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China's Interests in the Middle East and North Africa in the Light of Recent Developments in those Regions

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What are China's Interests in the Middle East and North Africa?[1]

It has been argued that "competition for limited resources presents nation-states with the most fundamental questions of their existence," specifically whether or not the state has "enough resources to guarantee its own survival, and the well being of its population."[2] In the case of the People's Republic of China (PRC), the resource issue has given rise to considerable speculation about the sustainability of its hitherto impressive economic performance and, consequently, its much vaunted "peaceful rise" (*heping jueqi*) to great power status. Since economic growth is believed to blunt growing social discontents, it is thought that "the Beijing government must continue to provide high growth rates or face, what it delicately refers to as, 'social instability.' Securing the resources necessary to enable factories to keep turning out goods at a high speed has impelled China onto world markets for energy and raw materials, as well as to seek buyers for its products."[3] Put another way, it is thought that "a sharp economic downturn would have profoundly unsettling effects inside China and might even threaten the continued rule of the Communist Party."[4]

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[1] This statement draws upon and updates research originally published in J. Peter Pham, "China's 'Surge' in the Middle East and Its Implications for U.S. Interests," *American Foreign Policy Interests* 31, no. 3 (May/June 2009): 177-193.
[2] Dave Ernsberger, "The Future of East Asian Energy Security: An Introduction," *East Asia* 23, no. 3 (September 2006): 47.
[3] Jean Teufel Dreyer, "China's Power and Will: The PRC's Military Strength and Grand Strategy," *Orbis* 51, no. 4 (Fall 2007): 654-655.
[4] Aaron L. Friedberg, "'Going Out': China's Pursuit of Natural Resources and Implications for the PRC's Grand Strategy," *NBR Analysis* 17, no. 3 (September 2006): 24.

Specifically, the Chinese economy's rapid expansion to become what is today the second-largest in the world after that of the United States has led to an exponential increase in demand for energy to fuel the burgeoning industrial and commercial sectors as well as rising living standards. China's proven petroleum reserves are thought to be less than 20 billion barrels, which at current production rates will be sufficient for just over another decade.[5] In fact, the PRC has been a net importer of oil since 1993 and has become the world's second largest consumer, after the United States.[6] The country's burgeoning demand now accounts for 40 percent of global growth in demand—and the figure will only climb as the middle class expands and with it vehicle ownership. Of course, oil is not the only natural resource China seeks abroad. The country is now the world's largest consumer of copper, tin, zinc, platinum, steel, and iron ore; the second largest consumer of aluminum and lead; the third largest consumer of nickel; and the fourth largest purchaser of gold.[7]

As a result, under the "third generation" leadership of President Jiang Zemin and Premier Zhu Rongji, the PRC launched a national strategy of "going out" (*zouchuqu zhanlue*) to secure access to stable supplies of raw materials and natural resources needed to sustain the country's rapid economic development. Chinese firms were actively encouraged to explore investment opportunities abroad and open up new markets by establishing either joint ventures or wholly Chinese-owned subsidiaries in various countries. This policy has been reaffirmed under the current "fourth generation" leadership, with Premier Wen Jiabao telling the country's diplomats in the midst of the global economic downturn that Beijing should use its vast foreign exchange reserves, the largest in the world, to support and accelerate overseas expansion by Chinese companies: "We should hasten the implementation of our 'going out' strategy and combine the utilization of foreign exchange reserves with the 'going out' of our enterprises."[8]

In this perspective, the Middle East and North Africa, regions that had previously been generally viewed by Beijing as being outside its traditional areas of interest, have acquired an increasing importance in the PRC's grand strategy.

Recognizing Saudi Arabia's preeminent place among the Middle East oil producers, the PRC has cultivated what former president Jiang described as a "strategic oil partnership" with the desert kingdom.[9] In November 1999, accompanied by a delegation of Chinese businessmen, Jiang paid what was the first-ever visit to Saudi Arabia by a head of state of the PRC. During the trip, agreements were signed whereby the Saudis opened their oil and markets (except for "upstream" exploration and production) to Chinese investment and, in return, the Saudi national oil company, Saudi Aramco, was allowed to participate in China's "downstream" refining sector. By 2002, Saudi Arabia had become China's leading foreign supplier of petroleum, while the Chinese gained from the Saudis advance technology to improve the exploitation of their existing

