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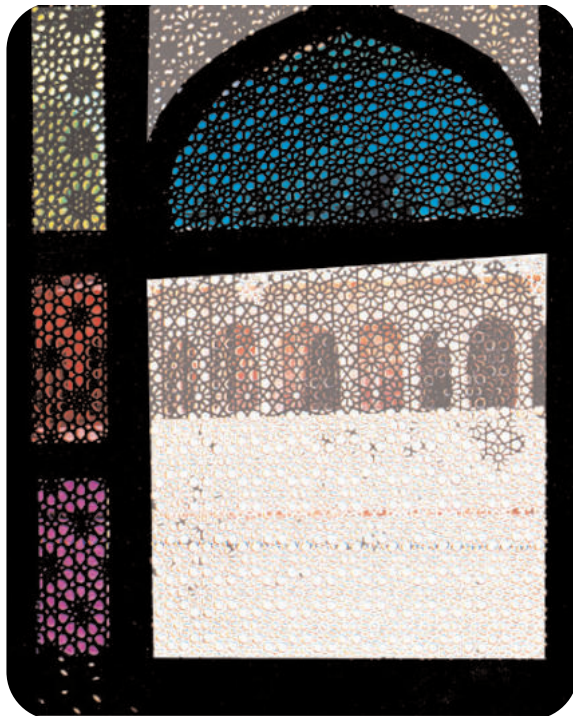
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China and India in the Middle East



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A parable about the power of economic interests

Anna Apostolidou

The China-Iran alliance has unfolded primarily due to their economic cooperation. Now that Iran's nuclear file comes to the fore once again, the solidity of the alliance is about to be put to the test...

In 1978, while the Pahlavi regime was collapsing, Chinese Communist Party chief Hua Guo Feng visited the Shah. Imam Khomeini stated: "This visit by Hua Guo Feng was made over the corpses of our martyrs." Twenty-eight years later, the Islamic Republic relies on its partnership with China in order to build up its economy and to slip away from the impasses of its foreign policy.

Bilateral ties strengthened in the mid-1980s, when Beijing developed a defense and arms transfer cooperation with Tehran. Since then, economic relations between the two countries have expanded to a number of domains. Currently, China and Iran are cooperating on about 100 different projects: China North Industries Corp (NORINCO) has assumed the construction of the Tehran Metro; Chinese automaker company Chery Automobile Co Ltd has opened its first overseas production plant in Iran; Iran's Aerospace Organization, cooperating with China and Thailand, is engaged in manufac-



turing a small multi-mission satellite; and Chinese Vice-President of the Federation of Cooperatives Jo Shen Thao has agreed with Iranian Minister of Cooperatives Ali Soufi to expand mutual cooperation and to conduct joint investment projects covering areas such as production of foodstuffs, tourism and work force training. Moreover, the consolidation of Sino-Iranian economic ties is evidenced by the steady growth of bilateral trade: from \$314 million in 1990 to \$14 billion in 2006, it is expected to reach \$20 billion by the end of 2007.

However, the foundation of their relations lies on the field of energy. As China's booming economy has turned the country into one of the biggest oil consumers in the world (in 2003, China surpassed Japan as the world's largest consumer of petroleum products after the US), Iran has become its second-largest crude oil supplier after Saudi Arabia. In 2004, China's state-owned oil company Sinopec and Iran signed the so-called "deal of the century", according to which, China will pay Iran \$100 billion for a 51% stake in the Yadaravan oilfield in Khuzestan province, and for the import of 150 thousand barrels of crude oil per day and a total of 250 million tons of liquefied natural gas over a 25-year period. The deal also included Chinese investments in Iranian energy exploration, drilling and production, in petrochemical and natural gas infrastructure as well as China-Iran energy cooperation in Central Asia. Furthermore, Beijing plans to participate in a pipeline project which will transfer oil from



Iran to the Caspian Sea and then from Kazakhstan to China. At the same time, Iranian Petroleum Minister Bijan Zanganeh has declared that “Japan is our number one energy importer for historical reasons, but we would like to give preference to exports to China”. As a result, China currently gets 13.6% of its oil imports from Iran. The level of Sino-Iranian economic cooperation and the massive Chinese investment in the Islamic Republic contravene the US Iran-Libya Sanctions act, which penalizes foreign companies for big investments in either of these countries.

This is not the only case in which China challenges American interests. Iran’s nuclear file has always been a source tension between Beijing and Washington. In 1984, China began aiding Tehran’s nuclear program by providing expertise and hardware and, 7 years later, it supplied Iran with its first nuclear reactor. Nonetheless, in 1997, Beijing pledged to curtail its missile and nuclear relations with Iran in return for US assistance on the development of its domestic nuclear energy sector. Nevertheless, China, together with Russia, never ceased supporting Iran’s civilian nuclear program. Indeed, after concluding the 2004 historic gas and oil deal with Iran, Foreign Minister Li Zhao Xing announced that China would not back UN Security Council action against Iran, without ruling out the possibility of a Chinese veto. Eventually, neither China nor Russia used their veto power, and in December 2006 both voted in favour of limited UN sanctions on Iran, contrary to Tehran’s expectations. However, they did continue to express their opposition to the use of sanctions and to emphasize that the dispute should be resolved within the IAEA framework of negotiations. In March 2007, China and Russia agreed in principle with the other permanent members of the UN Security Council and Germany on a new package of sanctions against Iran, which includes an arms embargo, trade restrictions, a travel ban and an expansion of the list of firms and individuals whose assets are to be frozen. Beijing and Moscow tried to exclude from this list organizations and enterprises controlled by Iran’s Revolutionary Guard. In general, China wishes to protect Tehran without running afoul of the West. If push comes to shove, it’s dubious whether China will opt to back the Islamic Republic other than verbally. It is most probable that it will do its best to ensure that the situation will not reach a stalemate by trying to mollify Washington and protect its valuable partner.

At this point, it is worth mentioning that China is one of Iran’s main conventional arms suppliers (the other being Russia). Apart from this, Iran is believed to have received from China chemical weapons precursors and production technology, missile production technology and, reportedly, technology for biological weapons production. Tehran and China have also developed naval cooperation, which gives China the right to have a presence in the Persian Gulf. For Iran, China’s enhanced naval posture in the Gulf minimizes the risks emanating from US Navy units deployed there.

The existing close ties between Beijing and Tehran have given rise to discussions about a potential geostrategic alliance between the two countries, or even a China-Iran-Russia axis. Indeed, their economic relations have taken a political nuance. Iran, for instance, desires a perpetuation of China’s presence in the region as a strategic counterweight to the US, even more so since China does not impose any stringent moral code on Middle Eastern countries. Besides, Beijing is essentially helping Tehran lessen the impact of the sanctions by increasing the country’s domestic fuel production. Furthermore, Iran hopes that its economic relations with China will lead the European countries, India and Japan to a fundamental re-evaluation of their risk perception with regards to doing business with Tehran. Iran has also joined the Shanghai Cooperation Organization (SCO) as an observer, thus establishing closer ties with the ex-Soviet Republics. In other words, Iran is in need of an alliance with China, an emerging major power, in order to overcome its isolation and bolster its regional status.

