Petroleum and Power: 
China, the Middle East, and the United States

BY ZHIQUN ZHU

The Middle East and China are two areas of major concern for U.S. foreign policy that are becoming increasingly interconnected. With growing political and economic power, Chinese foreign policy is undergoing a significant transformation. In addition to its strategic focus on great power relations and its traditional emphasis on relations with Asian neighbors, Chinese diplomatic activities have extended to Latin America, Africa, and the Middle East. As Wu Jianmin, a senior diplomat and president of the Chinese Foreign Affairs University has observed, China is moving from “responsive diplomacy” (fanying shi waijiao) to “proactive diplomacy” (zhudong shi waijiao).¹ The Middle East, once considered too distant for any significant economic and political investment, has become a newfound location to implement key objectives of China’s new multidimensional foreign policy.

The New York Times columnist Thomas L. Friedman once succinctly summarized the two major objectives of Chinese foreign policy in the twenty-first century: unification with Taiwan and the search for oil.² In recent years, China and the United States have found more common ground on Taiwan, traditionally the most difficult and explosive issue between the two powers. With both China and the United States opposing *de jure* Taiwanese independence, the independence movement is unlikely to go very far in Taiwan, thus greatly easing tension between the United States and China.³ To a large extent, the traditional security issue regarding Taiwan has given way to energy as the primary concern of U.S.-China relations.

Meanwhile, China’s hunger for energy and its active hunt for oil are already creating a new and perhaps a more intractable problem between the two great

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powers. Although China’s current consumption of some seven million barrels of oil per day is about one-third of America’s usage of over 20 million barrels per day, China is becoming increasingly thirsty for energy from abroad as its economy continues to grow at a high rate. In 2003, China supplanted Japan to become the second largest oil consumer in the world behind the United States. The Daqing oilfield in Northeast China, which had produced enough oil to keep China self-sufficient after it was discovered in 1959, has matured and is now unable to satisfy domestic needs. Since China became a net oil importer in 1993, Chinese leaders have considered developing relations with oil-rich countries, including the Middle East oil producers, to be a diplomatic priority. As China steps up its economic and diplomatic activities in the Middle East, what new challenges will the United States face? The answer to this important question has yet to be adequately examined.

The increased emphasis on oil is indicative of a grand strategic shift by the Chinese since the late 1990s. What concerns the United States most is that China not only seems to be competing with the United States for energy around the world, but is cozying up to some of the “problem states” such as Sudan, Iran, and Venezuela, which may undermine America’s global interests. Aware of its vulnerability on the energy front, China has attempted to diversify sources of energy supply as much as possible. It has deals with many energy-rich countries around the world including Sudan, Iran, Myanmar, Angola, Nigeria, Libya, Venezuela, Saudi Arabia, Mexico, Russia, Indonesia, Kazakhstan, Turkmenistan, and Canada.

This article focuses on China’s foreign policy towards the Middle East and explores its impact on Sino-American relations. The study contends that, so far, economic interests have largely driven China’s policy, but with its growing power China will continue to expand its political, diplomatic, and cultural power in the region. Although China and the United States have their own interests in the Middle East, the two countries also share such common ground in the region as fighting against terrorism, maintaining oil security, and promoting a peaceful resolution to the Arab-Israeli conflict. Whether China and the United States can turn the Middle East into a new venue for cooperation in their joint efforts to advance international peace and prosperity is an important issue to the two great powers as well as to the Middle Eastern countries.
Searching for Oil

China’s economic and political activities in the Middle East are part of its new global diplomacy. Differing from its previous ideologically-tinged foreign policies, China’s overriding foreign policy objective in the region now is to secure energy to fuel domestic growth.