[5] See Peter Cornelius and Jonathan Story, "China and Global Energy Markets," *Orbis* 51, no. 1 (Winter 2007): 8.
[6] See Charles E. Ziegler, "The Energy Factor in China's Foreign Policy," *Journal of Chinese Political Science* 11, no. 2 (Spring 2006): 1.
[7] See Nicholas R. Lardy, "China: The Great New Economic Challenge?" in *The United States and the World Economy: Foreign Economic Policy for the Next Decade*, ed. C. Fred Bergsten (Washington, DC: Institute for International Economics, 2005), 124.
[8] Wen Jiabao, quoted in Jamil Anderlini, "China to Deploy Foreign Reserves," *Financial Times*, July 21, 2009, http://www.ft.com/cms/s/0/b576ec86-761e-11de-9e59-00144feabdc0.html.
[9] Robert A. Manning, "The Asian Energy Predicament," *Survival* 42, no. 3 (Autumn 2000): 81.

domestic oilfields, technologies which they would normally be excluded from by U.S. regulation relating to the export of dual-use and other strategically sensitive items. The PRC also needs Saudi expertise to increase its capacity to process heavy crude (petroleum with sulfur content greater than 1 percent) from the Middle East. Unless it does so, China has to rely heavily on selective brands of oil, leading to occasional supply shortages and lack of diversification.

The Sino-Saudi relationship grew so tight that, in 2006, the then new Saudi king, Abdallah, made what Jiang's successor, President Hu Jintao, called the "Three Firsts" visit to the Beijing (the first-ever visit by a Saudi monarch to China, the first country visited by Abdallah after his succession to the throne, and the first stop on the ruler's multi-country tour). Three months later when Hu reciprocated the visit, the two chiefs of state signed five additional accords which expanded Sino-Saudi economic cooperation, including in the oil, gas, and mineral sectors, where Saudi money and expertise to upgrade Chinese refineries was especially welcome. As one study noted, the "bilateral energy agreements will likely solidify Riyadh's role as China's top supplier of oil, and create interdependencies between the two countries that will increase future cooperation, and Beijing's influence in Riyadh."[10]

Hu made a second state visit to Saudi Arabia in February 2009 which, according to a Chinese foreign ministry spokesman, was to "promote the in-depth development of China-Saudi Arabia strategic friendly relations."[11] The highlight of the visit was the signing of a major public works agreement for the first time between the two countries, specifically a $1.8 billion deal for the China Railway Construction Corporation to build a high-speed monorail linking Islam's two holiest cities, Mecca and Medina, by 2013.[12] Four other accords were also signed during the three-day visit, including agreements on cooperation in oil, gas and mining; healthcare; and on quality inspection and standards of goods and services. There was also a memorandum of understanding to set up a chapter of the King Abdul Aziz Public Library in Beijing.

Just last month Saudi Aramco and Sinopec initialed another deal for the construction of a $10 billion refinery in Yanbu, on the Red Sea coast of the kingdom. The refinery was originally planned to be built by ConocoPhillips, but the Houston-based company pulled out last year as it shifted its focus away from refining to focus on exploration. The venture will be Sinopec's first refinery outside China and came just one day after the firm signed a deal with Kuwait Petroleum Corporation to build a oil refinery and petrochemical plant in southern China. Sinopec's managing director described the deal "enhancing a strategic relationship that complements each other's strengths" and boasted that it would "boost Sinopec's global competitive edge and expand the firm's supply channels for international resources."[13]

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[10] Steve A. Yetiv and Chunlong Lu, "China, Global Energy, and the Middle East," *Middle East Journal*, vol. 61, no. 2 (Spring 2007): 205.
[11] Jiang Yu, quoted in "President Hu Arrives in Riyadh for State Visit," *Beijing Daily* (February 12, 2009), http://www.beijingdaily.com.cn/chinanews/200902/t20090212_504301.htm.
[12] See Malcolm Moore, "China Will Build Special Railway for Muslim Pilgrims in Saudi Arabia," *Telegraph*, February 11, 2009, http://www.telegraph.co.uk/news/worldnews/middleeast/saudiarabia/4587544/China-will-build-special-railway-for-Muslim-pilgrims-in-Saudi-Arabia.html.
[13] "Aramco, Sinopec in MOU for $10 Billion Yanbu Refinery," *Syrian Oil & Gaz News*, March 17, 2011, http://www.syria-oil.com/en/?p=1289.

