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Far East and Middle East: An Investigation of Strategic Linkages

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Preface

This annotated briefing was prepared by the Institute for Defense Analyses (IDA) in partial fulfillment of a task for the Advanced Systems and Concepts Office (ASCO) of the Defense Threat Reduction Agency (DTRA), and is a part of a larger task entitled “Threat Reduction Strategies in the New Strategic Environment.” The purpose of this paper is to investigate strategic linkages between Far East and Middle East states, a relatively overlooked field of study.

The authors wish to thank many friends and colleagues who have supported their work and assisted in various ways to improve their understanding of critical inter-regional issues. At IDA, thanks go to Brad Roberts, who excellently reviewed the final product. Outside of IDA: Fiona Hill at Brookings Institution for her introduction of scholars on the Middle East and the Central Asia; Yitzak Shochor of the University of Haifa for email exchanges filled with information and insight; Keun-Wook Paik at Chatham House for his first-rate knowledge of Asian oil and energy issues; and Tom Parker at the Office of the Vice President for his inspirational suggestion that was the origin of this study.

We also want to thank Eileen Doherty for editing the briefing under time pressure, Andra Hill, our assistant, who efficiently assembled the charts, and Barbara Varvaglione, our production coordinator. The authors are fully accountable for the final content of this briefing.

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Introduction

This study was a joint effort by an Asian affairs specialist and a Middle East studies specialist.

Scope of Study

- Definitions
- Examples
- Study Tasks

Definitions: Strategic Linkages: What They Are and Why They Should Be Studied

- Both regions are geographically distant from U.S.
- Both regions are culturally different from U.S.
- Both are vital to U.S. strategic interests
- These interests can be affected by state-to-state linkages between the two regions
- Trends in these regions should be monitored

Historically, the countries in these two regions were too distant to present a threat to the continental U.S. The acquisition of U.S. Asian possessions (Philippines, etc.), and the exposed position of Hawaii to Japanese aggression, became the earliest reasons to pay close attention to the Far East.

Culturally, none of the peoples in these regions speaks English, Romance, or Germanic languages. Moreover, the culture and wisdom of old civilizations is not respected by most modern Americans. The Middle East as the site of the origins of our Judeo-Christian heritage is only of minor interest to most Americans.

The strategic importance of these regions became evident after the Japanese attack on Pearl Harbor, and with the growing need for Middle Eastern oil. As the United States expanded its trade with Asia, protecting trade routes also became important. In the 1980s, American business became concerned about competition from the Japanese. In the 1980s and 1990s, the U.S. became concerned about WMD proliferation in certain Asian and Middle East states.

After the end of the Cold War, the rise of China became an issue of concern. In the Middle East, the repeated failures of Israel and the Palestinians to achieve peace threatened to spread violence throughout the region, and beyond. With the advent of the war on terrorism, the U.S. found itself pursuing terrorists throughout the world.

Things change. Old threats diminish and new ones gather. Responding to full-blown threats is expensive: consider the expensive case of BMD needed to defend against the proliferation of missiles, or the costly war on terrorism. Monitoring and influencing the attitudes and intentions of other states and cultures is more cost-effective than responding to their hostility.

Examples:

Links Between Far East and Middle East

- Historical "Silk Road" links between China and Pakistan/Afghanistan
- Muslims in western China
- China's growing dependence on Middle Eastern oil
- Middle Eastern customers for Chinese missiles and missile technology
- Mutual concern about U.S. global hegemony

“Muslims came to China as political emissaries and merchants within a few decades of Muhammad’s flight from Mecca to Medina in 622. They joined large numbers of non-Muslim Central and West Asians already resident in the Tang empire’s trading centers. For the following six centuries Arabs and Persians – called Dashi and Bosi – played significant roles in China’s economic life, especially along the Silk Road in the northwest and in the port cities of southeast coast.” (Source: Jonathan N. Lipman, *Familiar Strangers*, p. 25)

The Chinese government estimates there are 18 million Muslims in China.

Approximately 30% of China's energy is produced by oil. Between 30% and 40% of that oil is imported, and over half of the imported oil comes from the Middle East. Top suppliers in 2001 were Iran (18% of total imports), Saudi Arabia (14%), and Oman (13%), and much smaller amounts coming from Yemen, Kuwait, and Qatar. Because of the oil embargo, China purchases very little oil from Iraq.

China’s missile sales (see later pages) are driven by both economic needs and political considerations. China is not an unenthusiastic MTCR member.

China’s concern about U.S. hegemony has increased since 9/11, as U.S. troops and bases have spread into middle Asia. During the Cold War, China was the target of an explicit U.S. containment policy, and the Chinese do not want to see a return of this policy. Even though the Middle East is far from China’s borders, the Chinese do not want to see that end of the Silk Road route blocked by U.S. influence.

Study Tasks:

- Identify common interests and strategic relationships
- Identify specific instances of relationships
- Draw implications for U.S. policy

The prospects for expanded Middle East-East Asian ties lie primarily outside the realm of formal military and diplomatic alliances, and include (1) trade partnerships that are extensive or growing; (2) other economic ties, such as development contracts; (3) military cooperation, training, or transfers of military equipment and technology; and (4) formal and informal ties short of formal alliances.

Methodology

- Literature review: area and inter-regional studies
- Meetings hosted by research organizations
- Interviews with U.S.-based scholars, foreign diplomats, and visiting scholars

Two sets of literature contribute to our understanding of the Far and Middle East. One is on the Muslim community in China; the other is on the state-to-state relationships between China and the Middle East. Literature on North Korea's relations with the Middle East is almost totally lacking, other than technical reports on WMD issues.

The most important bibliography on Islam in China is Raphael Israeli's *Islam in China* (Greenwood Press, 1994). The best book on Muslims in China is Jonathan N. Lipman's *Familiar Strangers: A History of Muslims in Northwest China* (University of Washington Press, 1997). The most important scholar on the topic of China-Middle East relations is Professor Yitzhak Shichor of the University of Haifa. Several of his publications on China-Middle East provided the most valuable history and analysis for this study.

The most useful discussions that Kongdan Oh had on the Middle East were with Judith Kipper at the Council on Foreign Relations, and with Yitzhak Shichor of the University of Haifa and Keun-Wook Paik at Chatham House. Many others assisted the study by sharing their current research at various meetings and workshops.

Asian Viewpoint on the Middle East

- What links do China and North Korea have with the Middle East, and what are their concerns?

Asian Viewpoint: China and the Middle East

China's economic power and military power are growing. The western (Muslim) regions of China are being developed. What are the implications for China's relations with the Middle East?

China's National Objectives Relating to the Middle East

- Grow the Chinese economy
- Prevent ethnic and religious minorities from pulling China apart
- Prevent “encirclement of China” by U.S.-Japan-Taiwan-ASEAN
- Promote China as an emerging superpower
- Become a leader of the “non-U.S., non-NATO bloc”
- Become a player in Middle Eastern diplomacy and energy politics

China's concerns have traditionally been domestic. The central government has its hands full trying to deal with serious economic and social problems such as poverty and unemployment. Among China's 1.25 billion people are dozens of major ethnic groups, speaking hundreds of languages and dialects. For most of these groups, Chinese citizenship was imposed, not chosen. Their loyalty to the Chinese Communist Party centered in distant Beijing has always been suspect.

As the largest country in Asia, the Chinese believe that they should be the major power in Asia, just as Americans take it for granted that they must always be the major power in North America. But to secure its power in Asia, a region in which the United States already has considerable interests, China must aspire to global superpower status; that is, China must seek to gain the same global advantages in trade, influence, and military power that the United States has, but without directly challenging the United States. To take a business example, a local supermarket cannot hope to compete against a supermarket chain that has entered its market unless the local supermarket also becomes a chain or becomes affiliated with a chain. If the United States becomes the dominant power in the Middle East, controlling its vast oil reserves, China will suffer at home.