Comparatively speaking, the Middle East is more important to China than to the United States as an oil supplier. Three of the top four suppliers of oil to the United States are in the Western Hemisphere—Canada, Mexico, and Venezuela; they currently comprise over 48 percent of total U.S. petroleum imports, while Saudi Arabia only supplies about 8 percent of total U.S. demand.4 On the other hand, the Middle East has been China’s largest supplier of oil, with exports from the region accounting for about 60 percent of total Chinese oil imports during the 1990s.5

For instance, Iran alone already accounts for about 11 percent of China’s oil imports. Moreover, in October 2004, Sinopec, China’s state-controlled petroleum and chemical corporation, signed an agreement with Iran that could be worth as much as $70 billion—China’s biggest energy deal yet with any major OPEC producer. China has also committed to developing the giant Yadavaran oil field in Iran and buying 250 million tons of liquefied natural gas over the next 30 years; in return, Iran agreed to export to China 150,000 barrels of oil per day, at market prices, for 25 years.6

Sino-Saudi oil cooperation has been growing in recent years as well. For its part, China imports about 450,000 barrels of oil from Saudi Arabia daily, 14 percent of its overall oil imports, and Saudi-Chinese trade exchange reached $14.5 billion in the first eleven months of 2005.7 In 2004 and 2005 Saudi Oil Minister Ali al-Naimi made at least six trips to China.8 King Abdullah bin abdul-Aziz’s first official visit abroad after succeeding his half-brother King Fahd to the throne in 2005 was to Asia; his first stop was China. This visit was the first trip to China by a Saudi head of state since the two countries established diplomatic ties in 1990. During the Saudi king’s subsequent Beijing visit in January 2006, the two countries signed an agreement on oil, natural gas, and mineral cooperation, in which Saudi Arabia promised to increase its annual oil and gas exports to China by 39 percent. As part of the agreement, a 100 million-ton crude oil storage facility is planned for construction in China’s Hainan province.9 At the same time, in early 2006 a joint-investment oil refining project by Saudi Arabian and Chinese companies was put into production in Saudi Arabia. Meanwhile, state oil firm Saudi Aramco is already in talks over joint refinery projects in China to deal with heavier oil, which is more difficult to refine.10
From Saudi Arabia’s perspective, China could be used as a valuable source of support as Riyadh continues on a path of cautious and selective economic liberalization while seeking to deflect U.S. pressure in the area of political reform. Though maintaining good relations with the United States remains Saudi Arabia’s key foreign policy objective, given the long-standing economic and military ties between the two countries, the sometimes strained Saudi-U.S. relationship provides opportunities for China to consolidate its relationship with the Saudis. China and Saudi Arabia signed a vocational training cooperation agreement between the two ministries of education in January 2006. Saudi Arabia also agreed to provide governmental loans to Aksu city of Xinjiang Uygur Autonomous Region in infrastructure improvement projects. Though China and Saudi Arabia are likely to expand their ties to other areas such as education, investment, and counterterrorism, Saudi Arabia will probably attempt to strike a balance between the United States and China and avoid compromising U.S. interests to please the Chinese in the near future.

In Sudan, China’s energy deals and diplomatic relationship have complicated U.S. efforts to stop what it calls a state-sponsored genocide in the Darfur region. China has invested heavily in Sudan’s oil industry, developing several oil fields and building a 930-mile long pipeline, a refinery, and a port since 2000. Sudan represents one of China’s largest overseas investments. Chinese companies have been pumping crude oil from oilfields in Sudan, sending it through the Chinese-made pipeline to the Red Sea, where tankers wait to ferry it to China’s industrial centers. Oil from Sudan makes up one-tenth of all of China’s imported oil. China adheres to a policy of not interfering in other countries’ internal affairs; by not seriously pressuring Sudan to abide by UN resolutions and to end the conflict, China is vulnerable to charges of behaving irresponsibly as a great power.

