xinjiang receiving training and sanctuary in Pakistan, however, this provides the two countries with the opportunity to cooperate on counterterrorism efforts.<sup>79</sup>

## **Economic Involvement**

China and Pakistan also have extensive economic ties. First, China and Pakistan have signed a bilateral free trade agreement, and China accounts for 11% of Pakistan's imports.<sup>80</sup> There is a large amount of Chinese investment in Pakistan's infrastructure, such as the Gwadar deep water port near the mouth of the Strait of Hormuz. This port gives China crucial access to

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<sup>78</sup> Pant, pp. 33

<sup>79</sup> Pant, pp. 34

<sup>80</sup> Pant, pp. 32

the rest of the Middle East, and allows it to secure its interests in the region.<sup>81</sup> China also provides “no strings attached” economic aid to Pakistan. In 2008, for example, China gave Pakistan a \$500 million soft loan to help Pakistan recover from the “world” economic crisis. China is also involved in developing mines, nuclear power plants, highways, and electricity generation in Pakistan, as well as a “strategic transportation corridor” between Pakistan and China that would allow an increase in trade and travel. China is even involved in projects in Pakistan-controlled Kashmir, despite Indian protests.<sup>82</sup> Finally, as shown by the following table (in millions of dollars), imports to China from Pakistan have nearly quadrupled in the past decade, and exports to Pakistan from China have quadrupled as well. Given the strong ties between the two countries, this increase in trade is likely to continue increasing as the economies of both countries grow.

<sup>83</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2011
Imports	574.961	594.783	832.797	1007.172	1105.258	1007.078	1258.679	1729.966	2122.865
Exports	1854.977	2465.382	3423.029	4240.732	5784.920	5991.408	5517.647	6935.692	8438.043

## Implications for U.S. Goals in Pakistan

Pakistan is both a major U.S. ally in the “War on Terror,” and a covert supporter of terrorist groups in Pakistan and Afghanistan. Unfortunately, with U.S.-Pakistan relations the way they are, China gaining influence in Pakistan is definitely at the expense of the U.S. In one recent poll, 9% of Pakistanis view the U.S. as an ally, whereas 80% view China as a friend.<sup>84</sup> This is largely due to unpopular U.S. military actions in Pakistan and Afghanistan. If the U.S. were to lose influence in Pakistan, it may also lose any ability it has to limit the support the ISI provides

<sup>81</sup> Masood, Talat. "Gwadar Deep Water Port Project: Implications For Pakistan And China." *International Assessment and Strategy Center Research*. 22 Sept. 2004. Web. 06 May 2013. <[http://www.strategycenter.net/research/pubid.4/pub\\_detail.asp](http://www.strategycenter.net/research/pubid.4/pub_detail.asp)>.

<sup>82</sup> Pant, pp. 32

<sup>83</sup> Table data comes from International Monetary Fund ELibrary - Data. Direction of Trade Statistics 2013. Washington DC. Accessed through American University Library. April 8, 2013.

<sup>84</sup> Pant, pp. 34

to terrorist groups in India and elsewhere, which is a major concern for the U.S. Also, the U.S. doesn't want Pakistan's nuclear weapons program to grow any more than it already has. In contrast, China continues to help Pakistan's program by providing reactors and technical assistance, as well as political support.<sup>85</sup> Unlike in Afghanistan, where China and the U.S. have similar interests in countering terrorism and improving stability and security in a similar fashion, the U.S. and China have diverging interests in Pakistan. China wants to use Pakistan to keep India busy, to increase its influence in the region and in the Middle East, and to improve its access to Middle Eastern oil and ports for trading Chinese goods. On the other hand, the U.S. wants to use Pakistan to counter terrorism and also wants Pakistan to become more friendly with India to lessen the chance of war breaking out between the two, and also to help India generally. China doesn't like India, and the U.S. does, so the two countries are trying to pull Pakistan in opposing directions (one to a better relationship with India, and the other as an opposing force to India).