China's Strategic Relationships in the Middle East: Iran

- Diplomatic relations established in 1971 (under the Shah's government)
- China remained neutral during the Iran-Iraq war
- Sold \$11 billion in arms to Iran and Iraq during the war
- Cooperated on nuclear power projects since the early 1980s
- May have assisted Iran with chemical weapons development
- Agreed to sell Iran two 300 MW nuclear reactors in 1992, but later backed out of the deal

During the Cold War, China tried to counterbalance U.S. and Soviet influence in the Middle East. The Shah's government in Iran was not friendly toward communist movements such as those supported by China. However, trade developed (including Chinese oil purchases) and China continued to court Iran. Within months of Nixon's visit to China, Iran considered that it had received the green light to normalize relations with China.

It is a credit to China's diplomacy that it was able to resume good relations with Iran after the fall of the Shah. China did not vote in the U.N. for sanctions against the revolutionary Iranian government for taking American diplomats hostage.

In the Iran-Iraq war, Iran needed a weapons supplier to counterbalance the support that both the U.S. and Russia were giving to Iraq. China was willing to sell those weapons to Iran, and relations improved. Over the years, Iran has been China's third best customer for weapons, after Pakistan and, perhaps, North Korea. These weapons included fighter and transport aircraft, Silkworm anti-ship missiles, tanks, missile boats, and anti-tank missiles. China's arms sales to Iran between 1995 and 1997 are believed to total \$725 million.

Thus, astute diplomacy and a mercenary willingness to sell all kinds of weapons to foreign governments (despite China's membership in the MTCR) provided China with a continuing role in Iran. Relations remain good. President Khatami visited China in June 2000, and Chinese President Jiang Zemin paid an official visit to Iran in April 2002.

China's Strategic Relationships in the Middle East: Iraq

- Iraq has traditionally been a friend of the Soviet Union, China's rival
- China and Iraq established diplomatic relations in 1958
- In the 1980s, Iraq was China's best Middle East customer for engineering projects (\$1.2 billion) and Chinese labor (\$776 million)
- China contributed to Iraq's nuclear program in the 1980s, and supplied weapons
- China remained neutral during the Iran-Iraq war, and sold about \$11 billion in arms to both sides.
- China condemned Iraq's invasion of Kuwait, but did not vote for the use of military force to roll back the invasion in the UN
- In 1997, China signed a 22-year, \$1.2 billion oil development contract
- China may be helping Iraq replace air defense batteries bombed by the U.S. and Britain

The fact that Iraq has often tilted toward the Soviet Union/Russia has been a challenge for China, which during the Cold War was as wary of the Soviet Union as it was of the United States. China sold conventional arms to Iraq throughout the Iran-Iraq war (while selling arms also to Iran) and has continued arms sales despite the UN arms embargo on Iraq. Chinese arms sales are handled by companies owned by China's People's Liberation Army, which is often able to circumvent central government restrictions (if indeed the central government is serious about preventing such sales).

China's Strategic Relationships in the Middle East: Saudi Arabia

- China didn't normalize relations with Saudi Arabia until 1990
- But in the 1980s, China sold \$3 billion worth of IRBMs to Saudi Arabia
- Saudi Arabia is China's second largest Middle Eastern customer (after UAE)
- And China's second largest Middle East oil supplier

Saudi Arabia had strong ties with Taiwan. But China courted Saudi Arabia throughout the 1980s. In the absence of diplomatic ties, national religious organizations (such as the Chinese Islamic Association) were used to conduct diplomacy. By the 1980s, Saudi Arabia was an important Middle East trade partner (although the Middle East constituted less than 5% of China's foreign trade).

Saudi Arabia began selling oil to China in 1995, and has offered to supply all of China's oil needs.

As Saudi Arabia nervously watched its neighbors acquire missiles, and the U.S. continued to refuse to sell missiles to the Saudis, China offered its "East Wind" (DF-3 or CSS-2) missiles to Saudi Arabia in 1988. Once again, Chinese willingness to sell weapons won over a reluctant Middle East government.

China's Strategic Relationships in the Middle East: Israel

- Trade and Israeli sale of military technology to China since the late 1970s
- China gets U.S. and Israeli military technology
- China is concerned about alienating the Arab states
- Israel is concerned about angering the U.S.
- Diplomatic relations finally established in 1992
- Prime Minister Li Peng visited Israel in 1999
- Bilateral trade reached \$1.3 billion in 2001

China's relations with Israel were necessarily cautious, for fear of damaging its relations with other Arab states. But Israel offered the opportunity to upgrade China's weapons, thus enabling China to circumvent U.S. and NATO export controls and avoid relying on the Soviet Union for weapons. The weapons trade (and civilian trade, for that matter) has been so secretive that it is difficult to cite hard evidence.

The improvement in relations between Israel and Egypt (thanks in part to U.S. encouragement) provided cover for China to improve relations with Israel. Israel, in turn, did not strongly condemn the Chinese government for Tiananmen, and may even have profited by selling China arms that other nations refused to sell in the post-Tiananmen period.

The unlikely China-Israel relationship shows what can happen when two pragmatic, "underdog" countries work together. In 1998, commercial trade between the two countries was estimated at \$3.25 billion, excluding Israel's trade with Hong Kong (approaching \$2 billion).

Summary: China's Political Relations with the Middle East

- In its competition with the U.S. and U.S.S.R., China championed the Third World
- Hoped for peace and unity in the Middle East
- Egypt was China's preferred doorway to the Middle East, but Egypt leaned toward the U.S.S.R, and then toward the U.S.
- China's active and pragmatic diplomacy in the Middle East began under Deng Xiaoping in 1978
- China wants the Middle East to be a buffer between the China and the West
- China supports an independent Israel, but also supports Arafat and the PLO

Deng's succession to Mao opened the Middle East doorway to China in two respects. First, it encouraged the Chinese to be pragmatic rather than ideological in their foreign relations. Second, it convinced conservative Middle East governments that China was no longer interested in exporting revolution. By coincidence, several of those governments were overthrown by "revolutionary" parties, which also facilitated China's relations with the Middle East.

But as long as Arab nations fight one another, and Israel battles the Palestinians, China's relations with Middle East states will require a delicate balancing act. Thus China has always hoped for peace and unity in the Middle East, for its own sake as well as for the good of the Arab and Israeli people.

In its pursuit of regional security and superpower status, China cannot afford to ignore any part of the world, especially a region as unaligned as the Middle East. Moreover, as a growing economic power that will need more oil in the future, China wants to keep its relations with the Middle East in good shape.

A human bridge that links China to the Middle East is the large Muslim population in western China. Since this population is peripheral to China proper, and since religion is not accepted by Chinese communism, this Muslim link has hardly been utilized by China. On the other hand, China must take care that its Muslim population is not encouraged by pan-Muslim movements in the Middle East to break away from China.

Summary: China's Economic Relations with the Middle East

- China has become a net importer of oil and gas
- China is also in the market for technology embargoed by the West
- And China needs markets for its low-price, medium-quality products
- And markets for such weapons as the U.S. and NATO are unwilling to sell abroad
- China's great economic strength is its pro-business economic policies

China is a large country: it needs to buy and sell many things, and like any efficient business entity, it hates to have politics interfere with its business. Since China's relations with the First World have never been close, and since it feels it is large enough to ignore (to some degree) First World constraints, China has felt free to engage in weapons trade that skirts or violates international conventions. The fact that most Chinese companies – military and civilian – are not completely under the control of the central government means that the Chinese business person has a degree of freedom to engage in trade even when the Chinese government frowns on that trade.