To allay American and international concerns, China has publicly called on Sudanese President Omar Hassan al-Bashir to step up efforts to resolve the bitter conflict in Darfur. In a meeting with Bashir, Chinese President Hu Jintao said that the Darfur matter had “reached a critical stage,” and expressed his hope that the Sudanese government would maintain dialogue with all parties in the conflict, adjust its position, and improve the humanitarian situation in the region. During his two-day visit to Sudan in February 2007, President Hu also pressured the Sudanese government to work harder to bring more Darfur rebels into the peace process and give the United Nations a bigger role in solving the Darfur crisis. In Khartoum, Hu said it was “imperative” to halt the deaths in Darfur. Partially due to China’s lobbying efforts, Sudanese Foreign Minister Lam Akol announced during Hu’s visit that Sudan was willing to see a mixed
UN and African Union force deployed in Darfur as soon as funding and troops were secured.\textsuperscript{15}

China views the Middle East not only in terms of its value as a source of oil but also in the context of its huge potential as an oil services market and trade partner. By 2001, China had signed almost 3,000 contracts with all six Gulf Cooperation Council states for labor services worth $2.7 billion. The six Gulf Cooperation Council finance ministers visited China in July 2004, where they signed a “Framework Agreement on Economic, Trade, Investment, and Technological Cooperation” with China and agreed to negotiate a China-Gulf Cooperation Council free trade zone.\textsuperscript{16}

Since 2000, China has attempted to diversify sources of energy and has increased imports from Africa, Latin America, and Central Asia. Still, in 2004 more than 45 percent of China’s oil imports came from the Middle East, with China’s top three oil suppliers being Saudi Arabia, Oman, and Iran.\textsuperscript{17} Given current global oil reserves and production patterns, the Middle East’s status as China’s leading oil supplier is unlikely to change anytime soon. If the United States can appreciate the Middle East’s critical role for China’s energy needs, perhaps it will understand why China has become actively engaged in the region and may even seek to help China to satisfy its energy demands. But if the United States perceives China’s activities as threats to U.S. interests, then the two great powers are set on a collision course in the Middle East.

\textbf{Arms Trade}

A second pillar of China’s Middle East policy is its arms trade with countries in the region. Chinese weapons started to enter the Middle Eastern market as early as the 1970s with major buyers in Egypt, Iraq, Iran, Saudi Arabia, and Sudan. China’s arms purchases from Israel and its alleged weapons sales to Middle Eastern countries are a constant irritation for the United States. China’s arms sales to Iran continued until 1997 when Chinese President Jiang Zemin visited the United States and pledged to stop any military sales to Iran. Nonetheless, China’s growing involvement in the regional market has become a source of concern for American policy makers. That China is both the recipient of advanced weapons from Israel and an alleged distributor of weapons to the Middle

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East creates serious security challenges to the United States and frustrates global nonproliferation efforts.

China’s interest in Israel’s, and by proxy, in America’s weapons, is always high. Despite its small size, Israel remains an important investor in Chinese development projects and supplier of high-technology weapons. Former Prime Minister Benjamin Netanyahu once told Chinese visitors that “Israeli know-how is more valuable than Arab oil.” While the United States and EU countries still maintain the Tiananmen-era sanctions to ban military sales to China, Israel has been China’s second largest weapons supplier, next only to Russia. Initially, Israeli-Chinese relations started relatively well in the late 1940s. The Chinese press welcomed the establishment of the state of Israel in 1948, and Israel was one of the very first countries to recognize the PRC after the latter’s founding in 1949. The two countries would have established diplomatic relations in the early 1950s had Israel not been pressured by the United States and had China not readjusted its foreign policy following the Bandung Conference of Asian and African states. Since the mid-1950s, the PRC had taken a strongly anti-Israel stance, eschewing bilateral contacts with “the Zionist entity.” Even trade with Israel was banned. After the Suez Canal crisis, Beijing denounced Israel as “the tool of imperialist policies,” and all contacts between the two countries came to an end.

China’s policy re-orientation toward Israel since the mid-1980s has clearly been driven by realism and pragmatism associated with its openness policy initiated by the late Deng Xiaoping. An emerging superpower and an increasingly important player in the region, China’s attitude toward the Israeli-Palestinian issue may influence or complicate the final resolution of the issue. Recently, China has taken a more balanced position, supporting the concept of “land for peace” and recognizing the need for an independent Palestinian state. It also emphasizes the importance of guaranteeing Israel’s security, a position the Chinese government has enunciated since the early 1990s. China does not want to be perceived as overtly leaning toward either side. For example, after Hamas, a militant Islamic group, swept to victory over the long-dominant Fatah party in the January 2006 parliamentary elections in Palestine, the official Chinese response was mild and neutral compared to strong statements from the United States and EU countries that condemned Hamas’ anti-Israel stance and demanded it disarm. Consistent with its balanced approach, the Chinese Foreign Ministry issued
a statement that “welcomes the smooth completion of the election of the Palestinian Legislative Council.” Simultaneously, China expressed hope that “all Palestinian factions will maintain unity and solve the dispute with Israel through peaceful negotiations and political means.”