The formation of an informal front against American dominance in the Middle East is another common aspiration of both capitals. Tehran does not want to be controlled by Washington and Beijing does not want its energy supply controlled by the US. What China really aims at, is the creation of a



“new Silk Road”, allowing it unfettered access to the Middle East and Eurasia, a goal served by an alliance with Russia, Iran and its South Asian neighbours. Beyond this, preserving good relations not only with its neighbouring Muslim countries, but generally with the Muslim world, is the key to the attainment security in its Muslim majority province of Xinjiang. Finally, Beijing has succeeded in gaining Iran’s support for the one-China policy regarding Taiwan and other provinces, like Tibet or Xinjiang, who have developed secessionist tendencies.

But can we really talk about a strong, sturdy, insoluble alliance? The two nations claim that their relations are not only about economics, but their ties stretch back centuries and, nowadays, stem from the fact that they represent non-Western civilizations that resent the West’s superciliousness. However, it is remarkable that this rhetoric started decades after the beginning of their economic relationship, during the Iran-Iraq War (1980-1988), when Tehran, unable to find ammunition due to US sanctions and Soviet reluctance to provide weapons, resorted to Beijing. At the same time, China grasped the opportunity to exploit the brand new market of the Middle East and went on to sell large quantities of arms to both Tehran and Baghdad. Later, of course, especially after the war in Iraq, Beijing worked feverishly to prevent US military action against the remaining members of the “axis of evil”, Iran and North Korea, but this effort derived mostly from the necessity to protect its own economic interests in



these countries. It might be true that China and Iran share deep misgivings about the perception of the US as a “benevolent hegemon”, or even that Beijing has a latent competition with Washington regarding influence in the region, but the mere US-China trade interdependence as well as the US position vis a vis China’s domestic issues (e.g. Taiwan) militate against a direct Chinese confrontation with the US. Besides, even Hossein Mousavian, former chairman of Iran’s Foreign Policy Committee of the Supreme National Security Council, acknowledged that “if Russia and China are forced to choose between Iran and the West, their crucial interests will compel them to choose Europe and America (over Iran)”.

Yet, the China-Iran alliance is still admirable. Two regional powers misapprehended by the rest of the world, with different political cultures, but with a realistic perception of their national interests, have achieved to form an alliance not based on ideology (the opposition against the US ipso facto is not a solid ideological base for the coalition). Instead, it is a post-Cold War alliance which resulted from the two sides’ growing economic interdependence, an economic partnership with political implications...or a “parable” about the power of economic interests.



China's relations with state and non-state actors: A Chinese alliance strategy in the making?

Ilias Tassopoulos

China attempts to complement her global strategy of cooperating with regional powers by exploiting and boosting the economic performance of Chinese companies abroad, with the ultimate target of improving her global status. Her relations with Middle Eastern radical organizations, primarily Hamas and Hizbollah, form part of her "holistic" approach toward the region.

Could the February 2006 agreement between North Korea and the US –involving the provision of foreign aid (mainly oil) from the West in exchange for partial control of North Korea's nuclear activities – set a precedent for a similar future understanding between the US and Iran? Probably not. Analysts point to the weakening of the Bush administration's domestic status during its second-term as an explanation for the completion of the US-North Korea deal. As for the lack of an analogy between the cases of Iran and North Korea, other researchers contend that the main reason is that North Korea has already acquired a nuclear capability while Iran has not. However, the most decisive factor differentiating the Iranian and North Korean cases is the regional power distribution. In the Far East, China is an established regional hegemon which can deter an outside power from intervening in regional affairs by using her influence and power. On the contrary, no dominant regional power exists in the Middle East. At the moment, Iran is just an aspiring regional hegemon wishing to acquire nuclear capability and expand its influence on every Middle Eastern front.



Since the end of the Cold War, as prominent American analysts maintain, the US's primary target has been to prevent – or at least control – the rise of a peer competitor in any region of the world. China and India, widely perceived as the great powers of the future, responded to the changing international setting in a different manner.

Nonetheless, Chinese and Indian practices shared a common characteristic: both countries



attempted to improve their relations with the states in adjacent regions so as to enhance their world stature. India's response, however, differed from China's in that India has been the most "pro-systemic" state of the two. Apart from being incorporated in the global economic system, India has promoted a military cooperation with the US coupled with a US-Indian cooperation in the prevention of nuclear proliferation in the region. Although China has opted to adjust to the American-dominated world system – acknowledging the superiority of US military power – she didn't strive for a deeper cooperation with the US. Nevertheless, China seems to have acquiesced to the US role as a guarantor of the world system who bears the economic burdens accompanying the task of this system's preservation. For her part, China has attempted to expand her regional economic infiltration, while seeking to establish strategic partnerships with several states in other regions.

Because of her late engagement in the region – compared to other major powers – China was compelled to "do business" with partners that the other powers had chosen to exclude. In the end, China managed to lure a host of states into cooperation, as she used her economic success to offer her partners considerably better returns than her competitors.

China's lack of alternative supplies has also had an impact on the regime's attitude toward Chinese companies wishing to expand their activities abroad. The Chinese regime has subsidized a number of entrepreneurial projects with favorable financing, as well as export and investment credits. In order to facilitate the expansion of the Chinese firms' activities abroad, the regime has also offered generous aid to foreign governments who award contracts to Chinese firms.

According to official Chinese sources, in 2005 China achieved an accumulated contractual value of \$185.9 billion and an accumulated realized turnover of more than \$135.8 billion. Chinese contractors signed more than \$29.6 billion worth of overseas projects that year, reflecting a 24.2% year-on-year increase, with the majority of the value of contracts being on construction, the petroleum industry and manufacturing projects in the past five years. Asia is presently the largest overseas market for China's international project contracts.

A Policy Brief issued by The Brookings Institution indicates that the Chinese regime supports the oil companies through several state institutions, established with the aim of managing state-directed lending, such as policy banks (the China Development Bank and the China Export Import Bank, created in 1994) and exports credit agencies (China Eximbank). In particular, the Chinese regime finances companies both for specific investments, such as the failed attempt of the China National Offshore Oil Corporation Ltd (CNOOC) to purchase Unocal in 2005, and for infrastructure purposes, such as the case of Angola in 2004, when Shell preferred to sell its stake to the Chinese Sinopec rather than the Indian ONGC Videsh.

Along with the above strategy, the Chinese state has tried to engage each region's dominant powers: it has repeatedly protected the Sudanese regime at the UN Security Council, developed strong military, economic and energy bonds with Iran and created a sustainable military and trade link with Israel.

Beijing has also improved its relations with Moscow and expanded the Sino-Russian military cooperation. However, the relationship is hampered by the demographic factor, since the decrease of the Russian population in the Far East may endanger Russia's territorial control there to China's advantage. Additionally, Russia's reluctance to sell high-tech weaponry to China exacerbates bilateral relations.





China has been the driving force behind the creation of the Shanghai Cooperation Organization (SCO) in 2001, which includes Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. In 2005 Russia invited India as an observer, while China, for her part, invited Pakistan and Iran. While Pakistan considers the ascendance of Chinese power as a means of countering India's rise and ensuring continuous and low-cost supply of weapons and military technology, Iran has developed equally close ties with China, India and Russia. Pakistan and Iran wish to become full members of the SCO, but smaller members of the SCO oppose their SCO entry.

The SCO could serve as a platform – not just for Russia, but also for China – to minimize Western influence in Central Asia. Given the opportunity, China could take advantage of the Central Asian states' wariness of Russian domination to reduce Russia's influence there as well. China's massive investments in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan could be the bedrock for the permanent attachment of Central Asian states to her sphere of influence.

