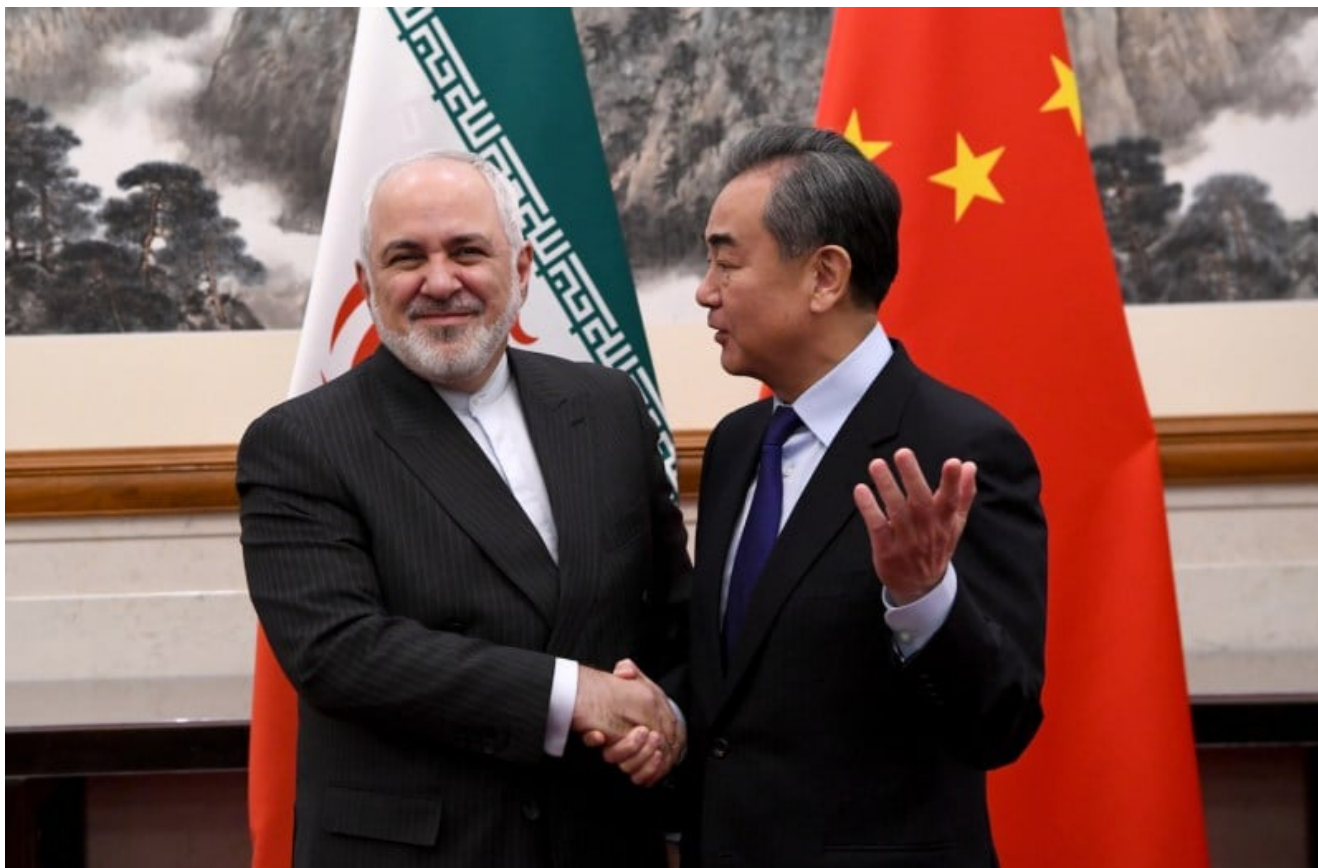


China Is Getting Mired in the Middle East

By striking a major partnership with Tehran, Beijing risks not only angering other regional partners but also getting entangled in complicated security and political issues.



Chinese Foreign Minister Wang Yi shakes hands with Iranian Foreign Minister Mohammad Javad Zarif during a meeting in Beijing, China, on Dec. 31, 2019. NOEL CELIS/POOL/GETTY IMAGES

Recent reports of an ambitious 25-year comprehensive strategic partnership agreement between Iran and China have reverberated across Southwest Asia and beyond. The agreement raises the question of whether we are witnessing a tectonic shift in Asia's geostrategic landscape or merely a marriage of convenience. The answer is not yet clear, but the agreement will likely face several hurdles, and may have unintended consequences by drawing China into the vortex of Middle Eastern politics.

Word of the agreement comes amid rising tensions between Iran and the United States. Iran's economy has been devastated by U.S. sanctions, and the agreement could offer Tehran a lifeline and potential leverage against Washington. Indeed, the leak of the impending agreement may have been a message intended to signal to a U.S. audience that Iran can frustrate the United States' so-called maximum pressure campaign by aligning closely with China.

China's relations with the United States also have deteriorated sharply, but it would be a mistake to categorize the agreement as simply another example of a recent flurry of assertive Chinese moves. Instead, the agreement is best understood through the lens of the Belt and Road Initiative (BRI), which aims to connect China economically with major markets in Asia, Europe, and Africa, as well as making China's long-term energy supplies more secure, and consolidating China's overall strategic position in the Gulf. A partnership with Tehran offers Beijing a geostrategic foothold in a prime location.