In the context of this “balanced” policy, Sino-Israeli relations have been warming since the two countries established diplomatic relations in 1992. Economically, trade volume between the two countries has maintained double-digit growth since 2000; by 2004, Israel’s trade with China totaled $2.63 billion. China plays a significant role in the contracted engineering market in the Middle East, with constructed projects valued at more than $1 billion and more than 10,000 Chinese holding work permits in Israel’s construction and agricultural sectors. Politically, high-level visits between China and Israel over the last fifteen years have helped enhance bilateral relations. Not only has every Israeli president since Chaim Herzog visited China, but Israeli prime ministers Yitzhak Rabin and Benjamin Netanyahu also visited Beijing during their terms. In January 2007, Prime Minister Ehud Olmert visited Beijing to commemorate the fifteenth anniversary of China-Israel diplomatic ties and to seek China’s support on the Iran nuclear issue. Obtaining high-technology weapons from Israel is probably not the only reason for China to develop close relations with the Jewish state: like many other countries, China may figure that good relations with Israel would help its relations with the United States, given the special ties between Israel and the United States.

In addition to obtaining weapons from Israel, China has also sold weapons to several countries in the region. China’s record in weapons proliferation in the Middle East is a mixed one. Since China was found to have delivered thirty-six CSS-2 missiles and nine launchers to Saudi Arabia in 1988, there has been no documented evidence of transactions of a similar nature. Nor have there been credible reports of China selling significant quantities of conventional arms to Saudi Arabia, Iraq, Iran, or other countries since then. But occasional reports of weapons or technology sales and transfers to the region by Chinese companies still appear in the Western media, although the Chinese government may have not authorized these activities. According to a former Sudanese government official, China remains Sudan’s largest supplier of arms, and Chinese-made tanks, fighter planes, bombers, helicopters, machine guns, and rocket-propelled grenades have intensified Sudan’s two-decade-old North-South civil war.

Meanwhile, Sino-Egyptian cooperation extends to military affairs in the form of regular high-level contacts between Beijing and Cairo. Yet China’s solid
political and military ties with Egypt are especially contentious because of Egypt’s pursuit of nuclear technology. In response to Israel’s powerful nuclear arsenal and Iran’s weapons program, Egypt is often cited as a likely candidate to pursue its own nuclear option in the future. In fact, Egypt reportedly approached China and Russia in 2002 for assistance in the development of a nuclear reactor in Alexandria. China’s history of weapons proliferation and nuclear cooperation in the region may portend closer ties with Egypt in this area, should Egypt move in this direction.\(^{29}\)

**China’s Restive Northwest**

The third pillar of China’s Middle East policy relates to its own domestic fight against internal separatist movements that have links to the Middle East. While the United States has focused on weeding out global terrorist networks such as Al-Qaeda in the Middle East, China is more interested in defeating radical Islamic separatists within its borders. China has serious security concerns along its northwestern border, where the 10 million Uighurs in Xinjiang are Muslims and have preserved a distinct, non-Chinese ethnic identity. Radical separatists in Xinjiang have sparked riots, assassinations, and bombings since 1990. One group, the East Turkestan Islamic Movement, has sought to establish an Islamic Republic of East Turkestan in the province. According to official Chinese sources, between 1990 and 2001, East Turkestan terrorist groups staged more than 200 attacks in Xinjiang, killing 162 people, including local community leaders and religious personnel.\(^{30}\)