Iran, the second largest oil producer in the Middle East, has also been the object of Chinese courtship in recent years. In October 2004, the two countries signed a $100 billion agreement allowing the China Petroleum and Chemical Corporation (Sinopec) to produce and export up to 10 million tons of Iranian liquefied natural gas (LNG) annually for twenty-five years. The accord also provided for the construction of a refinery for natural gas condensates and a Chinese stake in the bringing on line of Iran's underdeveloped Yadavaran oilfield. Earlier that same year, another Chinese oil firm, the China National Petroleum Company (CNPC), bought the 49 percent stake in the Masjed-i-Suleyman oilfield, Iran's oldest, held by Canada's Sheer Energy for an undisclosed sum. In 2006, a third major Chinese oil firm, the China National Offshore Oil Corporation (CNOOC), signed a deal, potentially involving up to $16 billion in investments, to develop Iran's North Pars gas field in the Persian Gulf. The following year, CNPC announced an agreement to develop part of the South Pars natural gas field, pledging to invest $1.8 billion in exploration and another $1.8 billion the construction of an LNG plant. Beijing and Tehran are currently also developing plans for a 386 kilometer-long pipeline that will take Iranian oil to the Caspian Sea where it would link up to a pipeline being planned from Kazakhstan to China.

No opportunity is apparently too small to overlook. Despite its relatively modest petroleum reserves, Tehran's ally Damascus has been courted by Beijing as well. In 2008, China and Syria signed an agreement to build a $1.5 billion refinery in the Abu Khashab region in the eastern part of the country, not far from the site of the nuclear facility that Syria attempted to build a few years ago with North Korean assistance. CNPC will have an 85 percent stake in the joint venture which, when it begins operations later this year, will have a capacity of about 110,000 barrels a day.[14] Making an exception to its normal policy of dealing only with states, China has even paid suit to the regional government of Iraqi Kurdistan with one eye towards gaining access to the Kurds' rich oilfields. Within months of the fall of Saddam Hussein, Jalal Talabani, chairman of the Patriotic Union of Kurdistan and later president of Iraq, was invited to Beijing for an officially "unofficial" visit to discuss China's interest in helping with "economic development" in the Kurdish area—which just happens to sit on top of 40 percent of Iraq's proven petroleum reserves.[15]

While, in absolute terms, it is still dwarfed by energy-related transactions, there has also been an uptick in Sino-Middle East trade. The volume of Chinese exports of light industrial, consumer, and technological goods to the Middle East has multiplied several times over since the 1990s and was estimated to be worth more than $33 billion in 2006, not counting commerce with Morocco, Algeria, and Tunisia, which are not considered in the same pool as the rest of the Middle East by the International Monetary Fund. In Iran, for example, outside of the hydrocarbon sector, a Chinese fiber optic firm is helping to build the country's broadband network, while the Chery Automobile Company is manufacturing 50,000 micro passenger cars as part of a venture in the northern town of Babol. China North Industries Corporation (NORINCO), a Chinese defense contractor, is currently building an $800 million new line for the Tehran subway system.[16] Until the recent upheaval, Egypt had been expecting that, by next year, China would supplant the

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[14] See "China, Syria Sign Deal on Joint Venture Oil Refinery," *Tehran Times International Edition* (April 9, 2008), 3.
[15] See Yitzhak Shichor, "China's Kurdish Policy," *China Brief* 6, no. 1 (January 3, 2006): 3-4.
[16] See Borzou Daraghi, "China Goes Beyond Oil in Forging Ties in the Persian Gulf," *New York Times* (January 13, 2005): C8.

United States as its top trading partner with total trade reaching $5 billion last year from a little more than $1 billion in 2005.[17]

China's booming economy also absorbs a number of Middle East manufactured exports, including chemical and petrochemical products, like the $2 billion in fertilizers, synthetic fabrics, and plastics which the Saudi Basic Industries Corporation (SABIC) sells it each year. Since 2004, the PRC and the six states of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) have been in the process of negotiating a free trade agreement which would potentially be only the second one involving China after the one being established with the Association of Southeast Asian Nations (ASEAN). In the meantime, the PRC has invested heavily in marketing infrastructure, including the 1.2 kilometer-long, 150,000-square meter "Dragon Mart" in Dubai, the largest trading hub for Chinese products anywhere outside mainland China. Chinese products currently constitute 37 percent of the total imports of Dubai, almost the twice the market share of South Korea, the second largest exporter to the emirate.[18] Nor were the exchanges one-way. For example, state-owned Dubai Ports World has acquired container berths in six Chinese ports, while Dubai-based Damac Properties has invested nearly $3 billion in a 5 million square-foot mix-used development project in the Tanggu district near the northeastern Chinese city of Tianjin.[19]

