

Opinion – The Risks of China's Growing Influence in the Middle East

Written by Hassan Jaber

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HASSAN JABER, DEC 3 2023

March 2023 was a historically significant month for the Middle East, as China successfully brokered a peace deal between Saudi Arabia and Iran. The two regional powers had been supporting different and opposing groups in armed conflicts since the Arab Spring of 2011 onwards. Conflicts and wars in the Middle East are no rare occurrences. The region has been characterized by the intricate and fragile relationship between identities for decades, but saw a peak in sectarian conflicts throughout the region in 2011, with Iraq, Syria and Yemen most affected. However, while the potential for de-escalation of proxy conflicts thanks to the peace brokering of China is good news, this has also opened the door for the East Asian great power to gain even more influence in the region.

In the context of the grander US-China rivalry, China has actively been seeking opportunities to expand its global influence. On this geopolitical chessboard, the strategic importance of the Middle East to Beijing has increased, especially since the announcement of the Belt and Road Initiative (BRI) in 2013. While China's role in brokering peace between Saudi Arabia and Iran is commendable on the surface, Middle Eastern leaders must exercise caution and consider the potential long-term repercussions of allowing China to become a significant player in the region's security affairs.

First and foremost, Middle Eastern nations need to carefully assess China's motives. While Beijing presents itself as a neutral actor, intent on promoting stability and economic cooperation with its soft power tactics, its involvement is not likely driven by altruistic goals and its long-term interests may not align with those of Middle East states. Most importantly, while the BRI brings new opportunities of development and investments for countries, it also showcases China's hegemonic ambitions. China's increasing military presence in the region is a major cause for concern. China has conducted military exercises with both Saudi Arabia and Iran and increased its regional arms sales. Meanwhile, the region currently has a stalemate relationship with the United States. Under President Biden, the US has de-prioritized its involvement in the region.

However, the security risks of accepting China to fill the gap that the United States has left may not only turn into a future problem for the United States but could also be problematic for the region. China's willingness to take over the role as key security partner might seem to provide short-term benefits for both sides but, as cooperation grows, the distance might deepen between the region and Western countries. For instance, the historical example of Iran, known for their anti-American sentiments and actions, highlights the pitfalls of exclusively rejecting a major power. While this move allowed Iran to assert its sovereignty and pursue an independent foreign policy, it also led to international isolation and economic challenges. The rejection of a major power like the United States limited Iran's access to global markets and resources. It serves as a cautionary tale for Middle Eastern countries and emphasizes the need for an approach of strategic hedging rather than choosing sides between China and the United States.

In the dynamic landscape of the Middle East, several nations grapple with the challenge of mounting debt, which is driven by a combination of internal inefficiencies, governance issues, and the ever-evolving global economic terrain. This raises concerns about the potential economic and political leverage that China holds over the region. Behind the opportunities of foreign investment hides the risk of debt dependency, like the ones China has been accused of creating in African countries. This is arguably a lesser concern for the richer Gulf countries but could be troublesome

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for poorer states such as Iraq, Syria and Lebanon. For instance, despite China's commitment to massive development projects in Jordan, which exceed \$7 billion for infrastructure initiatives over the last decade, including the establishment of a Jordan-China university, a national railway network, and an oil pipeline connecting Iraq and Jordan, there continue to be many challenges. The reality is that most of these projects remain unrealized, which underscores the difficulties in translating promises into tangible progress.

The looming spectre of a debt crisis in many Middle Eastern countries necessitates proactive and precise measures, a genuine commitment to reform, and the courage to undertake debt restructuring. The urgency of this situation cannot be overstated: the time for decisive action is now. The critical question is whether these nations will seize this pivotal moment to implement the necessary political and economic reforms or continue to drift into deeper waters of debt. With US de-prioritization of its goals in the region and the collaboration between Saudi Arabia and Iran, Middle Eastern leaders should thus take this opportunity to strengthen regional stability without depending on an outside power.

An economic model to emulate is found in East Asia. East Asia's remarkable economic growth can be attributed to the open trading system established in the post-war era. In the early phases of their economic development, East Asian nations leveraged open markets to export simple manufactured goods, capitalizing on their abundant but relatively unskilled labour force. Their growth journey began with labour-intensive exports, and as their incomes rose, they transitioned to higher-value industries, investing in human and physical capital to climb the value-added chain. The Middle East can draw valuable lessons from East Asia's experience with open markets. Embracing economic interdependence, the Middle Eastern nations can capitalize on their unique strengths, such as energy resources and strategic geographical locations, to foster economic growth. Just as East Asia used open markets as a springboard for transformation, the Middle East can harness its economic potential for sustainable development.

Moreover, the open system in East Asia had additional advantages beyond economic prosperity. It nurtured strong bilateral economic ties, rooted in expanding trade relationships and deeper integration, serving as a stabilizing force in politically and strategically sensitive bilateral relations. The growing economic interdependence within East Asia reinforced a more secure and harmonious regional environment, promoting cooperation and peace. If Arab and Iranian state elites were to aim for an economic cooperation and interdependence that is more regionally based, then stability and political cooperation might be achievable. This is a moment of reckoning and potential revitalization, a chance for MENA countries to reshape their future, fostering economic stability and prosperity. With a clear vision and resolute commitment, these nations can overcome the looming debt crisis and emerge stronger and more resilient together on the global stage.

The best way for the regional leaders to achieve this economic cooperation is by adopting a balanced and impartial stance on the geopolitical rivalry between the US and China. Middle Eastern nations should avoid the role of pawns in the power plays and at the same time safeguard their own sovereignty and stability, such as the approach seen in Oman's diplomatic strategy. Oman has historically maintained a non-aligned stance in international politics. This neutrality has enabled the country to maintain peaceful relations with a wide range of countries, including those with opposing interests, and has allowed it to serve as a mediator in regional disputes. A neutral approach coupled with economic cooperation gives the Middle Eastern states the tools to navigate in the international arena while preserving their own interests and maintaining a stable equilibrium in the face of global power competition. The Middle Eastern leaders should take steps to reduce risks and uncertainties in their foreign policy and economic decisions by maintaining a degree of flexibility and not fully committing to one side. Instead, countries may balance their relationships with multiple global powers without aligning too closely with any one of them.

The recent diplomatic efforts in peace brokering put forward a promising path towards fostering cooperation between rival states in the region. This demonstration of a potential collaboration also underscores the urgency for regional leaders to seize the opportunity to advance the collective interests of regional stability and economic prosperity. It is imperative that they do so without excessive reliance on foreign intervention in security matters while safeguarding the region from becoming a mere chess piece in the broader geopolitical game between the United States and China. The unfolding diplomatic overtures between Iran and Saudi Arabia signify a remarkable turning point in the region's history. This shift toward cooperation signals that longstanding rivalries and disputes can be resolved through

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diplomacy and negotiation. It is testament to the power of diplomacy to bridge gaps and foster a more stable and prosperous environment in the Middle East. However, it is vital that the region adopts an approach of strategic hedging and remains neutral for this environment to become sustainable.

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