The Chinese have faithfully followed the first principle of marketing: “find a need and fill it.” The Middle Eastern states, frequently embroiled in fighting, need weapons to continue their battles; and China is willing to supply those weapons in return for the oil it needs to grow its economy. For centuries, the more developed world ignored China and its needs. Now it is China's turn to pursue its own needs without giving undue consideration to the concerns of the more developed states.

Asian Viewpoint: China and the War on Terrorism

China and the Muslim World in the Age of Terrorism

- The Chinese government condemns terrorism
- Terrorist attacks by separatist groups have occurred in a few Chinese cities
- On the other hand, China has always feared U.S. or Soviet hegemony
- The leading role that the U.S. plays in the war on terrorism worries the Chinese
- But under cover of the war on terror, the Chinese government can crack down on dissidents alleged to be terrorists

The terrorism issue puts China in a difficult position. It wants to keep its good relations with Middle East states and their Muslim populations, yet the Chinese government fears uprisings from its own Muslim population.

Likewise, as a central government trying to keep the peace in a large and diverse country, China sympathizes with those governments like the United States that want to preserve the status quo. Yet China fears that the United States, in its war to protect the status quo, will grow more powerful and threaten China and its interests.

China's Minorities

The government recognizes 56 minority groups (52 live in west China) in China's five autonomous minority regions (in northwest China):

Guangxi Zhuang 46 million

Inner Mongolia 23 million

Xinjiang Uygur 17 million

Ningxia Hui 5 million

Tibet 2.5 million

Total: 93 million

Few of these minorities have benefited from the economic growth enjoyed by the Chinese in the large cities along the coast. And many of them are opposed to China's anti-religion policy. In a sense, they are conquered peoples. 93 million of them. Thus ample reason for the Beijing government to be concerned.

China's Religions

The Chinese Communist Party officially opposes all religions

- But the constitution guarantees religious freedom
- Of course, the Party rules
- Official 1997 census figures (out of a population of 1,273 million):

Buddhists (8%) 100 million

Muslims (1.4%) 18 million

Catholics (0.4-0.8%) 5-10 million

Protestants (0.1-0.2%) 1-2 million

Independent (home) churches (2.4-6.5%)
30-82 million

- Falun Gong “quasi-religious” adherents claim 80 million; government says 2 million
- Government labels Falun Gong an illegal political organization

The vast majority of Chinese are non-religious. Even Buddhism does not count as a religion that would stand against the government. But radical Muslims who subscribe to a belief in a theocratic state could prove a challenge to the secular government. It is hard to take the Falun Gong “threat” seriously; they do not constitute a political organization, they are a non-government organization. Their beliefs and practices are better described as yoga or homeopathy than political activism.

China's Fear of Separatism

Largest Muslim populations in Xinjiang Uygur and Ningxia Hui.
Until 1970s, Uygur (Uighur) people identified with Turkic ethnicity rather than Muslim religion

1975 - Muslim workers in Xinjiang protest Friday labor

1979 - angered by Soviet invasion of Afghanistan

1989 - inspired by Soviet withdrawal from Afghanistan

1990s - protest against corrupt Chinese local officials

1996 - Chinese "Strike Hard" anti-crime campaign detains
hundreds or thousands

1997 - 3 bombs detonated on day of Deng Xiaoping's funeral; PLA
troops seal off capital of Urumqi

Since 1997, continued sporadic violent protests, strikes,
assassinations, bombings

The Chinese government/party, in its attempt to stamp out all competing power centers, claims that some Muslim groups (and more broadly, ethnic groups) are terrorist in nature, and that some are aligned with al Qaeda. Consider the following government statement (January 2002): "Bin Laden has schemed with the heads of Central and West Asian terrorist organizations many times to help the East Turkestan forces in Xinjiang launch a holy war with the aim of setting up a theocratic Islamic state in Xinjiang." If indeed he has schemed, he has made little headway.

The Chinese government must have been pleased when the George W. Bush administration added the East Turkestan Islamic movement to its list of recognized terrorist organizations.

In fact, most foreigners doubt that religious or separatist organizations in China have significant links to outside terrorist organizations.

Importance of Xinjiang (“New Territory”) for China

- Size: 600,000 square miles; 1,000 miles across (20% of China; approximately the size of Texas, Oklahoma, New Mexico and Arizona combined)
- Population: 17 million, with 13 million Muslims
- Almost entirely surrounded by high mountains
- Central desert has large oil and gas deposits
- Bordered by Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, Pakistan, India/Kashmir
- Eastern border is 1,000 miles from Beijing
- Poor transportation links with eastern China

Imagine a weak federalist government in Washington in the early days of our republic trying to govern the American southwest peopled by Spanish, French, and native Americans.

China’s response to the “separatist challenge” is to improve transportation links to the region and promote economic development. The “Go West” campaign aims to send Han Chinese into these territories to develop it and to dilute the indigenous population.

In the meantime, more People’s Liberation Army troops are stationed there, and the police are vigilant for signs of civil unrest. Accused Muslim and separatist elements are detained, imprisoned, and sometimes executed.

Asian Viewpoint: North Korea and the Middle East

North Korea is perennially in trouble. It is out of step with the practices and norms of most other states. Its economy has collapsed. Its most promising source of foreign exchange is missile sales. North Korean society is on a constant war footing. The North Korean regime thrives on crises. If the Middle East becomes less stable, what opportunities might be opened for North Korea?

North Korea's National Objectives Relating to the Middle East

- Pursue an independent, anti-U.S. political line
- Compete with South Korea for political legitimacy
- Rescue moribund economy with weapons sales
- Modernize its military

During the Cold War, North Korea avoided falling under the political influence of either the Soviet Union or China. This fear of alliance reflects a strong nationalist streak and Korea's memory of repeated subjugation by foreign peoples over the last thousand years. Like China, North Korea tried to become an influential member of the Third World, but as an avowed Communist state with a strange state ideology and a bad reputation for state violence, North Korea was never accepted. As part of its continuing battle for political independence, the North Korean government competes with the government on the Southern half of the peninsula, i.e., the Republic of Korea, for political legitimacy, both claiming sole legitimacy over the Korean people. In the contest for diplomatic ties, South Korea was the clear winner until the recently, when North Korea received recognition from most of the EU and a scattering of holdouts in Asia and the Middle East.

North Korea's economy has suffered under socialism. The government has put the lion's share of its resources into heavy industry (which still ultimately failed) and into the military, which has its own "second" economy, somewhat healthier than the civilian economy. In part to justify to its people this allocation of resources, North Korea stays on a wartime footing, preparing for an "imminent attack" from U.S.-South Korean forces.

North Korea's Strategic Relationships with the Middle East

- Compared to China, North Korea has a limited footprint in the region
- Political relationships are largely formal; not close
- Civilian trade with the Middle East is very limited (no products to sell)
- North Korea sells “forbidden” weapons: world's #1 proliferator of ballistic missiles
- Sold missiles in the 1980s, missile kits, components, and technology in the 1990s

Over the years, North Korea has learned that it will never become a popular or influential state. That is just as well, because the government enforces a closed-door policy. But the North desperately needs trade and assistance to revive its economy. That is where weapons sales come in.

The operating rate of North Korean factories is around 25%. The products it does make are lower in quality than Chinese products, and not even marketable in China or Russia. The North's only viable commercial products are minerals, but the collapsed infrastructure has prevented this resource from being exploited.

The military operates a separate “second” economy that is somewhat healthier than the civilian economy. Over the years, the government has let the people starve while resources were devoted to the manufacture of conventional weapons and the development of nuclear and missile technology. The nuclear and missile industries have benefited from technological assistance from Chinese and Russian scientists, but also relied on North Korea's own scientists.

North Korea is not a member of the MTCR and has no compunction about selling missiles to fellow “rogue” states who share the North's hostility toward an international system dominated by the United States. .