If the quest for energy and business opportunities ranks high in the PRC's priorities for its dealings with the countries of the Middle East and North Africa, it does not necessarily imply that geopolitical considerations are forgotten. It has been just little over a decade since one particularly influential voice on Middle Eastern affairs within the Chinese foreign policy establishment, Zhang Xiaodong, at the time the head of the international relations division of the Institute of West Asian and African Studies at the Chinese Academy of Social Sciences and secretary-general of the China Association for Middle Eastern Studies, came out with the argument that: "All signs indicate that Middle East economies, societies, and international relations as well as the Middle East policies of the big powers have entered a period of readjustment. The intellectuals and government of China must take the opportunity and work out a Middle East strategy for the twenty-first century."[20]

One wonders whether, after having so long adhered to the ancient Chinese political maxim of *zuoshan guan hudou* ("sit on top of the mountain and watch the tigers fight"), Beijing might not now be looking for an opportunity to assume a more active role in the diplomatic processes of the Middle East and North Africa in order to advance China's long-term grand strategy of promoting its version of "democracy in international relations" (*guoji guanzi minzhuhua*)—that is, a more multipolar political and economic global order—especially in the light of the challenges which the United States has faced in achieving some of the "transformational"

[17] See Andrew Batson and Shai Oster, "Egypt Sees China Replacing U.S. as Top Trade Partner by 2012," *Wall Street Journal* (September 7, 2006): A8.
[18] See Mao Yufeng, "China's Interests and Strategy in the Middle East and the Arab World," in *China and the Developing World: Beijing's Strategy for the Twenty-first Century*, ed. Joshua Eisenman, Eric Heginbotham, and Derek Mitchell (Armonk, NY: M.E. Sharpe, 2007), 117-118.
[19] See Samir Ranjan Pradhan, "Dubai Inc. in China: New Vista for Gulf-Asia Relations," *China Brief* 8, no. 9 (April 28, 2008): 8-10.
[20] Zhang Xiaodong, "China's Interests in the Middle East: Present and Future," *Middle East Policy* 6, no. 3 (February 1999): 156.

objectives championed during the George W. Bush administration as well as the recent developments in those regions which the Obama administration has had to confront.

China's Responses to the Recent Developments in North Africa and the Middle East

Recent developments in North Africa and the Middle East—the revolutions in Tunisia and Egypt, the revolt-cum-civil war in Libya, and the massive protests that have spread across the Maghreb to the Mashriq and down the Arabian Peninsula—have posed something of a challenge to China, since Beijing's economic interests constitute the most dominant factor in determining its foreign policy towards the countries of the region, its focus being stability in order to ensure uninterrupted access to natural resources, even aside from considerations of the undesirability in general of governments being toppled by mass movements.

Since political and commercial ties between Beijing and Tunis were negligible, authorities in the PRC were able to limit their response to the overthrow of Tunisia's President Zine El Abidine Ben Ali to mild declarations to the effect that "Tunisia is China's friend. China is concerned with what is happening in Tunisia and hopes stability in the country is restored as early as possible"[21]—along with blocking internet searches for "jasmine" because of the eponymous revolution.[22] China subsequently moved quickly to establish ties with the new unity government, dispatching Vice Foreign Minister Zhai Jun to deliver the message that the PRC "respects the choice of the Tunisian people and is willing to cement and develop the bilateral traditional friendship and the mutually-beneficial cooperation as always."[23]