China’s political and intelligence support for the U.S.-led war against the Taliban after the September 11 terror attacks is part of its own efforts to seek international and regional cooperation to crush the separatist movement in the western Xinjiang autonomous region. In fact, at least one of these radical groups was alleged to have received funds and training from Al-Qaeda.\(^{31}\) Although the U.S. Department of State labeled the East Turkestan Movement a terrorist group in 2002, many inside and outside the Bush administration are concerned that China may tighten its ethnic policies in Xinjiang and other restive regions in the name of fighting terrorism. Simultaneously, the Chinese government seeks diplomatic support from Muslim countries in the Middle East to cut off any financial, political, or other support for these extremist groups. One major aim of the Shanghai Cooperation Organization, a Chinese-led international organization comprising several Central Asian states, is to stop terrorism from infiltrating China from Central Asia and the Middle East.\(^{32}\) But China’s determination to crush separatists through such domestic and international means neither challenges U.S. interests nor creates a strategic problem for the United States.
Rather, it provides an incentive for China to cooperate with the United States in the latter’s war on terror in the Middle East.

**Broad Growth**

As political and economic ties have deepened, cultural, religious, educational, and other forms of exchange have also widened. A clear trend of increasing religious exchange between China and the Middle East has underscored Beijing’s political and diplomatic assertiveness in the Middle East. For instance, Chinese *hajj* pilgrims have traveled to Saudi Arabia every year since 1955; their number regularly exceeded 6,000 in the 1990s, and by 2003 had ballooned to over 10,000. China is also attempting to project its soft power in the Middle East through education. The first Confucius Institute in the Middle East was established at St. Joseph University in Beirut, Lebanon in November 2006. China plans to set up more Confucius Institutes in Egypt, Turkey and other countries in the region. China and Egypt have agreed to establish the Egyptian Chinese University in Cairo, the first Chinese university in the Middle East.

Countries such as Saudi Arabia and Egypt seek moral and political support from China in response to growing American pressure to implement democratic reforms and criticism of its human rights record. China has become more vocal in the international arena on its support for Egypt, the most populous Arab country and a political and cultural hub of the Arab world. Economic ties have deepened, with Egypt inviting China to participate in the joint development of the Suez Special Economic Zone, and Sino-Egyptian trade expecting to reach $2 billion by the end of 2005. China also supports Egypt’s strong interest in assuming the role of representing Africa and the Middle East alongside the five permanent members of the UN Security Council.

China itself has begun to take a more active role in Middle East affairs at the UN. In May 2004, China’s UN mission raised a proposal to enhance the Iraqi government’s real power by setting a date for a U.S. military withdrawal. Russia, France, and Germany supported China’s proposal, which was reflected in the final text of UN Security Council Resolution 1546. For China-watchers, Beijing’s actions are highly significant because China’s Middle East policy has been passive in the past and China seldom raised its own proposals on issues relating to the Middle East.

Perhaps one of the most significant portents of China’s deeper involvement in the region occurred in September 2002 when the Chinese Foreign Ministry
appointed a special envoy to the Middle East “at the request of several Arab states.” China-Middle East ties became so strong by the late 1990s that not knowing China’s Middle East policies is tantamount to not understanding Chinese diplomacy as a whole. Nor can one fully understand the Middle East without knowledge of that region’s relations with China.

Assessing Chinese Influence

According to China’s own calculation, 94 percent of its energy demand was still met by domestic supply as of 2005. Only 6 percent of its energy demand is imported, and 67 percent of China’s energy supply is still met by coal. Currently China is estimated to import three million barrels of oil per day. However, with the continued modernization of the Chinese economy—especially its energy sector and the rising living standards of its population—the demand for oil, natural gas and other types of energy is expected to increase tremendously. In 2004 and 2005, 35 percent of the increase in the world’s consumption of petroleum was attributed to China, and China’s automobile population is expected to grow into the world’s second largest market within a decade. According to Andy Xie, formerly chief economist at Morgan Stanley Asia, China’s daily consumption of oil will reach 14 million barrels over the next few years, bringing Chinese oil consumption on par with U.S. and European levels. China may decide to produce more energy domestically, but its domestic production capacity is outdated and limited. It will have to import more from other parts of the world. According to a report published by Global Energy and Utilities Market Research, a global market information service in Washington, D.C., China has two prevailing oil and gas strategies for the first two decades of the twenty-first century: increasing Middle East oil imports, and purchasing foreign oil properties. This helps explain why Chinese companies are purchasing oil assets globally, including the China National Offshore Oil Corporation’s (CNOOC) failed bid to buy the California-based oil producer Unocal in the summer of 2005.