North Korea's Missile Customers:

- Since the 1970s, Egypt has cooperated with North Korea on missile development
- Iran has purchased missiles and components since 1983
- Syria has purchased missiles and components since 1991
- Libya has purchased missiles and components since early 1990s
- Sudan may have negotiated for missile production facilities in 1998

To develop its nuclear and missile programs, North Korea has needed financing and technological assistance. It has received such assistance from China and the former Soviet Union, and financing from the Middle East.

As its missile program developed, North Korea sold more advanced weapons, starting with knockoffs of Soviet SRBM Scuds, and then graduating to IRBM "Nodongs." In 1998, North Korea launched an ICBM, and although it honors a self-imposed testing freeze on this missile, it has certainly continued to develop the missile.

North Korea has informally offered to stop all missile sales in return for an annual payment of \$1 billion from the U.S., but this amount is presumably far more than it currently makes from missile sales (estimated at closer to \$100 million). In any case, the deal is politically unattractive for American policy makers.

North Korea's Relationships in the Middle East: Egypt

- Egypt's Russian-made missiles provided the original missile technology for North Korea's missiles
- Missile cooperation between the two countries has continued sporadically since the 1970s
- Egypt denies this cooperation, insisting that its relations with North Korea are "normal"

Because Egypt is one of the U.S.'s major aid recipients, the Egyptians cannot admit the existence of missile deals with North Korea, but these deals have been adequately documented over the years. A presumably valuable source of information on Egypt-North Korea relations was provided by the defection of the North Korean ambassador to Egypt in 1997. Because of its relationship with the U.S., Egypt does not have room to expand its relationship with North Korea, even if it wanted to.

North Korea's Relationships in the Middle East: Iran

- Iran seeks advanced conventional weapons and WMD
- Iran has collaborated and helped finance North Korean missile development
- Iran supplied Scud (Hwasong) missiles to Iran during the Iran-Iraq war
- Iran's Shahab-3 MRBM is based on North Korea's Nodong
- Iran's trade relations with North Korea are limited

Iran and North Korea, two states designated by the U.S. as supporters of terrorism and members of the "axis of evil," have been united in their opposition to the United States since the fall of the Shah. Iranian financing has helped support the North Korean missile program. In return, North Korea has provided material and technical aid to the Iranian missile program since the early 1980s. Iran is believed to be planning a longer-range version of its Shahab missile, seeking aid from Russia and/or China if North Korea is unable to come up with the necessary advanced technology.

Despite its missile relationship with North Korea, Iran's major trading partners in East Asia are Japan and South Korea.

Summary: North Korea and the Middle East

- Like China, North Korea wanted to be a Third World leader, but was rejected
- Political relations in the Middle East tend to be formal
- Trade is limited
- The Middle East is a good customer for hard-to-get weapons, such as missiles
- It is also a source of oil, which North Korea cannot presently afford
- To protect itself from the U.S., North Korea needs to broaden its relations, including those in the Middle East
- In July 2002, North Korea's nominal head of state paid diplomatic visits to Libya and Syria

Unlike China, North Korea is not ambitious enough to seek regional influence. Its regime is difficult for anyone to like, and its political goals are more modest: first, to gain political legitimacy vis a vis South Korea; and second, to gain sympathetic international support to combat the long-standing hostile policy of the U.S.

Like China, North Korea needs oil, but unlike China, it has no money to pay for it. Weapons sales have been a big money earner for the North Korean military (which runs its own economy), and these sales are likely to continue, with the missiles becoming more sophisticated. North Korea's weapons technology and manufacturing capability, combined with Middle East financial support, provides an alternative weapons pipeline for Middle Eastern states that cannot acquire such weapons elsewhere.

The Middle Eastern Perspective

The Saudi Strategic Landscape (1)

Saudi Arabia's Ultimate Concerns:

- Territorial security and cohesion
 - Security of oil resources
- Internal political / social stability and order
- Sharia / Hanbali Islamic law as foundation of:
 - Regime legitimacy
 - Social stability and order
- Cultural, tribal, and religious purity
- Stewardship of the holy cities of Mecca and Medina as cornerstone of national identity and regime legitimacy

The Wahabbi Ikhwan Brotherhood helped Abdul Aziz Ibn-Saud consolidate his power, subjugate rival tribes on the Arabian peninsula, and gain control of the holy cities of Mecca and Medina. In exchange for their support of the temporal ambitions of the House of Saud, the Wahabbi religious establishment has enjoyed free reign to impose their strict interpretation of sharia and Islamic morality on Saudi society, without interference from the state. The Saudis have traditionally viewed this partnership as the cornerstone of social and political stability within the Kingdom, and the most conservative among the ruling princes remain loathe to challenge the social power of the religious authorities.

Saudi Arabia is one of the most culturally defensive societies in the Arab world, not only as regards the West but also other Arabs. Even Saudi reformers are determined to integrate Saudi Arabia into the global economic system and liberalize and modernize its economic and political structures without undermining its deeply religious character and national identity.

Stewardship of the holy cities is an important source of revenue for the Kingdom. Religious tourism is second only to oil as a source of hard currency in the Saudi economy. But management of the Hajj has, from time to time, also become a political hot potato for the Saudis. Controversies have erupted in the past around Saudi restrictions on extreme expressions of piety (such as self flagellation by Shi'a) and limitations on the number of pilgrim visas granted to citizens of certain Muslim countries (such as Iran).

The Saudi Strategic Landscape (2)

Perceived Threats to Saudi Ultimate Concerns:

- Continuing military threat from Iraq
- Charges of regime corruption and emerging reformist political movements on right and left
- Protracted Palestinian-Israeli conflict radicalizing Saudi politics
- Economic downturn and unstable oil market
- Pressure to modernize economy threatens traditional social and religious mores
- Dependence on U.S. military defense umbrella unlikely to decrease; but U.S. presence is political lightning rod for critics of the regime
- U.S. strategic unilateralism and growing perception of Saudis as willing enablers of terrorism
- Regime change in Iraq could reduce Saudi control of oil market

The economic pressures on the Saudi regime are considerable and often overlooked. Saudi per capita GDP, once among the highest in the world, is now roughly equal to that of Mexico. Since the 1991 Persian Gulf War, Saudi international debt has risen dramatically but economic productivity has not, and most Saudi capital is invested abroad. As is the case in much of the Arab world, some 65% of Saudis are now under age 25 and the unemployment rate among these young Saudis is constantly increasing.

Saudi public opinion has become increasingly outraged over the plight of the Palestinians and blames the United States for providing political and strategic cover for Israeli excesses. The House of Saud has, to some extent, been tarred by association because of its continued close ties to the U.S. Prince Abdullah's March 2002 peace proposal reflected both his sensitivity to criticism at home and Saudi frustration with the failure of the new administration in Washington to take whatever steps were necessary to get the Arab-Israeli peace process back on track.

The Saudis see the Palestinian people as sacrificial lambs in the U.S. war on terror. At the same time, however, the Saudi leadership recognizes the need to balance their genuine desire to show support for the Palestinians with the strategic necessity of doing so in a way that the United States will not see as detrimental to its campaign against terrorism.

The Saudi regime is insulted and aggrieved at growing U.S. charges that it is a state enabler of terrorism. The Saudis point out that they supported the jihadis in Afghanistan with the blessing of the U.S. in the 1980s when to do so was seen as advancing the U.S. Cold War agenda. The Saudis did, however, overestimate their ability to control the Islamists, and neither the U.S. nor the Saudis anticipated the shift in the Islamist agenda that came after the collapse of the Soviet Empire.