China has been reluctant to support radical organizations, as their actions have a disruptive effect on her regional strategy of promoting stability as a means of enhancing her economic infiltration. Specifically, the Chinese cruise missiles that were used by Hizbollah in the Lebanon war complicated China's relationship with Israel, as Israel later agreed to comply with the demands of the international community vis a vis the issue of arms control, which China tries to bypass. It seems improbable that China would have acquiesced to those arm transfers – let alone facilitated them. This would clearly contradict China's general approach toward the region, which is based on avoiding taking sides in any conflict. However, according to the Power and Interest News Report, China's complete lack of knowledge over the affair is unlikely, as Beijing had delivered the missiles not to the Iranian Army but to the more radical Islamic Revolutionary Guard Corps (IRGC) which supports Hizbollah's activities.

However, the Sino-Israeli relationship was not irreparably hurt. Although, the Israeli Government has been trying to pass stricter laws on military exports control, when Israel's Prime Minister, Ehud Olmert, visited Beijing in January 2007 there were reports about bilateral talks for an enhanced military cooperation. At present, China wishes to improve her relations with Israel, a regional power of the Mediterranean Middle East which has so far more or less resisted Western pressures to implement a



hi-tech weaponry embargo on Beijing. For its part, Israel is trying to achieve the international isolation of Iran and convince China that Iran's nuclear program could challenge the region's stability.

The relationship between China and Hamas is a thorn in Sino-Israeli relations. China has declared that it will consider providing aid to the Hamas-led government, while Hamas' foreign minister Mahmud al-Zahar was formally invited by the Chinese regime to participate in the Second Ministerial Meeting of the China-Arab Cooperation Forum in 2006. Following these events, in June 2006 the Washington Times, evoking a Paris-based intelligence newsletter whose name was not mentioned, reported that "A Chinese intelligence officer is engaged in covertly aiding the ruling Palestinian Hamas terrorist group... Gong Xiaosheng... [collaborating] with the China Institute of Contemporary International Relations (CICIR)... [The think-tank] had predicted in January that Hamas would win the Palestinian elections." The Washington based Heritage Foundation assumes that Israel leaked this information after having officially protested against the second visit of a Hamas government official to a UN Security Council permanent member-state (Hamas officials had visited Russia after winning elections).

This Chinese policy towards Hamas is an indication of China's special interest in the Arab-Israeli conflict. China seems dissatisfied with her current role as a silent partner in the Middle East and wishes to demonstrate to the whole world – the Arabs included – that she has the will to act as a global power, implementing a distinct policy towards the region. Secondly, China's rapprochement with Hamas might have been a "warning shot" meant to demonstrate Beijing's discontent over Israeli tolerance of the Dalai Lama's activities, who, in February 2006, took part in several conferences held in Israel. China had immediately condemned the Tibetan spiritual leader's visit to Israel as a covert campaign to promote Tibet's independence.

China represents an alternative partner for the former Third World countries. The West seems to associate its external relations with the promotion of the western notion of human rights and democracy. Consequently, the ruling elites of the developing countries in Africa and the Arab world are "seduced" by China's readiness to cooperate with them without such preconditions. The Chinese regime's mixture of retaining control of the political system and simultaneously achieving economic growth is a much preferable model for countries like Egypt, Syria or Saudi Arabia...

The majority of the developing countries' elites hope that they will be able to implement a similar model, despite the different context in which the "China model" is to be applied. China's pattern of development was based on the country's specific characteristics (history, demographics, production techniques, etc) which are not found in other developing countries.

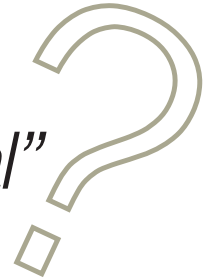
The will of those regimes to follow China's paradigm is reinforced by the prospect of retaining the political and economic privileges that they currently enjoy, which is not likely to happen if they embrace Western (democratic) principles. Furthermore, a portion of the Middle East's population, disappointed with the results of the "democratic experiment" in Iraq and lured by the profits that the internationalization of their countries' economies promises to bring, may consent to the preservation of closed political systems. Even if these scenarios prove to be castles in Spain, for the moment China seems to be an attractive partner for a growing number of states.





China's *engagement* with the GCC states:

An “extramarital relationship”
or a “future marriage proposal”



Marina Eleftheriadou
Ilias Tassopoulos

The relationship between China and the Gulf States resembles two crooked lines that have just met. The foundation of their relationship lies on the fact that China's rapid development is inseparable from a steadily rising need for energy supplies, while the Gulf states wish to make sure that the volume of their energy exports will remain sufficiently high to ensure their prosperity.

For decades, China's relationship with the Gulf and especially the Gulf Cooperation Council (GCC) states (Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, United Arab Emirates) played almost an insignificant role in her strategic planning. However, there was always an underlying trend towards convergence in the relationship between Asia and the Gulf. During the first oil boom in the 1970s and 1980s, the Gulf's relationship with East Asia was epitomized by Japan's and South Korea's economic infiltration. Japan was a significant supplier of manufactured goods while South Koreans had a share in the Gulf construction market. The first wave of cheap labour migration from the East to the Gulf began during that period.

At that point, Beijing's priorities did not extend beyond East Asia, while energy security wasn't vital enough to include this oil-rich region in China's core interests. This was bound to change in the mid-1990s when the Gulf's importance gained momentum for a number of reasons.

Oil was definitely one of these reasons, especially after 1993, when China became a net oil importer. Ideally, China would have preferred the biggest share of its energy supplies to originate from Central Asia. Even if Russia continued to obstruct Chinese access to Central Asian energy resources, China could overcome this obstacle by enhancing her regional position and upgrading her ties with the former Soviet republics.

However, China is now dependent on the Gulf states for its energy supplies, as more than a half of its oil imports come from the Gulf. What is worse, it is estimated that her dependence will continue to grow in the coming years. The truth is that China wishes to reduce her dependence on oil imports from the Persian Gulf, while at the same time securing uninterrupted flow of oil. Caspian energy resources are a long-term target for China. Should China gain access to Caspian oil she will manage to diversify and secure its energy supply. This effort goes hand in hand with the restructuring of the Chinese armed forces, since, for the past few years, the People's Liberation Army (PLA) – according to the Washington-based Jamestown Foundation's Terrorism Focus – has been reorganized so as to per-



form offensive missions away from its borders. The PLA is mechanizing much of its forces, while creating at least two powerful heavy-armor mechanized divisions designed both for breakthrough and exploratory operations, using the Xinjiang province as a springboard.

Regarding her dependency on maritime transfer of Gulf oil, China's sense of insecurity would be mitigated, had she the ability to ensure that the energy supply routes would remain open under any circumstances. However, China doesn't have the naval capability to do so, mainly because of her rather small fleet whose experience beyond the Chinese coastal regions is limited. Consequently, there are Chinese concerns over the possibility of a stronger sea-power cutting the flow of oil from the Gulf. There is widespread apprehension in China that the United States can blackmail her by using the pre-eminent American naval power to prevent her from acquiring oil, if relations between them become too tense. This fear is evidenced by the Chinese attempt to acquire a national fleet of very large crude carriers so as to ensure her maritime energy supply in case of a foreign power's blockade. By and large, China has opted to enhance its naval capabilities by upgrading her surface fleet, which was largely composed of obsolete units. China cooperates with Russia not only to upgrade her blue-water fleet, but also to further develop her underwater fleet by replacing existing diesel-powered submarines and nuclear-powered attack submarines. According to the Power and Interest News Report, China has also expressed an interest in acquiring an aircraft carrier aiming to improve her power projection capability beyond the East China Sea.