Egypt, a longtime partner of China's with which the PRC transacts more than $5 billion in trade annually, was a more delicate matter. Analysts have reported that that Chinese editors were instructed to restrict their coverage of the protests in Tahrir Square to reports originating from the official Xinhua News Agency and that internet searches for "Egypt" were blocked on major Chinese portals.[24] My own interactions with senior Chinese officials in the days immediately before and after the resignation of President Hosni Mubarak revealed that they were taken by surprise by the developments and much preoccupied with the restoration of order and the maintenance of stability as well an emphasis on avoiding outside interference in Egypt's internal affairs. Vice Foreign Minister Zhai also visited Cairo during his swing through North Africa last month, meeting with Arab League Secretary-General Amr Moussa as well as Deputy Prime Minister Yahya Jamal and Foreign Minister Nabil Elaraby of Egypt. Once again, the theme was stability. The Chinese diplomat told the Arab League chief that "China maintains good relations with all Arab countries and hopes the turmoil-hit countries can return to peace and stability as soon as possible, and will use peaceful ways to solve the political crisis so that more deaths or injuries can be avoided" and called on the international community to "play a constructive role in

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[21] "China Hopes Stability in Tunisia Restored," *Xinhua*, January 15, 2011, http://news.xinhuanet.com/english2010/china/2011-01/15/c_13692097.htm.

[22] "Jasmine Stirrings in China: No Awakening in China, But Crush It Anyway," *The Economist*, March 3, 2011, http://www.economist.com/node/18291529?story_id=18291529.

[23] "China Respects Choice of Tunisian People," *Xinhua*, March 8, 2011, http://news.xinhuanet.com/english2010/china/2011-03/08/c_13766459.htm. Tellingly, the report by the official press agency simply stated that ""Tunisia has recently undergone great political changes" without spelling out what those might have been.

[24] See Willy Lam, "Beijing Wary of 'Color Revolutions' Sweeping Middle East/North Africa," *China Brief* 11, no. 3 (February 10, 2011), 2-5.

stabilizing the regional situation." In his meetings with Egyptian leaders, he recalled the historic friendship between the PRC and Egypt and appealed for "stability and development" while voicing Beijing's desire "to develop its strategic cooperation relationship with Egypt."[25]

Thus far the revolt against Libya's Colonel Mu'ammar Qadhafi has constituted the most complex challenge to Chinese leaders, in part because Beijing's relations with Tripoli have been rather complicated over the years. Qadhafi was in power for nearly a decade before he established diplomatic relations with the PRC, making Libya the last state in the Maghreb to do so. Diplomatic relations between the two countries have not been especially warm since then: Qadhafi has not visited China since 1982 and the last high-level Chinese delegation to Libya was Jiang Zemin's state visit in 2002. In 2006, when literally every other African country sent its head of state or government or at least its foreign minister to Beijing for the summit of the Forum on China-Africa Cooperation (FOCAC), Libya was represented by a mere deputy minister.

On the other hand, Chinese firms have invested heavily in Libya, although the total value of these assets pale in comparison with the energy-related holdings of Western companies. Nonetheless, there was a significant Chinese presence, especially in infrastructure and services. The telecommunications equipment manufacturer ZTE, for example, has invested $457 million in the country in the last decade.[26] For another, the China State Construction Engineering Corporation (CSCEC) had signed $2.67 billion in Libyan contracts since 2007,[27] while, in 2008, the state-owned China Railway Construction Corporation (CRCC) won two contracts, together worth $2.6 billion, to build two rail lines in Libya, 352-kilometer coastal railroad from Khum to Sirte and an 800-kilometer railroad linking the Mediterranean port of Misrata in the north to Sabha, capital of the southern Fezzan region. A Chinese government agency acknowledged that, as of two weeks ago, thirteen state-owned enterprises alone have reported losses as result of the conflict in Libya, amounting to 4.1 billion yuan, approximately $627.5 million.[28]

Once the violence intensified and its nationals and their compounds began to be attacked, especially in rebel-controlled eastern parts of Libya, the main priority for Chinese authorities was the safe evacuation of their citizens. In the first such operation they have ever undertaken, the Chinese military and civilian authorities acquitted themselves quite well, safely moving nearly 36,000 people out of harm's way in less than two weeks and wrapping up the entire evacuation by March 3, more than two weeks before the United Nations Security Council passed Resolution 1973 authorizing a no fly zone over Libya. While most of the civilians were transported by merchant vessels or airplanes chartered by Chinese diplomats and companies, some 1,700 were evacuated on constant flights by four IL-76 transport aircraft sent by the People's Liberation Army Air Force (PLAAF). The People's Liberation Army Navy (PLAN) also deployed the new *Jiangkai II*-class frigate *Xuzhou* to the Libyan coast to coordinate the evacuations by sea. The PLAAF and PLAN deployments were especially significant insofar as they represent not only

[25] "Chinese Deputy FM Meets Arab League Chief, Egyptian Officials," *People's Daily*, March 11, 2011, http://english.peopledaily.com.cn/90001/90776/90883/7316293.html.

