



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on China and the Middle East

Opening Statement of Commissioner Jeffrey Fiedler June 6, 2013 Washington, DC

Good morning and thank you for joining us. Today's hearing on "China and the Middle East" is the sixth hearing of the 2013 Annual Report cycle. We appreciate your attendance and we encourage you to come to our other public events throughout the year. Our next hearing will be on June 27, on Macau and Hong Kong. Details will be forthcoming on the Commission's website, uscc.gov.

Today's hearing will examine China's relations with the Middle East. Our first panel will assess the motivations behind Beijing's engagement with the region, and explore how Chinese policymakers perceive the Middle East in the context of China's broader economic and strategic objectives. While China's engagement in the region pales in comparison to that of the United States, there are indications that Beijing may take a more forward-leaning approach to the Middle East. For instance, some Chinese scholars have advised that Beijing adopt a new foreign policy emphasizing its political and economic ties to countries in the Middle East and Central Asia. This policy, referred to as "March West," appears to be under consideration by policymakers in Beijing. In addition to discussing Beijing's evolving strategic thinking about the region, this panel will also examine China's engagement in the region, which ranges from strategic partnerships, to military exchanges, to free trade agreement talks.

In our second panel, we'll call on witnesses to describe China's economic interests in the region. For centuries, China had robust ties with this part of the world by virtue of the Silk Road. Today, China's economic ties to the region are strong and growing. Foremost among China's economic interests in the Middle East is energy. China must increasingly rely on imported oil and gas to fuel its economy, and over one-half of China's oil imports come from the Middle East. According to the International Energy Agency, by 2035, 90 percent of Middle Eastern oil will be exported to Asia. Most of that oil will go to China. But energy is not Beijing's only economic interest in the Middle East. China seeks markets for its exports, and investment opportunities. And despite political risks throughout the region, Chinese companies, many of them state-owned, are indeed "marching west" to the Middle East.

Our third panel will examine China's approaches to political and security challenges in the Middle East. Beijing was caught off guard by the changes wrought during the Arab Spring. In Egypt and Libya, China struggled to come to terms with regime change and scrambled to protect its citizens and investments abroad. In Syria, Beijing's refusal to punish the Assad regime has hindered international efforts to address the conflict. Similarly, with Iran, China has worked to soften U.S. and international sanctions on Tehran. This has frustrated not only the United States, but also Middle Eastern countries concerned about Iran's nuclear capabilities and its generally threatening posture. Finally, this panel will look at China's approach to maritime security in the Middle East.

Before I turn the microphone over to my colleague Senator Talent, I would like to thank Senate Budget Committee Chairwoman Patty Murray and the entire staff of the Senate Budget Committee for helping to provide today's hearing venue.

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