A key point in China's strategy is to protect the sea lines of communication and keep the Gulf's "choke points" open. Since, for the moment, her navy can't act as a guarantor of energy security, China has attempted to come to an understanding with states strategically-



placed vis a vis the “oil routes”. For example, during the past few years, China has tried to strengthen its cooperation with Yemen, which is adjacent to the Red Sea chokepoint (Bab al-Mandab). Apart from low interest loans, China has pledged provide Yemen with \$1 mn in economic development aid. Moreover, China has strong economic and military ties with Sudan (she is Sudan's largest arms supplier, while, according to the Center for Strategic and International Studies, it was Chinese investments that enabled Sudan to begin exporting oil in 1999), and has also expanded her economic activities in Ethiopia and Somalia. In addition, when China felt that the U.S. forces might attempt to “suffocate” her by cutting off her energy supply routes, she approached Malaysia and Indonesia and appears to have convinced them to raise strong objections to U.S. involvement in regional affairs.

The construction of a naval base on Pakistan's southwest coast (Gwadar) primarily with Chinese funding (for phase one of the project alone, Beijing has provided approximately \$200 mn – four times the size of Islamabad's investment) should be seen as part of the same effort to establish a foothold in the Gulf region. Lying in the mouth of the Persian Gulf and some 400 km from the Strait of Hormuz, the base will not only secure access to the Gulf's resources and create a new trade route linking the Arabian Sea with China's remote western regions by road and train via Pakistan, it will also help monitor US naval activity in the Gulf.

China's standing in the Gulf, despite existing constraints, creates various opportunities. As a rising power willing to translate her economic might into political influence and as a relative newcomer in the region, China, which was never a colonial or neo-colonial power, has the advantage of a "clean record". Far from being a communist bogey for Arab monarchism and having moderated her ideological rhetoric, China presents herself as the protector of the developing world, claiming that she has no desire of becoming a superpower, since superpowers have always been synonymous with imperialism. Most importantly, unlike the US, she lacks the vision to transform the region. As China's Special Envoy to the Middle East, Sun Bigan, stated: "...[China supports] the Gulf countries to choose a model of development that adapts their own historical traditions, cultural characters and development levels". China's adherence to the principles of sovereignty, non-interference and territorial integrity is more attractive to the Gulf states when compared to the Western campaign for democracy.

Furthermore, China's activity in the region is more than welcome from the GCC states' perspective. China is the world's second-biggest consumer of oil and third-biggest importer, with an average annual growth in oil consumption of more than one million barrels per day. Saudi Arabia currently accounts for about 17% of China's oil imports. The GCC states are set to overcome the technical barriers caused by the inability of the Chinese oil refineries to process the type of oil that they produce by closely cooperating with China in this field. China has been willing to facilitate Saudi and Kuwaiti investments in oil refineries and petrochemical plants. The Chinese regime has even acquiesced to toning down its interventionist policies in the domestic energy market. State intervention, aimed at keeping energy prices at a sustainable level for the population, caused friction between China and the Gulf states, as the GCC states opposed this policy. According to senior Saudi Aramco officials, because of the two countries' relative proximity and the lower costs involved, Saudi Arabia's preeminence in China's oil supply sector will become permanent once Chinese refineries are upgraded.



Several analysts have suggested that the economies of East Asia are complementary to those of the Gulf and vice-versa. Apart from the manifest correlation between Asia's development and Gulf energy resources, the rise in oil prices has led to an accumulation of surplus capital in the Gulf states, which now seek for new investment opportunities. The Gulf Research Center's Newsletter reports that the net oil revenues of all oil exporting countries in 2005 were more than \$650 billion. It is expected that investments from the Gulf toward Asia will rise by 10 to 30 per cent over the next five years allocating about \$250 billion worth investments in Asia.

The Chinese market is a highly-prized target for the rapidly growing multinational Gulf companies. Dubai has already started to export administrative services to most Asian countries, while Gulf investors have expressed their interest in Chinese banks. In 2005, the total volume of trade between China and the Gulf states had risen to more than \$50 billion from about \$2,5 billion back in 1991. In order to further enhance cooperation, in 2004 China and the G.C.C. states have launched negotiations on a Free Trade Agreement (F.T.A.).

While China offers a more attractive alternative, the deeply entrenched US influence and involvement in the Gulf region compels Beijing to keep a low profile and to avoid antagonising the US directly. However, there are signs of cracks in the US-GCC relations. The GCC countries advocate that China should take on a greater role in Gulf security matters or at least that was what Saudi Foreign Minister Saud al-Faisal hinted at the 2004 Gulf Dialogue in Bahrain, when saying that there was need for a new framework for Gulf security "underpinned by guarantees provided by the international community as a whole, rather than by just the only superpower in the world". It is also interesting that the first trip of King Abdullah outside the Middle East – even before going to the United States – was to China in January 2006, which also marked the first visit by a Saudi King since the establishment of diplomatic relations in 1990. Nevertheless, for the time being, China can take advantage of the GCC's discontent towards the US on the economic and primarily energy-related level rather than on the military level.

Although Beijing continues to boost its ties with the GCC in the energy sector, military trade and cooperation represent only a small fraction of the bilateral relations with the countries of the region. Chinese arm sales in the Gulf and generally the Middle East started only in the early 1980s as a result of the withdrawal of the region's traditional arms supplier, the Soviet Union. The inauguration of the Open Door policy rendered arms one of the available commodities that would increase the flow of foreign exchange in order to promote economic development in general and military modernisation efforts in particular. The Middle East became the prime target of this policy as, for example, in 1985 it absorbed 100% of China's arms exports. Nevertheless, China represented less than 5% of the total arms agreements signed in that period. The bulk of these arms (88% of the deliveries and 92% of the agreements) were channelled to two Gulf countries, Iran and Iraq, entangled in a bloody war at the time. During the same period, as was revealed in 1988, Saudi Arabia purchased thirty-six CSS-2 intermediate-range ballistic missiles (IRBM). Although originally designed in the 1960's to carry a nuclear warhead, they were delivered with a conventional warhead.



The CCS-2 proved to be outdated, highly inaccurate, very difficult to transport and prepare for launching. These problems were evident in the Chinese missile systems delivered for the Iran-Iraq war where they were actually used. In the late 80's it became clear that the backwardness and the poor performance of Chinese arms could not outweigh the advantages they offered: low prices, no political preconditions, sturdiness and compatibility with existing Soviet-made weapons. However, in the aftermath of the Iran-Iraq war arms sales began to shrink. In the early 90's, China's share in the region declined to 1,2%, although her share slightly increased in the second half of the decade (2,14%). Accordingly, China diversified her clients and in 1992, Middle Eastern countries received only 16,7% of its total arm sales. The decline of China's arms exports to the region became even more acute as Russia came to play the same role as that of Beijing in the 80's, though much more effectively.