The Middle East as a whole has become one of China’s major trading partners. As a latecomer to the region—and having less to offer in economically or technologically compared to the United States, Russia, Japan, and Europe—China must go after marginal or risky markets including Iran, Iraq, and Sudan where others cannot or will not go, supplying customers no one else will serve. For example, the China-Iran military relationship began in the Iran-Iraq war in the 1980s, when Iran was desperate for any supplies given U.S. sanctions and Soviet reluctance to provide weapons. For China, Iran’s pariah status was an opportunity to exploit a market that would otherwise not exist.
Nevertheless, China’s influence in the Middle East is still limited and is overwhelmed by America’s stronger ties with key players in the region. For example, in 2000, Israel bowed to U.S. pressure and cancelled its plan to sell $1 billion worth of Phalcon early-warning radar to China. China warned Israel that its decision to cancel the sale could hurt bilateral relations, unless a “satisfactory solution” was found.48 But for Israel, relations with the United States are still more important than any other, and unlike the Sino-Israeli relationship, Israeli-U.S. relations are built both upon shared democratic values and common strategic interests. In the future, however, as Chinese-Israeli relations continue to strengthen, Israel risks finding itself between a rock and a hard place. Some have suggested that, for its own interests, Israel should explore the role of mediating differences between China and the United States.49

Furthermore, American actions continue to determine the limits of Chinese activity in the Middle East. The U.S. war in Iraq led China to lose supplies from a twenty-six-year oil production field contract it had signed with the Baghdad government in 1997.50 Furthermore, China remains uncomfortably dependent on U.S. naval power to ensure the safety of its tankers to and from the Middle East, while financial and technical difficulties prevent China from building an ocean-going navy to defend its sea-lanes to the Middle East.

However, unlike some Western countries, China does not attempt to intervene in the internal affairs of Middle Eastern countries. China’s growing influence in the Middle East is well received by countries in the region, and many Middle Eastern countries expect China to play a bigger role in regional issues. Increasingly, Middle Eastern countries are beginning to turn to China for help in conflict resolution. For example, Egyptian assistant Foreign Minister Ezzat Saad recently said that “China has become very much involved in the Middle East process and [Egypt] expects it to play a more active role.”51 Israeli President Moshe Katsav has also remarked that China has very good relations with both Israel and the Arab world and that it has the capability to contribute positively to the relations between the two sides.52

**Implications for the United States**

On one hand, China wants a peaceful and stable Middle East to ensure a steady source of oil and to avoid entanglement in the region’s conflict. It focuses on trade and economic development and does not intend to undermine U.S. interests in the region. On the other hand, China does not want to give up lucrative relationships with Iran, Sudan, and Iraq, or see a region so dominated by the United States that China has no room to play
an economic or diplomatic role. It is these competing Chinese interests and policies that contribute to the complication of United States-China relations vis-à-vis the Middle East.

Increasing energy demand is drawing China into deeper involvement in politically volatile regions around the world. From the U.S. perspective, China’s foray into traditional American spheres of influence—the Middle East, Latin America, and Africa—is worrisome, to say the least. Already, many conservative forces in the United States are debating what to do about this new type of “China threat.” Strategically speaking, the United States is deeply uncomfortable with China’s growing activities in regions where the United States has enjoyed a near monopoly on international influence since the end of the Cold War.