## Iraq

### Historical Relations

Unlike with previous countries, China had little interest or involvement in Iraq before the 1980's except that the Chinese viewed the many coups and coup-attempts in Iraq as a struggle against both Western imperialism and Soviet hegemony. The Iran-Iraq war saw the first major developments in Sino-Iraqi relations, as China sold almost \$3 billion in military equipment to Iraq, as well as provided engineering and labor contracts. Iraq sought Chinese assistance in rebuilding its economy after the end of the Iran-Iraq war – this was how the Chinese managed to maintain their relationship with Iraq after the end of the war despite selling weapons to both

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<sup>85</sup> Pant, pp. 35

countries during the war.<sup>86</sup> During the 1990's, the Chinese objected to the use of force against Iraq in relation to their weapons of mass destruction programs. Although China did approve of and abide by sanctions placed on Iraq by the United Nations in the 1990's, they had reservations about the scope and duration of the sanctions, as well as their effectiveness. The Chinese also supported the weapons inspection regime in Iraq in the 1990's.<sup>87</sup> It is important to note that unlike other oil-producing countries such as Iran and Saudi Arabia, Iraq had no history of energy cooperation with China before 2000.<sup>88</sup>

### Political Involvement

Current Chinese relations with Iraq are not very strong due to Iraq's strong relationship with the U.S., and the constant presence of U.S. troops in Iraq for most of the last decade.<sup>89</sup> However, China and Iraq have strengthened their military relations since the end of the war. They have conducted high-level military dialogues, and signed a \$100 million deal for light weaponry from China,<sup>90</sup> but they have no real strategic or political relationship. China sees Iran as much more important because Iraq is so firmly in the U.S. sphere of influence.

### Economic Involvement

China also has little economic involvement in Iraq, even if it is the leading gas investor there. While China buys oil from Iraq now, it buys more from Saudi Arabia and Iran, so those two countries are more important.<sup>91</sup> Despite this, trade between the two countries is increasing, as shown by the table below. The table shows imports to China from Iraq, and exports to Iraq from China, in millions of dollars. The massive increase in imports to China from Iraq is

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<sup>86</sup> Olimat pp. 152

<sup>87</sup> Kumaraswamy P. R. *China and the Middle East: The Quest for Influence*. New Delhi: Sage Publications, 1999. Print. pp. 58-60.

<sup>88</sup> Kumaraswamy pp. 64

<sup>89</sup> Eberling pp. 57

<sup>90</sup> Eberling, pp. 64

<sup>91</sup> Pant, pp 71

explained by the increase in oil and gas purchases from Iraq after the American invasion in 2003 and the end of the international sanctions on Iraq from the 1990's.

<sup>92</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2011
Imports	0.325	322.512	416.327	652.984	761.922	1380.150	3276.880	6267.147	10413.640
Exports	56.056	149.549	408.098	491.027	686.548	1199.417	1837.346	3599.713	3830.330

## Implications for U.S. Goals in Iraq

At the moment, China seems to have no interest getting involved in Iraq, because of the many problems there and the fact that they can get oil from other places. However, this could change in the future, as Iraq becomes more firmly controlled by its Shia majority, a majority that receives political support from majority-Shia Iran. As the U.S. pulls out of Iraq, it will need to monitor whether Chinese support for Iran will increase Chinese involvement or influence in Iraq.

## Egypt

### Historical Relations

China and Egypt have a long history of good relations. China was one of the first countries Egypt established relations with after the 1956 Egyptian revolution, and Egypt immediately supported China's bid for membership to the United Nations. Soon after, China supported Egypt's nationalization of the Suez Canal, and then during the Cultural Revolution, China withdrew its ambassadors from all countries in the Middle East except Egypt.<sup>93</sup> China also played a key role in negotiating an arms treaty between Egypt and the U.S.S.R after the U.S. refused to sell Egypt weapons.<sup>94</sup> After the Camp David Accords, Egypt relied much more on the

<sup>92</sup> Table data comes from International Monetary Fund ELibrary - Data. Direction of Trade Statistics 2013. Washington DC. Accessed through American University Library. April 8, 2013.

<sup>93</sup> "Egypt-China Relations." *Egypt State Information Service*. Egypt, Mar. 2013. Web. 19 Apr. 2013. <[http://www.sis.gov.eg/En/lastpage.aspx?category\\_ID=194](http://www.sis.gov.eg/En/lastpage.aspx?category_ID=194)>.

<sup>94</sup> Zambelis, Chris. "Down the River Nile: China Gains Influence in Egypt." *China Brief*. Jamestown Foundation, 2006. Web. 12 Apr. 2013. <[http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=3905](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=3905)>.

U.S. than China for political, military, and economic support. However, the new leadership after the revolution appears to be looking more to China than the U.S.