In the last years, China "sells" mainly expertise and advice, while weapon systems are sold – more or less covertly – to those countries (such as Iran) that due to political reasons cannot have access to better suppliers. In fact, the last publicly known contract was signed in 1998 with Kuwait, concerning 72 Chinese-made self-propelled howitzers, worth nearly \$200 million. During that time, Beijing reportedly made an offer to Saudi Arabia for the sale of upgraded missile systems such as CSS-6 (600-km range), CSS-5 (1800-km range) or even the intercontinental CSS-3 (5500-km range). However, in all probability, such a deal didn't materialize and China's actual role in the Saudi military is restricted to a number of advisers responsible for the operation of the CSS-2 missile system though, perchance, this cooperation might have lately been extended to nuclear-related projects. Nevertheless, while there have been no direct Chinese arms sales to Saudi Arabia recently, Riyadh has purchased Al-Khalid tanks which are manufactured in Pakistan as part of Pakistan's defence collaboration with China.

However, there are limits to the relationship between China and the GCC. China's Middle East policy, based on her economic power, is best suited for states that can substantially defend themselves, like Iran. On the contrary, the GCC states, having small armies and an unstable domestic environment, are more inclined to adhere to countries that can provide "total" security against outside threats. So long as China lacks the ability to guarantee a preservation of the status quo in the Gulf, the GCC states will be unwilling to move away from their close relationship with the US, although the GCC states face threats that can no longer be met through traditional military means such as high unemployment.

By and large, the Persian Gulf remains, on the strategic level, in the US orbit. Indeed, China's military presence is limited. However, as the majority of oil reserves are located in the Gulf states, China's interest in the Gulf will not recede in the near future. Chas W. Freeman, in an intriguing speech at the World Affairs Council of Northern California in May 2006 entitled "The Arabs take a Chinese wife", remarked that foreign affairs are a matter of "failing marriages, extramarital relationships, and instances of bigamy, maybe even polygamy". Already, we witness an extramarital relationship in the making. Time will show whether this relationship will evolve into bigamy or end up in a difficult divorce.



Developing Ties between India and the Gulf: The role of Non Resident Indians

Ioannis V. Mantzikos
Ilias Tassopoulos

The development of bilateral ties between the Gulf states and India in the fields of trade, investment and energy cooperation is accompanied by her attempts to improve the living and working standards of Non Resident Indians (NRIs) in the Gulf.

Although a western visitor to Dubai would be lured by the luxurious resorts, malls and transportation system, he would have admitted the problems that the Indian workers face, plodding under extreme conditions of heat and moisture. This dilemma resembles India's stance towards her Diaspora: despite the fact that she wishes to strengthen the relationship with the "glamorous", successful and rich Indian Diaspora in the West, she cannot ignore the Indian diaspora in the Gulf, due not only to matters of principle, but for also pragmatic reasons.

While the diversity of India's population and the wide dispersal of Indian immigrants does not allow for a uniform policy, India's emergency situation after the end of the Cold War called for an embrace of her diaspora communities. There was an urgent need for India to improve her ties with the Western countries, while attracting investment and a skilled labour force from the developed World. Although India's priority is to seek the support of the prosperous Indian diaspora in Western countries, she cannot have double standards in her policy towards the Gulf diaspora if she wishes to exploit the national feeling of her Western diaspora, especially the rich and politically active 1.8 million Indian community in the US.

Additionally, remittances are very important for India, resulting in a disproportionate political and social influence for the Gulf NRIs. India is the leading recipient of remittances in the world, since, according to the Reserve Bank of India, Indians living abroad transferred \$24.6 billion to India in the fiscal year 2005-2006 (remittances from the Gulf account for approximately \$10 billion, according to unofficial sources). In the southern state of Kerala, an emigration gateway, remittances constitute 22% of the state domestic product, while it has been argued that the per capita income in Kerala is up to 60% higher than the national figure because of remittances.

In 1971, there were only 40.000 Indians in the Gulf. A decade later, following the oil-boom, they had reached 600.000 due to the increased labour demands in the construction and oil sectors. Nowadays they account for a population of over 4 million workers, with more than half residing in Saudi Arabia and the United Arab Emirates.

The presence of the NRIs complicates India's developing trade and energy ties with the Gulf countries. Most of the Gulf NRIs cannot bring their families to those countries, as only high income employees are permitted to do so. There has been some attempt from India to improve the Indian workers' status, as Gulf employers withhold pays and passports, deterring the employees from seeking better jobs. India has to protect Gulf NRIs from the hardships originating from the Gulf Cooperation Council (GCC) states' malicious treatment (India suspended the emigration of housemaids to Kuwait in June 1999 after an increase in rapes). In any case, it is highly unlikely that the status of Indian workers will affect India's links with the GCC states, due to the very important trade, investment and energy poten-





tial between GCC states constitute India's second largest trading partner, as total annual trade between them currently exceeds \$15 billion, representing 15% of India's total foreign trade, while Indian food exports are worth an estimated \$3 billion a year. Trade between the UAE and India has more than doubled in the past

three years, while the largest number of companies registered in the UAE is from India. Although talks for a Free Trade Agreement (FTA) between India and the GCC were launched in 2006, India's industry community, especially the petrochemical sector, opposed this prospect.

However, as Commerce Minister Kamal Nath declared in the 2006 India-GCC Industrial Conference, India wishes to cement the relationship between the two sides "not only by trade, but also by investment". India needs foreign investment so as to improve the infrastructure of airports, transportation, communications and manufactures. After the surge in oil prices, the GCC states are looking for new regions of the world to invest their capital. India's cheap labour force can provide an investment base for manufacturing and industrial processing.

India faces competition from Pakistan. Wishing to expand its ties with the Gulf in the face of India's activation in the region, Pakistan has seen foreign investments more than double (FDI rose to \$3.52 billion) in recent years. Those investments are mostly centred on the communications, energy (the huge demand for power generation) and financial sectors. Pakistan, wishes to secure foreign investments, especially in Balochistan and other insurgency areas, as the government believes that the insurgency is restricted to areas with no foreign investment.

India's energy dependence is another point that links her to the GCC states, as 65% of her oil and gas imports originate from the Gulf. However, India's dependency from the Gulf is mitigated by the assurances granted by the 2006 US-Indian Civilian Nuclear Agreement. Apart from legitimizing India's nuclear capability, a large part of her energy needs is expected to be covered by the nuclear energy collaboration with the US. Researchers argue that India may also imitate China and the US by turning to Africa in order to diversify the sources of her energy supplies. Nonetheless, Indian interest in Gulf energy resources remains intense, as, following the failure of a Japanese-Iranian deal, India's Essar Group is in talks with Iran to develop the giant Azadegan oilfield, Iran's biggest oilfield with in-place reserves of 26 billion barrels, to ensure fuel for a planned refinery and steel plant. It must be stressed that India's plan to cooperate with Iran in the construction of a large pipeline was blocked by the US, which offered the Civilian Nuclear Agreement in exchange. While it has been suggested that India's Shia community, the second largest in the world after Iran, could either play a mediatory role between Iran and the West or an inciting role for the Muslims inside India, this seems highly unlikely due to the diversity and the poor organisation of the Indian Muslim community.

Arab analysts contend that India would be welcome by the Gulf states to address Gulf security concerns, were she willing. For the moment, New Delhi has volunteered to contribute to the stability of the region by sharing its experience in combating terrorism, maritime security and military training. India has already signed extradition treaties with Bahrain, Kuwait, Oman, United Arab Emirates and is negotiating similar treaties with Qatar and Saudi Arabia. New Delhi has been pushing for a comprehensive agreement with Riyadh as there are concerns about Saudi links with jihadi groups, which have staged attacks within India, recruiting Indian Muslims from the Indian diaspora in the Gulf.