The Saudi Strategic Landscape (3)

Emerging Saudi Interests:

- Economic reform and modernization without disruptive social and political change
- Restructure US military presence on Saudi soil without undermining security
- Deter / contain Iraq without having to divert economic resources to military spending
 - And without destabilizing Persian Gulf strategic balance
- Pursue an independent foreign policy to counter charges of being a “US puppet”
- Stabilize the Arab-Israeli conflict
- Increase perception of Muslim “righteousness” to counter charges of moral corruption in House of Saud
- Cooperate with anti-terror campaign without opening Saudi society to US law enforcement scrutiny

The Saudis realize that they must modernize their economy, invest in economic diversification in the face of declining oil revenues and increasing social pressures, modernize state institutions to make the process of doing business in Saudi Arabia more transparent and less corrupt; and liberalize economic regulations and practices to open Saudi markets and make the Kingdom a more attractive place to invest and do business. The Saudi education system is another target for reform. At present, Saudi businesses as well as foreign firms doing business in Saudi Arabia are staffed largely by foreigners. The prestige degrees for young Saudis, whether studying at home or abroad, have been in religious law and the liberal arts. As a result, there are few young Saudis with the technical, engineering, and business training that is in great demand in a modern economy, creating the paradox of the Saudi economy – high unemployment in a country that continues to import a substantial percentage of its workforce.

Prior to the September 11 terrorist attacks, both Washington and Riyadh seemed to be moving toward reducing the U.S. military profile in Saudi Arabia. Both the U.S. and the Saudis backed away from this track so as not to appear to be appeasing terrorist demands. The U.S. military presence in the Kingdom remains a major domestic political flashpoint for the Saudis; but the Saudis also realize that they cannot defend their territory alone and will continue to regard preservation of the “special relationship” with the U.S. as a paramount national interest.

Even regime change in Iraq is unlikely to change the Saudi perception of vulnerability in the near term. The pragmatic Saudis are much less inclined than is the U.S. to see the tension with Iraq in personal terms. Even without Saddam Hussein in power, the Saudis will need to be convinced by Iraqi actions that any follow-on regime does not continue to harbor designs on Saudi territory and oil reserves.

Alternative Saudi Futures

- Orderly internal reform under the House of Saud
 - Would likely involve restructuring U.S.-Saudi alliance, but could emerge stronger in the long-run
 - Anti-American sentiment could abate as Saudis grow more politically self-confident and secure
- Status Quo: Continued corruption and repression of internal dissent
 - U.S.-Saudi alliance holds, but continues to be stressed by differences over terrorism, regional strategy
 - Anti-American sentiment in Saudi society likely to increase
- Violent regime change
 - Militants are better organized than liberal reformers and already have effective instruments of control
 - U.S.-Saudi alliance would be first casualty of a coup whether from right or left

Saudi popular resentment of the United States is nationalist in origin. The majority of Saudis do not afford Usama bin Laden any religious authority, and many see him as a heretic. Saudi nationalist sentiment would continue to complicate the U.S.-Saudi relationship under either of the first two alternative futures. The principle difference is that a Saudi public more confident in the righteousness and autonomy of its national leadership may gradually come to see the U.S. as less of a threat to their sense of national pride and identity, and the U.S. will not be seen as shoring up a corrupt regime.

A coup in Saudi Arabia could come from the religious right or the liberal left. In either case, the U.S.-Saudi alliance could not survive in its current form. A more liberal Arabian regime might eventually see its way clear to resume relations with Europe and the United States (provided the latter does not irrevocably burn its bridges). But such a liberal regime is also unlikely to survive long without substantial outside support. The religious right is better organized and already has access to important instruments of legal and coercive control including the religious police and the *sharia* courts.

Prospects for Saudi-Chinese Ties (1)

Orderly internal reform under House of Saud

- China could provide attractive role model for modernization without disruptive social / political change
- Revitalized Saudi economy could become lucrative market for Chinese goods
 - Saudi economic ties with Japan are stronger and better established, currently #2 trading partner
- China an unlikely strategic replacement for U.S.
 - Lack of power projection capabilities
 - U.S. / Western European military technology more attractive
 - Security, military assistance relations already in place

China, like Saudi Arabia, sought to liberalize and modernize its economy without allowing the introduction of disruptive outside cultural and political influences that could debilitate the traditional social order. The relative success of the Chinese case could stand as a valuable precedent for the Saudis, and the Chinese would certainly prove effective political allies on human rights, democratization, and other forms of external pressure on Saudis to reform faster and farther than they are inclined to do.

Security conscious, pragmatic Saudis know that they need U.S. military support for the foreseeable future. While they might flirt with China as part of an effort to demonstrate Saudi independence from the U.S., the Saudis are unlikely to side with China on any issues of major concern to the U.S. so long as the United States continues to constitute the first line of Saudi defense.

While Saudi Arabia already constitutes a growing market for Chinese manufactured goods and military technology, the “label-conscious” Saudis are likely to continue to prefer to purchase sophisticated military systems from the West as long as they are available.

Prospects for Saudi-Chinese Ties (2)

Status Quo Continues

- China has little to offer the Saudis in security terms as long as US-Saudi alliance functions
 - Saudis need U.S. power-projection capabilities and willingness to defend Saudi Arabia
 - China would be unlikely to take sides in a conflict between Saudi Arabia and Iraq
 - Western Europe is a more likely source of military technology were the US to impose embargoes on military sales to Saudi Arabia
 - Chinese treatment of its Muslim minority in Xinjiang unlikely to be a stumbling block to closer Saudi-Chinese ties

There is, of course, the possibility that tension between the U.S. and Saudi Arabia over terrorism could escalate to the point that the United States Congress would impose embargoes on sales of military systems and technology to Saudi Arabia. Were this to happen, however, the Saudis still would be more likely to turn to their other, Western European suppliers with whom they already have extensive ties to close the gap. It is unlikely that Western European states like France, Germany, and Sweden would follow the U.S. lead on such a breach.

The issue of Chinese Muslims would be unlikely to deter the pragmatic Saudis from pursuing a relationship with China were they to identify a clear interest in doing so. However, were the plight of the Muslims in Xinjiang to become a cause celebre in the Muslim world, the Saudis might not want to risk the potential domestic political backlash.

Prospects for Saudi-Chinese Ties (3)

Violent Regime Change

- Presents the best opportunity for significantly expanded Saudi-Chinese ties
 - China could provide source of military technology and assistance
 - Could also take up the slack in lost oil revenues from U.S., Western Europe, and Japan were there sanctions
- But China's internal Muslim separatist problem would present major potential stumbling block to Chinese – post-Saudi regime ties
 - China might back away if post-Saudi regime provided material or moral support to Muslim separatists in China

The Chinese have developed robust economic ties with Iran since the 1979 Revolution and continued to sell military technology to the Iranians throughout the Iran-Iraq War. There is every reason to assume that they would be willing and even eager to do the same in the event of a coup in Saudi Arabia.

The road to closer ties would not necessarily be a smooth one, however. The Chinese have already charged al-Qaida involvement in training and supporting Uighur terrorists. A post-Saud regime with ties to al-Qaida or Usama bin Laden would have to overcome this hurdle in establishing relations with China.

Prospects for Saudi-North Korean Ties?

- Expanded ties are likely only in event of violent regime change and establishment of radical Muslim regime
 - No “Muslim problem” in North Korea to sour relations
- An extremely xenophobic, anti-Western post-Saudi regime might find common cause with North Korea
 - North Korean missile technology could offset loss of US power projection capability as deterrent
 - Conventional military technology might be difficult to maintain in event of sanctions

The current Saudi conventional force structure consists largely of U.S. and Western European equipment. It is likely that a militant post-Saudi regime could face many of the same problems the Iranians did after 1970 in keeping an aging U.S. air fleet operating once embargoes dried up the flow of spare parts. China could provide some such assistance, but in the event of a Saudi-Chinese split over China’s “Muslim problem,” North Korean ballistic missiles could begin to look like an attractive defensive option for the post-Saud regime.

