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Iran-Russia-China Trilateral Naval Exercise: China's New Mideast Strategy?

By Zi Yang

SYNOPSIS

In the first-ever such manoeuvre, the navies of Iran, Russia, and China concluded 2019 with a joint exercise not far from the Strait of Hormuz. Does the joint exercise foreshadow a shift in China's Middle East strategy that would benefit Iran?

COMMENTARY

THE NAVIES of Iran, Russia, and China held an unprecedented joint exercise outside the Strait of Hormuz from 27 December until 31 December 2019, just before the advent of the new year. Focusing on joint rescue and anti-piracy operations, the major exercise for the three navies sent a clear message to the world: After a turbulent 2019 that saw increasing tensions between the United States and all three navies, Beijing, Moscow, and Tehran hope to start 2020 on a strong and unified stance.

In fact, this is the first time since the establishment of the Islamic Republic where its navy conducted a joint exercise with its Chinese and Russian counterparts. Although Russia has been militarily engaged in the Middle East for the past few years, China's participation comes as a surprise as it usually avoids events with distinct political undertones.

Questions About China's Intentions

At a time of wavering US engagement, there are many questions about how the Middle East fits into China's global ambitions. Does the trilateral naval exercise signal China's deeper engagement in Middle East affairs on the side of Tehran? Moreover, will China alter its position vis-à-vis US regional allies, especially Saudi Arabia and Israel that stand opposed to Iran?

China and Iran have been close for years, with relations vastly improving since the 2000s when Tehran found itself increasingly under pressure from US sanctions. Currently, China is Iran's top trading partner and investor. A member of China's Belt and Road Initiative (BRI), Iran has witnessed significant Chinese investment in its transportation and energy infrastructure.

In terms of Iranian foreign policy interest, Beijing has supported Tehran's diplomatic initiatives, with China's foreign minister even calling for dialogue with Iran as recently as September 2019. China is also a supplier of arms to Iran that include air defence systems, jet fighters, missile boats, and submarines, although Russia remains Iran's first choice when it comes to arms purchases.

Yet beneath the surface of warm ties, fissures do exist. In the past year, China has curbed economic activities with Iran to comply with new US sanctions. Bilateral trade has declined from US\$37 billion in 2017 to US\$35 billion in 2018. Oil imports from Iran have been down significantly in 2019 to [14.5 million tonnes](#), a 47 percent drop year-on-year.

In terms of security, China has delayed Iran's request to be considered a full member of the Shanghai Cooperation Organisation (SCO), thus denying Tehran a security umbrella useful for bargaining with the US. Overall, China's relationship with Iran is one that can be described as weakening on the economic front and shaky in the political-security dimension.

China-Saudi Relations

In contrast to China's weakening economic relations with Iran, Beijing's relations with Saudi Arabia, a key US ally and Iran's rival, have grown substantially. China is the number one buyer of Saudi oil. In the first 11 months of 2019, China imported a total of 76.3 million tonnes of oil from the Saudis, some 53 percent increase year-on-year.

Bilateral trade in 2018 was [\\$61.4 billion](#), a 32 percent increase year-on-year. Saudi corporations have been expanding ties with Chinese counterparts to build new petroleum refineries and storage complexes, and financial institutions of the two countries are in discussion over expanding cooperation under the BRI framework.

All this comes at a time when Saudi exports have fallen drastically, plunging from the height of 2013's \$633 billion to \$306 billion in 2014 and \$183 billion in 2015. The Saudi government is expecting a budget shortfall in 2020, which makes trade and cooperation with China even more important.

In his February 2019 visit to China, Saudi Crown Prince Muhammad Bin Salman spoke of cozy relations between Riyadh and Beijing, while side-stepping the elephant in the room, i.e. the Xinjiang detention camps of Uighurs and other religious minorities (or what China claims to be 're-education' centres). In fact, in July, Saudi Arabia along with 36 states wrote a letter to the United Nations expressing support for China's human rights policy.

Therefore, it is clear that not only are China and Saudi Arabia moving closer economically, there is also a convergence in the political realm. In November, a month

before the Iran-Russia-China trilateral exercise, Saudi and Chinese naval special forces held joint drills at King Faisal Naval Base in Jeddah, marking closer relations between the two militaries as well.

China-Israel Relations

Israel is the US' closest allies in the Middle East, having much in common. Like Saudi Arabia, Israel is diametrically opposed to the government in Iran yet friendly to China, despite US pressure to avoid deeper economic engagement with Beijing.

The US remains Israel's largest trading partner (2018 trade volume \$31.5 billion), more than double the Israel-China trade. Yet trade with the US has been levelling off, while trade with China has been growing steadily. 2019 trade volume between China and Israel was \$13.9 billion, up from 2018's \$11.6 billion.

China is very much interested in Israeli technology and innovative capability, while Israel desires infrastructure investment that fits the interest of Chinese state-owned enterprises seeking to expand globally. Currently, China is involved in several transportation and port infrastructure projects in Israel, and Israel is seeking to secure a free trade agreement with China in 2020.

However, the US has turned up the pressure on Israel's outreach to China, especially on the subject of 5G, transfer of dual-use technology to China, and a Chinese-funded port project being too closely located to a US base in Israel. That being said, China and Israel will continue to pursue subjects of mutual interests, mainly in terms of trade and business.

The Israeli government's goal is to keep a balance between the indispensable relations with the US while maximising its gain with China. For China, Israel is an important market and source of high technology that it cannot afford to lose.

Shift in China's Middle East Strategy?

Although some have argued the Iran-Russia-China trilateral naval exercise is a "[major strategic development](#)", it looks like China's Middle East policy to engage all nations while taking no sides is not changing anytime soon. As the feud between US and Iran deepens with recent events in Iraq, China has been strengthening ties with all Middle Eastern states; it would not make sense for China to serve as a security guarantor for any one party that could upset its economic gains in the entire region.

The trilateral exercise is a standalone event mainly aimed at sending a message to the US, rather than to the US' regional allies. There should be no unrealistic expectations of China's future role in the Middle East. Afterall, Iran is only one piece in the Middle East mosaic and China has shown in the past it is not willing to sacrifice its broader global interest for Iran.

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