The Middle East as a *competition field* between China and the **UNITED STATES** : A “consensus for disagreement”

Anna Apostolidou
Ilias Tassopoulos

The Middle East region is the archetype of the Sino-American competition. Not only are the United States and China dependent on the region's energy resources, but both states project competing ideological models regarding Middle Eastern as well as world issues, epitomized in the “Washington Consensus” and the “Beijing Consensus” respectively.

The “Washington consensus”, which the Clinton and Bush administrations have consistently promoted, focuses on the absence of state intervention both in the economic and the political sector. Its foundations lie in the concepts of free economic competition, the spread of democracy and social liberalism. On the other hand, the so-called “Beijing consensus” sets as a priority the preservation of stability rather than the promotion of political or social reforms. After the collapse of the Soviet Union, Chinese leaders decided that “growth-based stability” should precede development and reforms.

The above Sino-American ideological attachments are underpinned by pragmatic considerations, economic and political interests. China's domestic economic development is inextricably linked to the expansion of her infiltration in Asia and Africa along with the uninterrupted flow of natural resources – chiefly from Asia and Africa. American interventionist policies in the region constitute an impediment to the Chinese drive for economic growth, as they destabilize the region and – more often than not – trigger an increase in oil prices. Given China's impuissance to directly confront US policies (due to other factors like the importance of their bilateral trade relations or the Taiwan issue), these developments usually lead to a review of her goals in the region, lending a great amount of flexibility to her policy. In other words, Beijing often sounds Washington's intentions and doubts out in order to form her own stance vis-a-vis crucial Middle Eastern issues.

Ergo, China has opposed the imposition of oil sanctions on Sudan, an issue on which American policymakers were already divided, and long resisted efforts to bring the Iranian nuclear issue to the Security Council, though she finally yielded to American demands. In general, China has proved to be reluctant, to say the least, to consent to the economic sanctions the US wishes to impose on “rogue states”. At this point, it is worth mentioning that Beijing has a special economic interest as the stakes of Chinese companies in those states'



energy markets are much higher because previously applied US sanctions resulted in much less competition from established American companies.

China's Middle East policy has alarmed the US, since the former seems to emerge as an ally for almost every country that balks at American demands (for example, Syria has frequently praised China's international behaviour). Apart from the political stakes, the US is concerned that China might also transfer conventional weaponry or even nuclear expertise or fuel to countries which the US believe to be sponsoring terrorism, in order to promote Chinese energy security.

Saudi Arabia may be an intriguing example of China's "pervasive" impact on the US policy. The Royal family seems to have realized that they shouldn't rely exclusively on the US for their security, as they are convinced that if another Islamist terror attack in the US takes place, the US administration will have to "freeze" its relations with the Kingdom and its commitments to Saudi Arabia. Beijing may rise as an alternative ally for Riyadh, facilitating Saudi denial to cooperate with the Americans. However, this can only happen clandestinely, since Beijing has assured Washington that an alliance with Riyadh against vital US interests is not on the agenda.

Iraq is another fine example of Sino-American competition. China opposed the American intervention in 2003, expressing concerns over its potential to destabilize the region and harm her substantial economic interests under Saddam's regime. However, China's rhetoric and practices were far more moderate than those of Germany, France and Russia, maybe because a conflict with the United States would endanger the participation of Chinese companies in Iraq's reconstruction. China reviewed her Middle East policy once more, as Beijing realized that the United States was necessary for preserving stability in the region in the short term.

Good relations with the United States are essential for China, which also competes with Japan and Russia for influence in the Middle East. In addition, People's Liberation Army (PLA) strategists have concluded that the PLA cannot defeat the technologically superior and battle-hardened U.S. military in a force-on-force battle. The capabilities of the US Army seem to have alarmed the PLA. After the 1991 US-led intervention in Iraq, the PLA has been trying to discover ways of matching the US military primacy. The PLA's attention has focused on the role of information in warfare. Contrary to Russia's war in Chechnya, where there was no "generation gap" between Russian and Chechen forces (and, consequently, no concerns for the capability of the Russian army), the American approach is based on using her absolute technological advantage, capturing all kinds of information and cutting its enemies' communication lines. The display of hi-tech U.S. firepower in Iraq and Afghanistan has "shocked" the PLA and may have convinced the Central Military Commission to accelerate the pace of military modernization, emphasizing on high mobility troops. (The official PLA budget was increased by more than 10%). The summer 2006 Israeli-Lebanese conflict has been closely watched by the PLA command as it provided a testing ground for the performance of Western and Chinese weapons. China also examined both Hizbollah and Israeli strategies, regarding both the role of missiles and rockets in warfare and the protection of the civilian population.

China's Middle East policy is based on a reliance on multilateral institutions, such as the United Nations – as China lacks the ability to confront the US militarily –along with prevent-



ing tensions between the US and other states. Increased conflict between the United States and other nations in the region may compel China to take clearer policy stances. As the Washington-based Jamestown Foundation China Brief argues, increased tensions may end up angering either the US or the Arab countries and undermining China's policy of not taking sides in thorny disputes.

In retrospect, the 1989 suppression of the riots in Tiananmen Square marked the "official" opening of Sino-American ideological competition. China has stressed the principles of sovereignty, non-interference and territorial integrity while the US has promoted reform and the expansion of democracy by humanitarian interventions. In the Middle East, one can discern a trend of divergence between Chinese and American interests, mediated by the imbalance of military power between China and the US. As the early Cold War period has shown, the international system becomes more rigid and thus more war-prone when ideological, normative, political and economic divisions are concentrated towards one axis, preventing states from shifting alliances. Although there are divisions between China and the US on ideological (liberalism/conservatism), normative (intervention/sovereignty) and political (change/stability) issues, convergence points can be found on China's embrace of international capitalism and the common preference for the maintenance of the current balance of power in (Eastern) Asia.

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HOW AMERICA WANTS TO CHECK CHINA'S EXPANSION



China in Northeastern Africa: “Trade follows the flag”

Ioannis V. Mantzikos

Throughout the 19th century the British Empire was inspired by the notion of liberal idealism epitomized in the famous maxim “trade follows the flag”. On the contrary, China’s Realpolitik has been deeply influenced by Alexander Hamilton’s realistic geo-economics school of thought. Although it is generally led by a state business model, China’s commercial strategy and interests in Africa are determined by purely economic criteria.

In the past, China’s influence in Africa was limited and its aid programs hardly significant. Recently, Africa has become a crucial element in China’s commercial strategy for several reasons. China’s booming economy, which has hit an average 9% growth per year during the last two decades, requires huge quantities of natural resources and especially oil. Given the fact that the Middle East is mired in long-term instability, Beijing actively seeks to diversify its supply lines. What is more, Chinese export industries are on the lookout for new markets. Finally, despite China’s rhetoric of non-interference in African affairs, Hu Jintao views African states as potential partners for military cooperation and as a market for its Chinese arms.

In January 2007, Beijing released an official China-Africa policy white paper that offers very interesting conclusions about the prospect of Sino-African future relations: China is determined to increase its financial aid to Africa by establishing a \$5 bn China-Africa development fund. Furthermore, \$3 billion in preferential loans will be provided to African countries in the next three years, while an additional \$1 billion of debt will be canceled. In addition, in order to boost its soft power in Africa, China will build 100 rural schools and will train 10,000 Africans per year.