However, China is also trying not to confront the United States directly in those regions. For example, despite its long-standing opposition, shared by Russia and India, to UN sanctions on Iran for its alleged nuclear program, China agreed with the other four permanent members of the UN Security Council and Germany to report Iran to the Security Council over its nuclear program when Iran failed to account for its alleged nuclear activities to the International Atomic Energy Agency by March 2006. During a meeting with visiting Israeli Prime Minister Ehud Olmert in January 2007, Chinese Premier Wen Jiabao was reported as saying that China opposed Iran having a nuclear arsenal. This is encouraging for Western countries in their efforts to prevent nuclear proliferation.

As the United States pursues its fight against terrorism in the Middle East, China’s involvement in the region and its close relations with countries hostile to America, may pose serious challenges to U.S. interests. Would it be wise for the United States to counterbalance China’s newfound influence in the Middle East? The answer is no. Despite Washington’s concerns over China’s outreach to the Middle East, the United States and China share several key interests in the region: seeking energy security, opposing terrorism, and supporting Arab-Israeli peace. And most importantly, both countries support a stable Middle East where their economic and strategic interests can be protected. The U.S.-Chinese competition is clearly not built on the zero-sum model of U.S.-Soviet conflict during the Cold War. Today, China and the United States depend on each other for economic prosperity and international security. This interdependent relationship compels them to seek cooperation, not conflict. Furthermore, it is unlikely that the United States would succeed in finding countries in the region to support its opposition to Chinese influence.
At present, China’s activities in the Middle East are motivated by economic goals rather than political ambitions, and its global hunt for energy is clearly driven by its domestic growth needs. There is no evidence that China is currently engaged in a strategic competition with the United States in the Middle East. However, if the United States undermines its key interests, China may become more aggressive in its foreign policy by more actively pursuing oil from Iran and Sudan, and thereby posing a more serious challenge to the United States. CNOOC’s bid to acquire Unocal in 2005, which eventually failed with strong opposition from the U.S. Congress, feeds the fear that the United States does not allow China equal and reliable access to the world oil market. The growing threat of UN sanctions against Sudan and Iran, which between them supply some 20 percent of China’s oil imports, puts Beijing in an awkward situation of having to choose between safeguarding its economic interests and protecting the country’s international image. If oil from Iran and Sudan were cut off by sanctions, China would have to extend its demand to other overseas suppliers and look for oil elsewhere. Therefore, it is in the interest of the United States to work with China to impart to it a sense of energy security and a shared interest in a stable energy market.

Is there anything the United States can do to alleviate its own concerns and help overcome the energy shortage in China? For one thing, the United States can help China become more energy efficient. If China used its energy more efficiently, it would have less need to obtain oil from countries that the United States wishes to contain. The U.S.-China Energy Efficiency Steering Committee was established as a result of the Protocol for Cooperation in the Fields of Energy Efficiency and Renewable Energy Technology Development and Utilization signed in February 1995 between U.S. Department of Energy and China’s State Science and Technology Commission. Such efforts, which realize common ground between the states’ oil interests, should be further promoted.

The United States can also take a more active role in collaborating with China in developing alternative energies. Nuclear energy and liquefied natural gas are two obvious options. With its advanced technology, the United States is well positioned to provide assistance to China in the development of alternative energy resources and environmental protection. In his 2006 and 2007 State of the Union addresses, President George Bush proposed to develop alternative energy sources and wean America from oil addiction. Cooperation with China on reducing oil dependency will benefit both countries. Furthermore, it will benefit the entire international community when developing countries are able to reduce the cost of modernization and improve development efficiency as a result of collaborative efforts between the United States and China.
Conclusion

The era of China’s passive role in the Middle East is over. China’s diplomatic and economic efforts in the Middle East have been successful; it maintains good relations with virtually every country in the region, ranging from such close American allies as Israel, Saudi Arabia and Turkey to intensely anti-American countries such as Iran, Sudan and Libya. Though China’s activities in the region are commercially driven, it has the potential to play a more active political role.

From the U.S. perspective, China’s involvement in the political economy of the Middle East may have some negative and destabilizing effects. But the United States and China share many common goals in the region and there are prospects for cooperation in energy, peace, and religion, among other regional issues. Most importantly, the two countries have a common interest in the stability of the Middle East. Hardly any evidence shows that China is engaged in a zero-sum competition with the United States in the region. It is premature to declare that the Middle East will become a new battleground for China and the United States to compete for power and control.