[26] See Ding Qingfen, Shen Jingting, and Zhou Siyu, "China Halts Libyan Investment," *China Daily*, March 22, 2011, http://www.chinadaily.com.cn/bizchina/2011-03/22/content_12207268.htm.

[27] See "China's Leading Construction Company Halts Projects in Libya amid Unrest," China Radio International, February 28, 2011, http://english.cri.cn/6826/2011/03/01/2724s623238.htm.

[28] "Chinese Companies Suffering in Libya," CCTV, March 25, 2011, http://english.cntv.cn/program/china24/20110325/108961.shtml.

the first Chinese operations in Africa aside from participation in UN peacekeeping missions[29] and in anti-piracy patrols off the coast of Somalia,[30] but the first military action by China in Mediterranean—a major milestone in the evolution of the Chinese military's expeditionary capabilities.

The diplomatic maneuverings around the continuing conflict have forced Chinese leaders to walk a fine line. While the PRC voted with the rest of the Security Council in late February to approve Resolution 1970, which imposed an arms embargo, a travel ban on senior officials, and an asset freeze on the Libyan government, Beijing was reluctant to go along with more robust action until the Arab League joined its voice to others calling for a no fly zone, after which China joined Russia, Brazil, Germany, and India in abstaining on the March 17 vote to approve Resolution 1973. Since then, official Chinese statements have emphasized China's "regret over the military strike against Libya" and that it "always disapproves the use of force in international relations,"[31] while noting that "Libya's sovereignty, independence, unity and territorial integrity should be respected."[32] Headlines like "World Steps Up Criticism of Western Air Strikes in Libya"[33] have been common in the Chinese press.

China's diplomatic position may be principled, but the country also stands to score a commercial "win-win" in this situation. Senior officials of the Qadhafi regime have spoken openly of offering oil blocks to China and other countries deemed friendly to it during the current crisis.[34] At the same time, just last week, China bought the first oil shipment—some one million barrels aboard the Liberian-flagged tanker MV *Equator*, sailing from Tobruk—sold by the anti-Qadhafi rebels' provisional authority.[35]

China is also especially well-positioned to profit from what is likely to be a veritable "fire sale" of Libyan assets across Africa bought by the substantial revenues from the country's energy sector.[36] Although they are not without geopolitical implications, the decisions made by Libya's various sovereign wealth funds seem to have largely been justified economically, resulting in a portfolio included everything from the lease on 100,000 hectares of agricultural land in Mali to majority ownership of the Novotel in Kigali, Rwanda, to a 69 percent stake in Uganda Telecom to Oil Libya Holding Company's more than two thousand gas stations in some twenty different

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[29] See J. Peter Pham, "Pandas in the Heart of Darkness: Chinese Peacekeepers in Africa," *World Defense Review*, October 25, 2007, http://worlddefensereview.com/pham102507.shtml.
[30] See idem, "The Chinese Navy's Somali Cruise," *World Defense Review*, March 12, 2009, http://worlddefensereview.com/pham031209.shtml.
[31] Ministry of Foreign Affairs of the People's Republic of China, Spokesman Jiang Yu's Remarks on the Multinational Military Strike against Libya," March 21, 2011, http://www.fmprc.gov.cn/eng/xwfw/s2510/2535/t808094.htm.
[32] Ministry of Foreign Affairs of the People's Republic of China, Spokesman Jiang Yu's Regular Press Conference, March 24, 2011, http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t810015.htm.
[33] "World Steps Up Criticism of Western Air Strikes in Libya," *Xinhua*, March 22, 2011, http://news.xinhuanet.com/english2010/indepth/2011-03/22/c_13791783.htm.
[34] See "Libya Says May Give Oil Deals to China, India," *Reuters*, March 19, 2011, http://in.reuters.com/article/2011/03/19/idINIndia-55715220110319.
[35] Amena Bakr and Jonathan Saul, "Libya Rebel Oil Cargo China-Bound," *Reuters*, April 7, 2011, http://af.reuters.com/article/commoditiesNews/idAFLDE7361J020110407.
[36] See J. Peter Pham, "Libya as an African Power," *World Defense Review*, March 16, 2010, http://worlddefensereview.com/pham031610.shtml.