The greatest barrier to Saudi-North Korean ties could, ironically, be financial. At present, some 70% of Saudi capital is invested abroad – funds that might well be frozen (certainly in the United States) in the event of a coup.

Israel's Strategic Landscape (1)

Israel's Ultimate Concerns:

- Implement and defend national vision as the homeland of the Jewish people
 - Find stable resolution of the Palestinian problem; goal is freedom from Palestinian Arabs, not coexistence with them
- Continue the “*aliyah*” (ingathering) to fulfill the vision and ensure Israel's future as a Jewish society
- Conclude a comprehensive peace with Arab neighbors to secure Israel's long-term economic and strategic security and status as a “normal” nation

The *aliyah* has been the primary source of tension between Israel and the Palestinians. Israelis see the ingathering as an integral part of their national vision, but also as a means to ensure the demographic security of the Jewish state. On the Palestinian side, the *aliyah*, is seen as a tool to rationalize Israeli encroachment on Palestinian territory as settlements expand. While immigration to Israel has slowed in recent years, Israel would be hard-pressed to find homes and jobs for large numbers of new citizens were it to relinquish all settlements in the West Bank and Gaza.

Israel's Strategic Landscape (2)

Perceived Threats to Israel's Ultimate Concerns:

- Palestinian intifada forces Israel to carry defensive principles to potentially counterproductive extremes
 - Threatens not only external pressure, retaliation but internal malaise
- Arab states continue to deny Israeli legitimacy
 - Iraq and Saudi Arabia directly supporting PA and/or HAMAS
- European states increasingly side with Arabs
- Emigration has outpaced immigration for first time in Israeli history
- Intifada exacerbates rifts within Israeli society concerning the future of the national vision
- Corruption, ineptitude of PA makes establishment of a responsible, stable, and trustworthy Palestinian state look unlikely

Many of the threats to Israel's Ultimate Concerns are long-standing, but they have become more acute since the onset of the al-Aqsa intifada in September 2000.

While formal Sino-Israeli diplomatic relations are relatively recent, their trade relationship goes back over two decades. Since the late 1980s, Israel has pursued a closer relationship with China in the hopes of garnering some influence over China's policies toward Iran and the Arab world.

As long as the Arab-Israeli peace process was on-track, the Israeli courtship of China seemed a promising if somewhat risky policy (there have been indications, for example, that US pilots patrolling the Iraqi no-fly zone have faced a threat from Chinese PL-8 missiles, which were developed in Israel). The Sino-Israeli relationship has been a source of concern to US policymakers. The 1999 Cox Report, for example, cited the increase in military and security cooperation between Israel and China as a matter of serious concern, particularly if it turns out to be true that Israel has provided significant assistance to the Chinese in missile technology that the Chinese, in turn, have transferred to Iran and Iraq.

Since the eruption of the new intifada and the collapse of the peace process, hard-line Chinese support for Arafat and the Palestinian Authority have introduced new strains into the relationship. In August 2002, Israel cancelled an Israeli-sponsored exhibition on the life of Albert Einstein weeks before it was to have opened in Beijing. The Chinese had requested that Israel remove reference to Einstein's Jewishness, his support for the establishment of the Israeli state, and David Ben-Gurion's offer to make the physicist the president of Israel. China was, the Israelis believe, sending a clear diplomatic signal that its relationship with the Arab states is a higher priority than the one with Israel.

Israel's Strategic Landscape (3)

Emerging Israeli Interests:

- Reassert and strengthen strategic ties with U.S.; keep Israeli fight against intifada tied to anti-terrorism campaign
- Recast national consensus re national vision and implications for relations with Palestine, Arabs
- Expand Israeli political and economic ties beyond Arab world to counter Arab campaign to isolate Israel
- Prevent external agents, pressures, from dictating a resolution of the Israeli-Palestinian conflict
- Control transfer of military supplies to Palestinians and their supporters
- Continued containment and isolation of Iraq
- Minimize the disruptive effect of suicide bombing campaign on Israeli economy and society

The collapse of the peace process, the escalation of the HAMAS suicide-bombing campaign, and the events of September 11, 2001 have led Israel to foster closer strategic and political ties with the United States. Through the late 1990s, United States protests to Israel over its transfer of military and computer technology to China met with considerable resistance, but this resistance has broken down over the past couple of years.

Israel is a strong and outspoken supporter of a hard-line U.S. policy toward regime change in Iraq – a policy that China has consistently condemned.

Alternative Israeli Futures

- Nationalist Palestinian identity is relegitimized; Israel and PA make progress toward final status and establishment of a secular nationalist Palestinian entity in West Bank and Gaza
- Intifada drags on; Israel moves to enhance internal security by quarantining and reoccupying parts of former OT; PA is allowed to survive but is rendered largely ineffective
- Islamist agenda gains dominance in Palestine; international pressure increases for Israel to accede to international mediation of dispute; establishment of actual or de facto HAMAS regime

Prospects for Israeli-Chinese Ties?

- Israel has long-standing interest in developing close ties with China in hopes of influencing its Middle East policies
- The heyday of Israel-China ties may already have passed
 - Increasing signs of strain because of China's outspoken support for the Palestinian cause
 - Because it needs U.S. support in battle against terrorism, Israel may be more receptive to US pressure to limit technology sales to China
- Israel-China relations could revive if Arab-Israeli conflict stabilized
- Islamist Palestine might pursue closer ties to China
 - Would be unlikely to pursue “global jihad” policy that could alienate China
 - Absent “cause” of intifada, what would be in it for China?

The current chill in Sino-Israeli relations is directly related to the escalation of Israeli-Palestinian tensions and is not irreversible. Were tensions to abate, the Chinese and Israelis might well resume their previous military and security ties. The first Israeli initiative to foster closer ties with China was, after all, the product of Israel's perception of its long-term strategic interests. China is a permanent member of the UN Security Council, a rising military superpower, an established economic superpower, and maintains close relations with a number of Arab states and could (the Israelis hope) shape their positions toward Israel in the future.

Iran's Strategic Landscape (1)

Iran's Ultimate Concerns:

- Implement and defend national vision
- Promote and defend Shi'a value system as foundation of national vision
- Defend vision and values from external pressure, hostile influences; avoid compromising values for external expedients
- Create and maintain an economic / diplomatic / strategic "zone of safety" for national vision

Iran's foreign policy and national strategy have, since the establishment of the Islamic Republic, been driven to a considerable extent by the quest to establish durable economic, political, and strategic relationships without having to compromise the Shi'a Islamic value system or accept disruptive outside cultural and political influences that might undermine social and political stability.

Iran's Strategic Landscape (2)

Perceived Threats to Iran's Ultimate Concerns:

- Increasing internal political tension over nature and implementation of Islamist vision
- Open U.S. hostility to Iranian national vision combined with its overwhelming military supremacy
- Economic stagnation and demographic "youth hump" threatens internal stability
- Difficulty of modernizing / reconstituting conventional military capabilities degraded by Iran-Iraq War; conflicting economic priorities; arms embargoes
- Outstanding territorial, ideological differences with Iraq have abated since 1991 but could re-emerge; fear of reconstituted Iraq or post-Saddam Iraq allied with U.S.

Iran perceives the United States as an ideological threat to its Ultimate Concerns because of the overt U.S. hostility toward and criticism of the Islamic Republic, its national vision, and the values upon which it rests.

In more practical terms, however, Iran sees a reconstituted and rearmed Iraq as a greater threat to its security than is the United States. This does not, however, mean that Iran would welcome a U.S.-engineered regime change in Iraq, for two reasons. First, containment of Saddam Hussein's regime has served Iran's regional and ideological agenda well. It provides an issue (criticism of U.S. aggression against a fellow Muslim state) upon which to build better ties with Iran's Arab neighbors while ensuring that Iraq will not be able to renew its aggression against Iran. A post-Saddam Iraq, especially one aligned with the U.S., could present a renewed threat to Iran and might even become an ally, or at least a launch pad, for a U.S. campaign to effect regime change in Iran.