Notably, North and East Africa represents a specific challenge for Beijing’s diplomacy and trade policy, a fact that was confirmed from Hu Jintao during his trip to Africa and Sudan last February. Chinese oil companies have been operating in the country since the mid-1990s, while China receives 64% of Sudan’s oil exports. China is Sudan’s largest trading partner, while Sudan is China’s third largest trading partner in Africa. Bilateral trade reached \$2.9 billion in 2006. Khartoum has purchased Chinese weapons, including \$100 million worth of Shenyang fighter planes and twelve supersonic F-7 jets.

In its recent history, Sudan has faced two bloody conflicts: the 21-year war between the North and the South that ended in January 2005 with the signing of the Comprehensive Peace Agreement (CPA) on the one hand, and the rebellion of tribal groups in Darfur against the central government in Khartoum that has led to a nationwide humanitarian crisis on the other. The continuing atrocities by government-supported militias in Darfur and Khartoum’s reluctance to accept the deployment of United Nations peacekeeping troops pose a great threat to the CPA. The prevailing instability can cause the eruption of second tier conflicts between smaller tribal groups and it is almost certain that these groups will seek to undermine China’s aspirations regarding the oilfields.

During the last years China has followed a policy of non-interference in Africa’s domestic affairs. However, during his last February visit to Khartoum, President Hu Jintao modified that policy in order to protect Chinese oil interests, by presenting a four-point proposal for the resolution of the Darfur crisis and by supporting the deployment of a UN peacekeeping mission. On the other hand, in July 2005, China used its status as a permanent member of the UN Security Council to block substantial



measures intended to address the genocide carried out in Darfur, hoping to gain Khartoum's friendship. Despite the fact that President al-Bashir may not welcome Jintao's visit to Sudan, that visit was certainly a reflection of Beijing's desire to stabilize Sudan and to project the image of a powerful international actor.

Egypt has also become an attractive partner for Beijing. Sino-Egyptian relations are anchored in a multi-level economic cooperation. The two countries have set themselves the target of reaching a \$5 billion worth of trade transactions by 2009, an amount equivalent to US-Egyptian trade. In fact, Egypt's 15 billion barrels of oil reserves and 1.9 trillion cm of gas reserves are an important motive for China in order to satisfy its consumption needs. The two countries have already agreed to establish a rigs for oil company. In addition, since 2005, China's Export-Import (EXIM) Bank granted a \$16.3 billion loan to assist Egypt in upgrading a polyester factory. A number of Chinese companies are active in the Egyptian market: China National Aero-Technology and Export Corporation has joined forces with the Egyptian aircraft manufacturing company AOI/ACL to produce 80 K-8E jets. Moreover, China's National Chemical Engineering Company (CNCEC) has joined Kuwait's Kharafi group in order to build a \$700 billion chemicals and petro-chemicals manufacturing complex in Fayoum.

However, this flourishing trade partnership has a political dimension for both sides. Egyptian President Hosni Mubarak has long adhered to the view that Taiwan is an integral part of China. For its part, Beijing has backed Egypt's candidacy for a seat in the UN Security Council. Indeed, although there are no clear indications that either country wishes to substitute the United States as a strategic partner, perhaps Cairo wishes to reduce its dependency on Washington.

The growing interest for other promising oilfields have led China to expand its role all over Northeastern Africa. The state-owned China National Petroleum Co. has been involved in the Taoudeni Basin, the Tiof and the Banda oilfields in Mauritania. Former President Sid' Ahmed Taya considered China a very reliable partner in his effort to relieve the country's external debt and to liberalize the economy. Since 2004, China National Offshore Oil Corporation (CNOOC) has also been active in Agadir, Morocco.

As already mentioned above, Beijing sees Africa as a potential market for Chinese military exports. China has extended its arm sales in Ethiopia and Eritrea. During the 1998-2000 war between the two countries, China bypassed the UN arms embargo by selling over \$1 billion weapons to both. Characteristic of China's trade policy was the meeting between Ethiopian Prime Minister Meles Zenawi and Chinese Lieutenant General Wenquan Zhu in August 2005: while both men agreed on bilateral military cooperation, when the following week Zhu met with the Eritrean Air Force commander, he called Eritrea "a sister country".

A crucial issue linked with China's commercial engagement in Africa is the problematic Chinese state-led business model. Chinese firms with state links are often characterized by poor standards of corporate governance and lack of transparency. Because of below cost bids, some of the buildings Chinese firms have built in Africa are already crumbling, e.g. Asmara's Oratta Hospital in Eritrea and a \$ 300 million hydroelectric dam and power plant in Ethiopia's Tekeze River.

Undoubtedly, Beijing dominates Sudan's oil industry and has key access to several African oil industries; African leaders treat China as a superpower and as their "number one friend", as Zimbabwean President Robert Mugabe has stated. However, two critical issues arise: China's (non-) intentions to use its influence in order to promote democratic consolidation and good governance to Africa; and how the United States is going to respond in China's growing role in the continent. A recent response was the US decision to create USAFRICOM (United States Africa Command). For the US, apart from counterterrorism programs in North and East Africa, the African continent has not been a top priority. Indeed, if the US really wishes to gain access to Africa's vast energy and material resources, it should convince African leaders they will be better off working more closely with it rather than with China.



Indo-Israeli Strategic Cooperation

Marianna Athanasopoulou

For the better part of its 60 years of existence, the history of the State of Israel has been one of war and conflict. Its relations with its immediate neighbors could be described as a continuous cycle of violence, war and conflict and those with the states of the wider region as strained, to say the least. However, in the aftermath of the 1991 Gulf War and following the demise of the Soviet Union, two countries, Turkey and India, both lying on the periphery of the loosely defined geographic area constituting the Middle East, have developed ever-growing strategic ties with the Jewish state.

Though never really engaged in a direct conflict with Israel, the two, one Muslim and the other with a substantial Muslim population of roughly 140 million, have been traditionally viewed as pro-Arab. In India's case, which will be the focus of our analysis, it took 45 years to establish full diplomatic relations with Israel, while after that the Indo-Israeli rapprochement has been termed a "secret affair", with both sides avoiding to publicize the relationship or characterize it as a strategic one. Having the second largest Muslim population in the world as well as a long tradition of labor migration to the Gulf – amounting to approximately 3.5 million workers – and given its long-lasting sympathy with the Palestinian cause, its affinity with the non-alignment movement and close ties with Nasser's Egypt, as well as its dependence on Arab oil, India has been consistent in supporting pro-Arab resolutions at the UN Security Council and criticizing Israel for its handling of the conflict.