African countries. Libyan financing has also been critical to the building of infrastructure in Sub-Saharan Africa, including the strategically important reverse-flow-capable extension of the Mombasa-Eldoret oil pipeline in Kenya to the Ugandan capital of Kampala. The tender, announced earlier this year, for the construction of a 230-kilometer pipeline from Lake Albert to Kampala is predicated upon the completion by the Libyans of the extension from Kenya, while soon-to-be-independent Southern Sudan's ambitions of bypassing the North with its oil exports is itself largely based on the completion of the Ugandan pipeline. With its substantial foreign exchange reserve, China is now in a position to buy many of these strategic assets at heavily discounted prices and, in the case of the East African pipeline, acquire a virtual lock on one of the largest petroleum production areas likely to come online in the next few years.

More broadly, across the Middle East in general China stands to gain ground politically and economically as a result of the recent unrest. In recent meetings with both Saudi officials and then Gulf Cooperation Council (GCC) Secretary-General Abdulrahman bin Hamad al-Attiyah, Vice Foreign Minister Zhai emphasized "that China adheres to the principle of non-interference in others' internal affairs and respects the will and choice of the people in the region … [and the] hope that relevant countries will restore stability and normality as soon as possible"[37] and pledged that "China is ready to make joint efforts with GCC member states to … expand pragmatic cooperation in all areas."[38] It goes without saying that such messages go down very, especially among the conservative oil-producing monarchies that have been rattled by the wave of popular protests sweeping across their region. It is certainly worth noting that the Chinese envoy's meetings took place on the same day that U.S. Secretary of Defense Robert Gates was delivering a message to Bahrain's king and crown prince that their "baby steps" toward reform were not enough[39]—and just two days before troops from Saudi Arabia and the United Arab Emirates entered Bahrain under GCC auspices to support the island kingdom's government.

Implications for the United States

The changing nature of the increasingly assertive Chinese engagement in the Middle East and North Africa does not necessarily represent a direct threat to the national interests of the United States, but it does alter the terms of America's own strategic calculus. Certainly there is no turning the clock back to a period when U.S. policymakers could pursue their objectives within these regions without reference to other powers except, perhaps, some consultation with America's traditional allies.

Ultimately, the nature of China's rise as a power will be determined largely by the Chinese themselves, but that does not mean that the United States should not try to establish a direct dialogue with China over regional issues beyond the rather limited U.S.-China Energy Policy Dialogue (EPD) launched in 2004 between the U.S. Department of Energy and the PRC's National Development and Reform Commission to facilitate policy-level bilateral exchanges of views on energy security, economic issues, and energy technology options, and the U.S.-China

[37] Ministry of Foreign Affairs of the People's Republic of China, Press Release, "Vice Foreign Minister Zhai Jun Visits Saudi Arabia," March 12, 2011, http://www.mfa.gov.cn/eng/zxxx/t806497.htm.
[38] Ministry of Foreign Affairs of the People's Republic of China, Press Release, "Vice Foreign Minister Zhai Jun Meets with GCC Secretary General Al-Attiyah," March 12, 2011, http://www.mfa.gov.cn/eng/zxxx/t806501.htm.
[39] See Elisabeth Bumiller, "Gates Tells Bahrain's King That 'Baby Steps' to Reform Aren't Enough," *New York Times*, March 12, 2011, http://www.nytimes.com/2011/03/13/world/middleeast/13military.html.

sub-dialogue on Africa inaugurated in 2005 under the auspices of the U.S.-China Senior Dialogue. Even if such approaches do not necessarily result in the immediate resolution of various differences, friction can be minimized if both sides have a clear understanding of each other's interests and objectives in the Middle East and North Africa. Encouragement and resources might also be well directed to unofficial parallel exchanges on the part of scholars and other analysts.

In the meantime, as upheaval not only continues in North Africa—with the outcome of the revolutions in both Tunisia and Egypt still to be determined, to say nothing of the fate of the revolt in Libya—but spreads across the Middle East, it should be no surprise that the promise of noninterference implicit in the model of relations offered by Chinese leaders wherein other states might benefit from their relations with China even as China benefits from its relations with them without any making demands on anyone else with respect to national sovereignty, internal political governance, or economic models will prove attractive to many regimes in those regions. As a consequence, the United States will have to work that much harder to advance its own interests in the Maghreb, the Mashriq, and the Arabian Peninsula.

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