Iran's Strategic Landscape (3)

Emerging Iranian Interests:

- Balance / hedge against U.S. supremacy in Persian Gulf region
- Maintain market for Iranian oil; keep price up
- Find sources for conventional military hardware
- Maintain status as potential nuclear player
- Keep Iraq isolated and weak without appearing to cooperate with U.S.
- Prevent anti-Shi'a, anti-Persian alliance (e.g. U.S.-Iraq; Iraq-Gulf Arab states)
- Maintain cordial relations with other Gulf Arab states
- Avoid diplomatic / economic isolation

Alternative Iranian Futures

1. Reform:
Reformers within Iran succeed in breaking the clerical hold on power, either through peaceful democratic reform or through some sort of coup
2. Status Quo Continues:
Iranian internal situation stabilizes without serious domestic unrest; clerical conservatives retain control
3. Violent Crackdown/Thermidor:
Tension between conservatives and reformers intensifies and clerical regime resorts to violent crackdown against civil unrest to reassert solid and increasingly repressive control

Under option 1, either the trend toward reform in Iran continues or the U.S. elects not to play an active role in tipping the balance toward reformers. In either case, the U.S. continues to gradually relax economic embargoes and formal relations between the U.S. and Iran gradually normalize. As the Iranian regime moderates, Iran might begin to acknowledge some shared strategic interests with U.S. Iranian cooperation with global anti-terrorism efforts, combined with a cessation of its support for terrorism, could be one avenue for such improved relations. Such improvement would also depend upon the relaxation of Iran's opposition to the Israeli-Palestinian peace process.

Under Option 2, the United States and the Iranian regime maintain their current posture of mutual suspicion punctuated by periodic episodes of increased tension. The United States would continue its regime of economic embargoes and might roll-back some of the openings to limited trade made during the late Clinton administration. Iran's current pattern of sponsorship for HAMAS and other Islamist terrorist activity would likely continue as would Iran's outspoken opposition to Israeli-Palestinian peace process.

Under Option 3, the United States can be expected to expand and intensify its economic embargo and push for broader international sanctions. Iran, in turn, would likely intensify its support for Islamist groups as means to revive revolutionary fervor and bolster regime legitimacy inside Iran. Iran would also be likely to maintain, and probably expand its support for rejectionist parties in Palestine. Overt military tension in the region would probably also rise as Iran came to fear U.S. military action against regime or its regional interests. Iran's motivation to pursue a nuclear deterrent capability would undoubtedly increase dramatically.

Prospects for Iran – China Ties (1)

If U.S. Pursues Rapprochement:

- Iran's priorities shift from military to economic modernization
 - China is valuable customer for Iranian oil
 - But the West is better source of economic development technology, assistance
- Europe could be a better balance against lingering U.S. ideological agenda than China
- China's requirement for cheap, reliable sources of energy increasing

Iran already has a fairly robust trade relationship with several East Asian states – China, South Korea, and Japan are among Iran top five trade partners.

If the current regime holds on to power in Iraq, Iran's shift from military to economic priorities could not be as comprehensive. Iran's drive to develop a nuclear deterrent capability, for example, is motivated as much by its anxieties concerning Iraq as by any fear of U.S. military intervention in Iran's domestic or regional security.

Iran has traditionally identified more closely with the West than with East Asia, and the current Iranian regime has made improving its ties with Western Europe a high priority. It has enjoyed particular success in establishing economic ties with France, Germany, and Italy.

Revival of the “special relationship” between Iran and the United States is unlikely in the near term. While the Iranian population has become much less hostile to Americans and their culture in recent years, their suspicion of the motives of the United States government remains deep. Thus, expanded ties would likely be economic and cultural long before any formal political or military ties emerged. Closer Iranian relations with Western Europe could, over time, serve to prevent Iran from sliding back into the ideological excesses of the past and to soften its hostility toward the United States government.

Even were Iran to become more strategically oriented toward the West, China would remain an important trading partner.

Prospects for Iran – China Ties (2)

If U.S. – Iranian Status Quo Continues:

- China is a valuable source of military modernization assistance
 - That comes without ideological strings
 - China has no interest in establishing a military presence in the Persian Gulf region
- China shares Iran's interest in countering U.S. global hegemony and military unilateralism
- China could be alternative source of nuclear technology if the U.S. convinces Russia to stop its program in Iran

Under the current status quo, China is among Iran's most important and reliable military and security partners for two principal reasons. First, China conducts its foreign policy according to strict realism. It has no interest in changing Iran's vision or values and has been an outspoken critic of outside interference in the internal affairs of sovereign states. As a result, trade between Iran and China come with no ideological strings attached. Second, China is a more reliable source of military technology than Russia which has, from time to time, bowed to U.S. pressure to limit its technology transfers. The Russians are, however, more desperate for business in Iran and could be a source of materials (in the WMD realm in particular) that China might be reluctant to sell to Iran.

China and Iran definitely share a deep desire to constrain U.S. freedom of action to exercise its strategic hegemony and vast military superiority in the Persian Gulf and Asia.

Prospects for Iran – China Ties (3)

If U.S. Pursues Regime Change in Iran:

- China's economic / foreign relations are not driven by values; it has no interest in changing Iran's values
 - Iran's support of Islamist movements abroad a potential source of tension; China sees this as territorial sovereignty issue
- Iran has interest in immunizing itself from U.S. – led economic sanctions in event that regime has to crack down on reformers
 - China likely to recognize its right to do so; would not participate in embargoes
 - Could prove valuable ally in UN Security Council

A concerted effort by the U.S. to affect regime change in Iran would almost certainly give rise to greater Iranian interest in expanding and strengthening its strategic and political ties with China.

Iraq's Strategic Landscape (1)

Iraq's Ultimate Concerns:

- Territorial security and cohesion
- Internal social cohesion and economic order
 - Maintenance of functioning infrastructure
- Establishment of strong central government that can maintain order
- Avoid hostile encirclement by asserting material, cultural, and strategic superiority

Iraq's Ultimate Concerns are shaped by its historical cycles of periods of unity and strong central government punctuated by collapses of central authority followed by social turmoil, economic hardship, and disunity.

Prior to the Iran-Iraq War, Iraq was one of the most secular, modernized, and economically prosperous of the Arab States. Most Iraqis believe that their strong central government deserves much of the credit for this success. The general belief that Iraqis are by their nature ungovernable is a central element of Iraqi national myth and even a point of national pride.

The Iraqis also see themselves as the natural leaders of the Arab world. But Iraq's relationship with the rest of the Arab world is complex. Iraq is ethnically, linguistically, and religiously less homogenous than most Arab states, has deep cultural and historical ties with Persia/Iran, and is much more secular than any other Gulf Arab state. Thus, Iraq's fear of hostile encirclement is not only aimed at the United States and Iran, but also at its Arab neighbors – especially the Gulf Arabs and Syria

Iraq's Strategic Landscape (2)

Perceived threats to Iraq's Ultimate Concerns:

- The U.S. seeks to exercise its hegemony to:
 - Partition Iraq; reestablish “protectorate”
 - Keep it politically weak and divided in order to exploit its oil resources
 - Prevent Iraq from maintaining military power to defend itself
 - Humiliate Arab civilizations; deny Iraq its natural position of regional leadership
- Economic weakness could, over the long-term, undermine the regime from within
- Internal ethnic divisions (Sunni, Shi'a, Kurds) present threat of internal disorder, rebellion

In the near term, the most pressing threat that Iraq sees is the continuing U.S. policy of containment and regime change in Iraq. It is important to note that Iraq and the United States see their strategic standoff in very different terms.