### Political Involvement

Since the 2011 Egyptian Revolution, Egypt has started to turn away from the U.S. and look more to China for aid. China was the first country outside of the Middle East that Egyptian President Morsi visited after the revolution,<sup>95</sup> with the main reason for the visit being to promote Chinese investment in Egypt.<sup>96</sup> Egypt plays a large role in Middle Eastern affairs, and as China and Egypt strengthen ties, China will have more influence in the region. China also supports more international involvement by Egypt. Egypt has approached China in regards to assistance in a nuclear power program, and China has made a bid for a project in Egypt to build four nuclear reactors.<sup>97</sup> China also supports the Arab position in the on-going Arab-Israeli tension, a position which the Egyptians will most likely become more supportive of as it turns away from the U.S. as its primary ally.

### Economic Involvement

China and Egypt have increased economic ties recently, especially after the revolution. Egypt is China's 3<sup>rd</sup> largest export partner in Africa, with still more market growth possible.<sup>98</sup> China has a lot of capital to invest as well as experience in alleviating poverty, a serious problem in Egypt.<sup>99</sup> In 2012, China agreed to loan Egypt around \$200 million, along with helping Egypt with the following projects: a power station in Upper Egypt, a desalination plant, industrial

<sup>95</sup> Jin, Liangxiang. "New Chapter in China-Egypt Relations." *China.org*. N.p., 29 Aug. 2012. Web. 19 Apr. 2013. <[http://china.org.cn/opinion/2012-08/29/content\\_26368607.htm](http://china.org.cn/opinion/2012-08/29/content_26368607.htm)>.

<sup>96</sup> "Chinese Investment Focus of Egypt President Visit." *Al Arabiya*. N.p., 27 Aug. 2012. Web. 19 Apr. 2013. <<http://www.alarabiya.net/articles/2012/08/27/234535.html>>.

<sup>97</sup> "Egypt Country Profile." *NTI: Nuclear Threat Initiative*. N.p., Feb. 2013. Web. 19 Apr. 2013. <<http://www.nti.org/country-profiles/egypt/nuclear/>>.

<sup>98</sup> Halime, Farah. "Chinese Firms Brave Uncertainty in Egypt to Gain a Foothold in Mideast." *The New York Times*. The New York Times, 30 Aug. 2012. Web. 12 Apr. 2013. <<http://www.nytimes.com/2012/08/30/world/middleeast/chinese-firms-brave-uncertainty-in-egypt.html>>.

<sup>99</sup> Jin

bakeries, internet development, and high-speed rail between Cairo and Alexandria.<sup>100</sup> Chinese direct investment in Egypt should reach \$3 billion in 2012 and 2013, and Chinese companies in Egypt employ around 8000 local workers, and more are expected soon. Chinese companies pour money into Egypt's economy to tap into domestic markets that other foreign companies don't try to access due to unrest and instability. Egypt acts as a foothold for China into an important part of Africa, and also has a large population of unemployed workers that Chinese companies can employ. Chinese involvement in Egypt is mostly in energy, infrastructure development, and retail trade, as well as manufacturing sectors.<sup>101</sup> China and Egypt have signed agreements that increase China's direct access to Egyptian ports, and China also subsidizes Chinese merchant purchases of Egyptian goods like textiles in order to increase trade. In addition, Chinese government has been promoting Egypt as a tourist destination for Chinese citizens.<sup>102</sup> The following table shows imports from Egypt to China, and exports to Egypt from China in millions of dollars. Trade has increased dramatically over the past decade, although whether that increase continues will depend on how well the country is able to come together now that the revolution is over.

<sup>103</sup>	2003	2004	2005	2006	2007	2008	2009	2010	2011
Imports	152.821	187.770	211.196	216.813	237.145	422.012	752.546	917.688	1513.742
Exports	937.293	1388.970	1935.308	2976.319	4432.486	5816.699	5107.991	6039.183	7282.935

<sup>100</sup> Behery, Shaimaa, Shuting Li, and Dongdong Tian. "Interview: Chinese Investment in Egypt Faces Challenges: Minister Counsellor." *Xinhua*. N.p., 13 Sept. 2012. Web. 19 Apr. 2013. <[http://news.xinhuanet.com/english/world/2012-09/13/c\\_131846720.htm](http://news.xinhuanet.com/english/world/2012-09/13/c_131846720.htm)>.

<sup>101</sup> Alden, Chirs, and Faten Aggad-Clerx. "Chinese Investments and Employment Creation in Algeria and Egypt." African Development Bank, 2012. Web. 19 Apr. 2013. <<http://www.afdb.org/en/news-and-events/article/chinese-investments-and-employment-creation-in-algeria-and-egypt-9034>>

<sup>102</sup> Zambelis

<sup>103</sup> Table data comes from International Monetary Fund ELibrary - Data. Direction of Trade Statistics 2013. Washington DC. Accessed through American University Library. April 8, 2013.