The Sino-American relationship will arguably be the most important bilateral relationship of the twenty-first century. Many international and regional problems cannot be solved without cooperation between these two great powers. For the United States, paranoia about a pending China threat and a misguided policy based on this assumption would be ill-conceived. Since China is already heavily involved in the political economy of the Middle East, U.S. strategic calculations in the Middle East will have to take Chinese interests into consideration. It is impossible for the United States to exclude or isolate China from the region. What the United States can do now is to actively engage China, address China’s legitimate needs and concerns, and work with other powers to ensure the rise of a peaceful and responsible China in the future. Only by doing so can the two countries establish a constructive relationship and lay a solid foundation for future cooperation in international and regional affairs, especially in the turbulent Middle East.

NOTES

2 Thomas L. Friedman, in a lecture entitled “The World is Flat” that was given to the Yale community on 15 April 2005, explained what China was doing in a “flat world” and why China was becoming more competitive globally.
3 Some scholars believe that due to political developments in Taiwan in recent years, the Taiwanese independence movement has lost its momentum. See Robert S. Ross, “Taiwan’s Fading Independence Movement,” Foreign Affairs 85:2 (March/April 2006): 141-8.

6 Ibid., pp. 28-9.


13 “China Defends Decision to Invite Sudan, Zimbabwe to Africa Summit,” Voice of America, 3 November 2006.


20 Ibid.

21 China’s position on the Middle East issue is summarized by Kong Quan, Chinese Foreign Ministry spokesman, as follows: 1) Israel’s occupation of Arab territories should be ended in line with related UN resolutions and the legal rights and interests of the Palestinian people should be restored. Meanwhile, Israel’s security should be ensured. 2) the “land for peace” principle should be respected. 3) China opposes Israel’s use of force and its violent actions against innocent civilians. 4) China appeals the international community to focus more attention and efforts on the Middle East issue. The UN is expected to play a bigger role in settlement to the issue. See Xinhua, 7 February 2002. http://www.china.org.cn/english/FR/26692.htm.

22 “China Urges Hamas to Negotiate with Israel,” Reuters, 27 January 2006.


24 “China to Declare Israel a Preferred Tourist Destination,” Globes, 1 August 2005. http://www.globes.co.il.


26 In a typical Taiwan-PRC diplomatic competition, Taiwan is reportedly considering selling weapons to the United Arab Emirates (UAE). The UAE has official relations with the PRC. Its diplomatic flirtation with Taiwan is not only irritating to Beijing but will also complicate the non-proliferation efforts in the region. According to Chinese language sources, former Taiwanese president Chen Shui-bian stopped by the UAE on his way home after completing a visit to Central America at the end of September 2005. While in the UAE, Chen met with President Sheikh Zayed bin Sultan al-Nahayan’s brother. See “Taiwan Plans to Sell Weapons to the UAE,” Duowei News, 21 January 2006.


32 The Shanghai Cooperation Organization (SCO) is an intergovernmental organization which was founded on 14 June 2001 by leaders of the People’s Republic of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan to promote security, economic, cultural, military, and other cooperations among the member states.


The resolution begins: “The Security Council, welcoming the beginning of a new phrase in Iraq’s transition to a democratically elected government, and looking forward to the end of the occupation and the assumption of full responsibility and authority by a fully sovereign and independent Interim Government of Iraq by 30 June 2004.”


Jeffrey A. Bader and Flynt Leverett, “Oil, the Middle East and the Middle Kingdom,” Financial Times, 16 August 2005.

Ibid.


CNOOC eventually withdrew its bid due to fierce political opposition in Washington, D.C. Members of Congress publicly opposed the Chinese bid on national security grounds.


See for example Shai Feldman, “China’s Security: Implications for Israel,” Strategic Assessment 2:4 (February 2000), Jaffee Center for Strategic Studies, Tel Aviv University.


“China Assures Israeli Prime Minister on Iranian Nuclear Bomb,” Agence France-Presse, 10 January 2007.