The United States sees Iraq as a threat to regional and global stability and security and – because of its established record of territorial aggression, human rights violations, and pursuit and employment of WMDs – as in open violation of international norms.

Iraq sees the United States as a threat to its domestic stability, territorial cohesion, and regional security. Iraq (along with most of its Arab neighbors) rejects the legitimacy of “international norms” as a basis for a U.S.-led campaign to overthrow a “legitimate” regime in Iraq.

Iraq's Strategic Landscape (3)

Emerging Iraqi Interests:

- Rebuild national infrastructure
- Increase revenue from oil; break sanctions
- Acquire WMD to deter U.S., Iran from invading, attacking, or fomenting rebellion in Iraq
- Establish Iraq as the leader of the Arab world
 - High profile support for Palestinian suicide bombing campaign
- Force U.S. military presence out of the Persian Gulf region

Iraq perceives that it can advance its strategic agenda and national interests by driving a wedge between the United States and its European allies, regional allies, and the United Nations. Iraq has benefited from a substantial erosion in the sanctions regime over the past decade. It clearly concludes that it can buy time in its standoff with the United States by agreeing to resume international weapons inspections. In doing so, it hopes to splinter international support for a U.S.-led war and thus force the United States (and Great Britain) to undertake the much greater cost and risk of a unilateral military operation without the fig leaf of legitimacy that would come with a UN Resolution.

Alternative Iraqi Futures

1. U.S. or U.S.-led coalition overthrows Saddam Hussein; replaces Ba'ath regime with a pro-Western, proto-democratic regime
2. Saddam survives; U.S. containment campaign continues
3. Saddam dies or is overthrown by an internal coup not backed by the U.S.

There are numerous potential variations on these three alternative futures. Option 1, for example, could lead to the rise of a post-Saddam regime that is still not particularly pro-U.S. – particularly if the United States did not commit to taking the lead in an extended period of post-war nation-building.

Option 2 would likely eventually evolve into some sort of regime change when Saddam dies. Even if one of Hussein's sons acceded to power, there would be a plausible chance that he could not maintain power and could fall to an internal coup.

Any future that does not involve regime change will involve continued U.S. hostility and present opportunities for China to expand its ties to Iraq. Even regime change, however, does not rule out the possibility that China could expand its influence in Iraq.

Prospects for Iraq-China Ties (1)

Iraq will need major financial and developmental assistance:

- The U.S. will take the lead and is likely to limit China's access in post-war Iraq
- The Western powers are also better positioned than China to play this role. They already have long history of doing business in Iraq and technical expertise in areas of particular importance (especially modernizing the oil infrastructure).

China is currently one of Iraq's largest export partners. Its relative importance might decline as more Western and Asian powers resume trade with Iraq, but it would certainly remain an important consumer of Iraqi oil.

What role China might play in a postwar Iraq will depend to a considerable extent on the degree to which the United States plays an active role in postwar national reconstruction. If the United Nations or some other international organization takes the lead, China would have greater freedom to build ties with a new Iraqi regime. Western powers like France and Germany would be better positioned initially because of their previous commercial ties and their technical expertise in critical areas like oil production. China could, however, play an important role providing technical assistance and labor in other areas of infrastructure modernization such as building highways, bridges, and other major construction projects.

Prospects for Iraq-China Ties (2)

Saddam needs military as well as financial and developmental support:

- China can provide a reliable and growing market for Iraqi oil and is willing to spurn sanctions
- China is already selling military equipment to Iraq; could sell more if Iraqis can provide more oil
- Other Western Powers (especially France and Germany) will continue to be somewhat constrained by sanctions; might be willing to increase non-military trade
- China's principal competitor for influence in Iraq will be Russia

China's willingness to expand its ties with Iraq despite United Nations sanctions has made it an important trade partner for the current Iraqi regime. That relationship could be expected to continue, and even to grow, should Saddam Hussein's regime survive. Were the sanctions regime to erode further, those ties would probably expand as Iraqi hard currency supplies grew. Chinese expertise and labor could be of value as Iraq tries to modernize its infrastructure and revive its economy. The principle barrier to the pace of expansion will be Iraq's financial straits.

Prospects for Iraq-China Ties (3)

An “indigenous” post-Saddam regime is likely to be internally insecure for some time; will need rapid economic improvement

- Regime change could provide some political cover for Western Europeans who want to get back into Iraq; although some will still see Iraq as a “bad risk”
- China will face greater competition for influence; especially from Western companies that want to recoup pre-1990 losses/debts
- China’s pragmatic, no-strings diplomacy will appeal to Iraqis, who will see China as valuable “superpower” ally and one potentially less “influenced” by U.S., Europe

Conclusions:
Implications for U.S. Policy, and General Conclusions

Implications for U.S. Policy (1)

- Advancing U.S. strategic interests in the Middle East is not a straightforward matter of keeping China out
 - China could play a positive role as states such as Saudi Arabia, Iraq, and Iran seek reform and modernization without cultural and social upheaval
 - China has strong interest in curbing militant Islamist “internationalism”
 - China could become an important go-between for Israel and the Arab world in the event that current tensions subside

Implications for U.S. Policy (2)

- China and North Korea could subvert U.S. strategic objectives in the region in some important ways
 - Particularly the proliferation of WMD capabilities
 - Also providing economic support to shore up current regime in Iraq
 - China will be an outspoken critic of any effort by the U.S. to pursue regime change in Iraq or Iran
 - China is likely to pursue closer ties to any post-Saddam Hussein regime in Iraq. This factor should be taken into consideration in planning the U.S. role in post-Saddam Iraq

Implications for U.S. Policy (3)

- Current U.S. strategic relationships in the Middle East limit the potential for China to expand its strategic influence
 - Alliances with Saudi Arabia and Israel are robust; neither is likely to pursue ties with China that would undermine their U.S. defensive shields
 - For the foreseeable future, Chinese power projection capabilities are unlikely to be seen as capable of challenging or replacing U.S. military supremacy in the region
 - Improved relations between the U.S. and Iran or between Western Europe and Iran could significantly limit China's ability to expand its ties to Iran

General Conclusions (1)

- Many Far East-Middle East links are secretive (especially military technology)
- Chinese economic interests in Middle East are not large
- North Korean commercial economic interests are almost nonexistent
- No Chinese or North Korean political activities in the Middle East
- No active ethnic links
- No evidence of rapid trends toward stronger or weaker links

General Conclusions (2)

- The potential for stronger linkages exist:
- As China grows, its political, economic, and military influence will expand
- China will need more Middle Eastern oil
- Arab/Muslim unrest or revolution in the Middle East may spill over to western China
- If the Middle East erupts in war, a bigger market may be created for North Korean weapons of mass destruction

Further Research Questions

1. How will China fight the war on terrorism?
2. What role will China play in WMD proliferation?
3. What will happen to North Korea's arms sales to the Middle East
4. What influence will China have on the Israel-Palestine conflict?
5. What ties may North Korea develop with Middle East terrorists?
6. Will China's war on "terrorist-separatists" influence its policy toward "separatist" Taiwan?

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14. ABSTRACT The geographically and culturally distant Far East and Middle East have become of great strategic interest to the US. The first goal of this study is to identify links between China and the DPRK on the one hand, and several Middle Eastern states on the other hand. The second goal is consider the implications of these links for US policy in these two regions. Key factors linking the two regions include Muslim populations in China, China and the DPRK's need for Middle Eastern oil, the pursuit of several Middle Eastern states for weapons of mass destruction available only outside legitimate international markets, and mutual concern about US global hegemony. The study concludes that current US strategic relationships in the Middle East limit the potential for China and the DPRK to expand their influence in the region. But the potential for stronger linkages between Far East and Middle East exist, and China and the DPRK could subvert US strategic objectives in the Middle East in several ways, for example by proliferating WMD, providing economic support to Iraq and other "rogue" regimes.					
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