## **Implications for U.S. Goals in Egypt**

In the past Egypt has been one of America's main partners in the Middle East, especially in regards to supporting Israel and maintaining stability. With the newly elected government's dislike of Israel, and Egypt's increasing ability to turn to China for aid instead of to the U.S., the U.S. will likely lose influence in Egypt to China. Given Egypt's crucial role in maintaining peace in the region, losing any of Egypt's support for American policies and Israel could be detrimental to the Arab-Israeli peace process and to peace in the region as a whole. In addition, China's involvement with Egypt strengthens its regional influence. While the U.S. and China are not declared enemies, they are also not allies, and a rise in Chinese influence generally indicates a fall in U.S. influence.

## **Conclusion: General Implications for the U.S.**

China, unlike the U.S., is not disliked by the majority or even a large minority of the Arab world. China's strong support of policies of non-interference and economic aid for the sake of economic ties, not to push through a human rights or democracy agenda has a lot of support among Arabs, who are tired of Western "imperialist tendencies" and interference in "internal affairs." As China grows in global importance, many Middle Eastern countries will turn to China instead of the U.S. for aid and assistance. Countries like Iran and Pakistan already turn to China for military aid and political support in the international community, and countries like Saudi Arabia and Egypt are turning more to China as their populations express increasing amounts of ire at U.S. interference. Another extremely important point for Muslim conservatives is their dislike of U.S. military presence in the region.

Except in Afghanistan and Iraq, the increase in China's influence in the Middle East has had a negative effect on U.S. influence. China's involvement in Iran has negative repercussions



because it lessens the United States' ability to stop the Iranian regime from developing nuclear weapons or becoming a threat to U.S. allies and forces in the region. China's involvement in Saudi Arabia has negative repercussions because if the U.S. loses influence in Saudi Arabia, the U.S. also loses an important ally in the War on Terror and leverage in regards to oil supply. China's involvement in Pakistan has negative repercussions because of the military and nuclear support the Chinese continue to give to Pakistan, which raises tensions between Pakistan and India and could increase the likelihood of another conflict. China's involvement in Egypt has negative repercussions because Egypt is an important ally of the U.S. in supporting Israel, and if China were to offer Egypt the same military and economic support that the U.S. currently does, Egypt could stop supporting Israel. Unlike the previous four countries, China's involvement in Afghanistan will most likely have positive repercussions for the U.S. because while the U.S. has some strategic interest in Afghanistan, losing influence in Afghanistan is not a major issue. This is mostly because China's goals in Afghanistan (economic development, stability, stop the drug trade, and stop terrorism) are the same as the U.S. goals (excluding promotion of human rights and democracy, of course). Finally, China's involvement in Iraq doesn't have any real repercussions for the U.S., either positive or negative, because China has no real reason to operate much in Iraq, and the U.S. is still extremely involved in Iraq.

Because of the previous conclusions, Chinese involvement in the Middle East is generally considered to be detrimental to U.S. goals overall. However, China could become a major partner for the U.S. in the Middle East. U.S. goals include regional security, stability of the supply of oil and natural gas, nuclear nonproliferation, counterterrorism, and human rights and democracy. This last goal is the only one that the U.S. has real problems getting China to support. If the U.S. could convince China to work with it on issues the two countries agree on, China's

influence in countries where the U.S. is disliked could be a massive help in furthering U.S. interests. Countries like Saudi Arabia, who are our allies but who face domestic challenges to remaining our allies, could become more engaged with China while still working with the U.S. towards countering terrorism and maintaining regional security. At this point, the U.S. and China remain at odds in the Middle East, but it is a goal the U.S. and China can work towards to further both countries' interests in the Middle East.

The idea that China's involvement in the Middle East could have repercussions for the United States is very important for U.S. policymakers. Knowing what China's interests are in the Middle East is important in helping predict Chinese actions in the Middle East. While repercussions from China's involvement are currently negative, the knowledge that China and the U.S. have some common goals in the region is important and could lead to future cooperation. Cooperation with China would have three main benefits for the United States. First, it would allow the U.S. to not spend as much money in achieving its goals in the Middle East, since China would be able to take up some of the burden. In addition, cooperation would lead to fewer tensions between the U.S. and China. Finally, Chinese cooperation with U.S. efforts in the Middle East would lessen anti-U.S. feelings in the region because some of those feelings would be redirected towards China. Essentially, cooperation would not only help the U.S. achieve its goals in the Middle East, it would also make U.S.-Middle Eastern relations better and reduce the financial burden on the U.S.

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