The \$400 billion worth of projects purportedly envisioned would represent China's largest agreement to date for any single country in the BRI, dwarfing the next biggest investment of \$62 billion planned as part of the China-Pakistan Economic Corridor. They are said to include railways, ports, subways, oil and gas production, telecommunications, manufacturing, and military cooperation. In return, Iran has apparently agreed to provide China with heavily discounted oil.

The agreement should not be judged solely in commercial terms, which will always be difficult to achieve, but rather by its strategic impact. In this respect, a partnership with Tehran offers Beijing a geostrategic foothold in a prime location, allowing it to complete a vital segment of a BRI corridor tracing the ancient Silk Road linking Western China with the Middle East and Europe.

But it would be a mistake to assume that all will go smoothly with the China-Iran agreement. Implementation will face considerable challenges that neither country may fully appreciate. Among these are Iran's unhappy experiences with great powers, which have left an indelible mark on the country's collective psyche. Historical memories of the 1828 Treaty of Turkmenchay in which Iran ceded territory to Russia, the Anglo-Soviet invasion of Iran during World War II, and the U.S.-British backed overthrow of Prime Minister Mohammad Mosaddeq in 1953 run deep among Iranians. The revolutionary slogan "neither East nor West" captured the essence of Iran's suspicion of the designs of great powers.

Given this history, many Iranians are reflexively suspicious about the China-Iran agreement and have accused the government of selling the country's assets on the cheap. This popular sentiment cannot be ignored. In practice, Iran may slow-roll, renegotiate, or even cancel projects agreed upon with China, especially if it manages to reestablish commercial relations with the West.

The Middle East's fierce rivalries and active conflicts will also present challenges. Beijing certainly wants to avoid the kind of military entanglements that have bogged down Washington in the region even as it benefits from a U.S. security umbrella to advance its interests. Yet history suggests that the economic, political, and military interests of great powers are inexorably intertwined. As its economic interests in the Middle East grow, China will find it increasingly difficult to remain neutral on political and security questions in a region where the principal actors expect great powers to take their side.

This puts China in a quandary. It wants to build a strategic relationship with Iran even as it cultivates closer ties with key regional players Saudi Arabia, the United Arab Emirates, and Israel. In fact, China is also negotiating comprehensive strategic partnerships with Saudi Arabia and the UAE. Yet these countries view Iran as an existential threat, and China risks alienating them if it empowers their archrival.

In 2018, China's combined trade with Saudi Arabia, the UAE, and Israel was three and half times greater than its trade with Iran (\$123 billion versus \$35 billion). And just days before word of the China-Iran agreement leaked, Chinese and Arab League foreign ministers adopted the Amman Declaration, with Arab states endorsing China's central foreign policy concept of "a community with a shared future for mankind." Such considerations may explain why Beijing has not officially confirmed that it is on the verge of an agreement with Iran.

China's interest in sustaining good relationships with the Arab Gulf monarchies and Israel raises the intriguing question of whether it is prepared to use its prospective investments in Iran as leverage to curb Iranian policies that threaten others in the region, especially the support for Iranian proxies in Lebanon, Yemen, Iraq, and Syria. This is unlikely. China's deep foreign-policy instinct is to stay out of regional rivalries and wherever possible to sit on the fence. But the sheer dimensions of this prospective strategic partnership with Iran may well cause the Gulf monarchies and Israel to conclude that China has now decisively

tilted in the direction of their nemesis.

I observed China's interaction with Iran as a participant in international nuclear negotiations with Tehran from 2009 to 2013. China was typically the most reticent party at the table, but it also had the ability to get Iran's attention and affect its calculus in ways that others could not. It has even greater influence with Iran today, but failing to exercise it to moderate Tehran's regional behavior may end up jeopardizing Beijing's long-term economic strategy in the Middle East, which ultimately is best served by strategic stability.

That strategy aims to draw the region into China's economic orbit and to secure reliable sources of oil. It relies on the BRI model of infrastructure investment and economic development, which includes a heavy emphasis on the construction of ports and railways to promote economic connectivity. China's conviction appears to be that refocusing the Middle East's attention toward economic development will have a transformative effect.

As the world's largest oil importer since 2017, China is increasingly dependent on Middle Eastern energy. Last year, Saudi Arabia became China's top supplier of oil. And three Middle Eastern countries—Iraq, the UAE, and Iran—are also among the largest suppliers.

Oil dependence brings with it exposure to the region's political volatility. A vivid example of this axiom is a suspected Iranian attack last September against the Abqaiq and Khurais oil processing facilities in Saudi Arabia which temporarily took 5 percent of global oil production offline and caused oil prices to spike by 15 percent.

China's conviction appears to be that refocusing the Middle East's attention toward economic development will have a transformative effect in lowering tensions that have become an endemic feature of the region. But advancing connectivity across a disjointed landscape will be no easy feat. What China sees as a win-win may be interpreted by countries in the region as playing both sides.

Thus far, Beijing has managed to enjoy positive and growing ties with the Gulf monarchies, Israel, and Iran. Each of them sees tremendous value in Chinese investment and know-how. But the region's reaction to the massive scope of investments in the potential China-Iran agreement may force China to either scale back its planned engagement with Iran or enter uncharted waters and use

traditional statecraft to more actively address Gulf Arab and Israeli concerns with Iranian policies. It will be reluctant to acknowledge that it faces such a choice, but the harsh realities of the Middle East may soon make that clear.

Puneet Talwar is a former assistant secretary of state for political-military affairs and a former special assistant to former President Barack Obama. Twitter: @PuneetTalwarDC

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