

RSIS Commentary is a platform to provide timely and, where appropriate, policy-relevant commentary and analysis of topical issues and contemporary developments. The views of the authors are their own and do not represent the official position of the S. Rajaratnam School of International Studies, NTU. These commentaries may be reproduced electronically or in print with prior permission from RSIS and due recognition to the author(s) and RSIS. Please email: RSISPublications@ntu.edu.sg for feedback to the Editor RSIS Commentary, Yang Razali Kassim.

China & the Middle East: Tilting Towards Iran?

By James M. Dorsey

Synopsis

President Xi Jinping's visit to the Middle East, the first by a Chinese leader in seven years, saw the signing of billions of dollars worth of agreements with Saudi Arabia and Egypt and a ten-fold expansion of trade with Iran over the next ten years. The significance may go far beyond commerce as Chinese interests align more with Iranian interests than those of Saudi Arabia.

Commentary

PRESIDENT XI Jinping went from Riyadh to Iran this month to become the first foreign leader to do so following the lifting of international sanctions against the Islamic republic. Saudi leaders could not have been pleased. To be sure, China and Saudi Arabia (and Egypt) signed US\$55 billion worth of cooperation agreements during Xi's visit, including a nuclear cooperation pact. Yet Xi's determination to gain a first mover advantage in Iran at a time that Saudi Arabia is seeking to increase rather than reduce the Islamic Republic's international isolation suggests that more than commerce is at play here.

Xi's visit to the kingdom was accompanied by talk of brotherly relations and strategic cooperation. The rhetoric however did little to mask serious differences on issues ranging from Syria to Saudi propagation of Wahhabism, a puritan interpretation of Islam that many fear breeds jihadism, and a relative decline in Chinese reliance on Saudi oil.

At odds over Syria

Chinese officials worry that alleged Saudi funding of Islamic schools or madrasahs in

Xinjiang may be encouraging Uighur militants who have staged several attacks in a low intensity campaign for equal rights and autonomy, if not independence. Saudi officials have assured their Chinese counterparts that they do not support the violence despite the fact that the Uighurs, some of whom have joined Islamic State (IS), are Turkic-speaking Sunni Muslims.

Those assurances appear to have done little to put Chinese concerns to rest. “Our biggest worry in the Middle East isn’t oil – it’s Saudi Arabia,” a Chinese analyst told the Asia Times. Religious affinity is however not something China has to worry about with Shiite-majority Iran, which has long projected itself as a revolutionary rather than a sectarian power.

China supports the Iranian-backed regime of Syrian President Bashar al-Assad and favours Russian intervention in Syria to prop up the Assad regime – a position that puts it at odds with Saudi Arabia that backs the rebels and has hinted at intervening militarily on their behalf.

Russian and US airstrikes against Saudi-backed Islamist rebels have allowed Syrian and Kurdish forces to gain increasing control of much of Syria’s borders, making it more difficult for Uighurs to find their way to Syria. Several hundred Uighurs are believed to have joined IS, which recently released its first Chinese-language recruitment video. This adds to China’s concerns about Xinjiang.

Redressing balances

In anticipation of the lifting of the sanctions, China has furthermore stepped up naval cooperation with Iran. A visit to Iran last October by Chinese Admiral Sun Jianguo, who is widely seen as the People’s Liberation Army Navy’s (PLAN) next naval commander, produced a draft memorandum of understanding for closer cooperation in counterterrorism, cyberwarfare, and intelligence sharing.

Sun’s visit followed joint Chinese-Iranian search-and-rescue naval exercises and training exercises in 2014 in the Gulf. The exercises, involving two Chinese warships were held close to the base of the US Fifth Fleet in Bahrain at a time of tension between the United States and Iran over the Islamic republic’s nuclear programme.

The visit built on a long-standing security and military relationship that China was forced to temporarily curtail as a result of the sanctions. Nonetheless, China sold Iran anti-riot gear and tracking technology in 2009 which were used to counter anti-government protests against the allegedly fraudulent election of President Mahmoud Ahmadinejad. The protests coincided with riots in Xinjiang.

Chinese-Iranian military relations date back to the Iran-Iraq war in the 1980s when China was the Islamic republic’s main military hardware supplier. Those supplies caused tension with the United States when in 1987 Iran fired Chinese-made Silkworm missiles at Kuwaiti vessels in the Gulf.

Forced to halt the supply of sophisticated weaponry, China helped Iran kick start the development of an indigenous military-industrial sector evident in the design and technology of Iranian-made missiles.

Shifting oil relationships

Similarly with regard to Chinese oil purchasing, Iran is determined to win back Chinese market share with the lifting of the sanctions. Iran expects to boost oil exports by 500,000 barrels a day, much of which it hopes will go to China. Iran's oil plans put it in direct competition with Saudi Arabia, which had long been one of China's largest suppliers.

That picture has however begun to change with China apparently shifting its reliance on oil away from Saudi Arabia. Chinese oil imports from the kingdom rose a mere two percent last year while its purchase of Russian oil jumped almost 30 percent. The shift is likely to create an opening for Iran at Saudi Arabia's expense.

The shift could not come at a worse moment with Saudi Arabia being forced to tighten its belt as a result of low commodity prices and high expenditure on wars in Yemen and Syria and the propping up of autocratic regimes like that of Egyptian President Abdel Fattah al-Sisi.

All in all, President Xi returned to Beijing from his trip to the Middle East maintaining his emphasis on non-interference and harmony, with commerce, trade and infrastructure investment as part of his One Road, One Belt initiative. Reading the tea leaves however tells a different story.

China has increasingly significant interests in the Middle East that impact not only its energy security but also its efforts to pacify Xinjiang and patch together a Eurasian land mass that is linked through infrastructure. Iran's geography bordering on the Caucasus, Central Asia, Turkey, and the Middle East makes it a far more important link than Saudi Arabia in China's Silk Road plans.

As a result, Chinese interests are gradually forcing it to realign its policies and relationships in the region. To do so, China will ultimately realise that it no longer can remain aloof and will have to become a player in the Middle East and North Africa.

James M. Dorsey is a Senior Fellow at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore and co-director of the Institute of Fan Culture of the University of Wurzburg, Germany.