Nevertheless, in the post-Cold war strategic environment, faced with the need to diversify the sources of its military supplies, the antagonism with China, the nuclearization of South Asia and the growing threat of Islamic militancy along and within its borders, India quietly moved closer to Israel as a potential partner for upgrading and optimizing its largely Soviet military equipment, developing successful counter-terrorism tactics and gaining a strategic advantage over its primary regional adversary, Pakistan. Despite the fact that diplomatic relations between the two were not opened until January 1992, there have been numerous reports about increased cooperation between India's Research and Analysis Wing (RAW) and its Israeli counterpart, Mossad, especially during India's wars with China (1962) and Pakistan (1965, 1971). Since 1992 there has been a crescendo of high-level bilateral contacts and negotiations on arms supplies, which were, however, largely kept low-key due to India's sensitivities vis a vis the Palestinian issue and its unwillingness to alienate the Muslim world. Towards the end of the decade and especially in the aftermath of 9/11, India has in large part shed its inhibitions in broadcasting the relationship. The turning point was Israel's unabated delivery of military equipment to New Delhi during the 1999 Kargil crisis with Pakistan, despite US pressures to implement an arms embargo following India's 1998 nuclear tests. In 2003, against the background of the second Intifada, Ariel Sharon became the first Israeli Prime Minister to visit India, while that same year Indian National Security adviser Brajesh Mishra attended the American Jewish Committee's (AJC) annual dinner in Washington D.C. thanking the pro-Israel lobby for its "contribution to promoting US-India and India-Israel relations" and stating that the intense economic and defense cooperation between the two countries "has a natural logic". The AJC on its part announced the opening of a permanent liaison office in New Delhi.





The quasi-omnipotence of the pro-Israel lobby in Washington has certainly played an important part in India's rapprochement with Tel Aviv. However, Israel's high-tech arms industry is by far the most decisive factor in the development of bilateral strategic ties. In the past decade, the Israeli Aerospace Industry (IAI) and its subsidiaries have provided New Delhi with 30 Barak surface-to-air missiles (in a \$270mn worth of deal), a number of Unmanned Aerial Vehicles (UAVs), as well as sophisticated sensing equipment for monitoring terrorist infiltration through the Line of Control that separates India and Pakistan in the State of Jammu and Kashmir. In 2004 the two countries stroke a giant \$1bn deal for the supply of 3 Phalcon airborne early radar systems. Moreover, Indian army and intelligence officers have closely cooperated with their Israeli counterparts in counter-terrorism training and, in January 2006, India's state controlled Defense Research and Development Laboratory and the IAI were reported to have signed an agreement to jointly develop a long-range version of the Barak air defense system. India has recently replaced Turkey as the largest single destination for Israeli defense exports and, following the post-9/11 relaxation of US limitations vis a vis military exports to India (the US retains a veto on Israeli sales of materiel that involves US-derived technology to third parties), there have been talks for Israeli supply of Arrow anti-ballistic missiles to New Delhi. For Israel, India represents a \$ 2bn arms market and thus the bilateral strategic cooperation constitutes a vehicle for overcoming the recession facing its defense industry over the past few years and for granting it the necessary financial means to divert sufficient resources to its defense-related research programs and sustain its qualitative military superiority in the region. India's strategic position in safeguarding commercial maritime routes between the Middle East and Southeast Asia, the proximity of its military facilities to the Gulf and its nuclear status further add to the bilateral relationship's value for Tel Aviv.

Not surprisingly, the relationship enjoys Washington's unequivocal blessing. Despite the crisis in US-Indian relations following the latter's 1998 decision to pursue an open nuclear posture, the two have managed to leave the political and diplomatic crunch between them behind, especially in the aftermath of 9/11. In recent years the White House has actively sought to enhance New Delhi's global standing and accelerate its rise as a regional counterweight to China. This shift in US attitude is highlighted by the July 2003 US-India Defense Relationship Agreement and the March 2006 deal on bilateral nuclear cooperation announced during President Bush's visit to India. Both agreements have virtually eliminated US restrictions on Indian procurement of nuclear material, albeit for civilian purposes. However, being allowed to purchase uranium from foreign suppliers, India will be able to divert the bulk of its indigenous uranium production (about 300 tons p.a.) to weapons construction. Although there have been no reports on Indo-Israeli nuclear cooperation (even more so since Israel's nuclear capabilities remain clandestine and a cause of contention in Middle East affairs), India's Home Minister, L.K. Advani, recently declared his support for an "expanded cooperation between India and Israel in all fields, including the nuclear one". So far Washington has been careful to tailor its backing of the Indo-Israeli relationship to the requirements of its overall Middle East strategy, particularly in order to avoid infuriating Pakistan, a close US ally on the War on Terror. However, of late there have been clear indications of growing US impatience with Pakistan over the latter's Intelligence Services' alleged role in providing a safe haven for Taliban and al-Qaeda militants along the border with Afghanistan. Whether this situation has the potential to lead to a US-Pakistani rift to the advantage of India remains to be seen. Needless to say, the March 2006 US-India nuclear cooperation agreement raised quite a few eyebrows of concern in Islamabad.

Washington's support for a close Indo-Israeli cooperation can also be viewed as a US attempt to curtail India's growing ties with Iran. Indeed, during the past few years, relations between New Delhi and Teheran have flourished, primarily due to India's desire to counter Pakistan's clout in the Sunni Muslim world as well as benefit from Iran's status as a major transit route in economic relations with Central Asian republics. US pressures towards that direction appear to be paying off, since India has



recently adopted the US position vis a vis Iran's nuclear program, voting in favour both of Iran's deferral to the UN Security Council and of international sanctions against it. What is more, Indo-Iranian negotiations on the construction of a \$ 22bn natural gas and a \$ 5bn oil pipeline from Iran to India via Pakistani territory have currently come to a standstill, with both sides expressing serious doubts about their resumption in the near future. The US-India-Israel convergence of interests is best depicted in the close relationship between pro-Israel Washington-based institutions and think-tanks and their newly-formed pro-India counterparts (such as the US-India Institute for Strategic Policy or the US-India Political Action Committee), which enjoys widespread support among high-ranking administration officials.

Although the Indo-Israeli strategic relationship has not received as much attention and criticism from the Arab World as the Turkish-Israeli one, Israel's Arab neighbors have not failed to notice its



alarming potential consequences with regards to the already unfavourable regional balance of power.] In 1999 the Arab League openly warned of the increasing dangers on India's military cooperation with Israel, while in the past decade, the Organization of Islamic Conference (OIC) has repeatedly adopted pro-Pakistan resolutions vis a vis the issue of Kashmir. Moreover, Saudi Arabia and Pakistan have developed a closer military relationship and the former is reported to have funded a substantial part of Islamabad's nuclear research and development program. Watching the US tightening its control over the strategically vital region of the Middle East and establishing a foothold in South Asia via its rapprochement with India, Russia, China and Iran have attempted to form a counter-alliance. Nevertheless, the growing international opprobrium for the Iranian nuclear program and the ensuing UN sanctions, have posed limitations to the above triple cooperation.

For the time being, despite increasing domestic Indian opposition and regional criticism, the Indo-Israeli cooperation does not face any serious challenges that could threaten its future prospects. In the post-Arafat era India's hitherto openly pro-Palestinian ruling Congress Party appears to have re-evaluated its foreign policy goals and decided that it's time to let go of the ghosts of the past and side with the only remaining truly global superpower and with Israel, the fifth-largest arms exporter in the world.



China & the Arab-Israeli conflict: Walking **On** a tight rope

Alexandra Karaiskou, Chryssoula Toufexis

As a rising power, China perceives Middle East stability as an essential factor for its economic growth that could be attained through the establishment of commercial networks with both sides of the Arab-Israeli Conflict. At the diplomatic level, it has managed to maintain good relations with the disputants. However, Chinese arms proliferation practices have a destabilizing effect on the region.

China's relations with the Middle East can be traced back to its commitment to support the Third World struggle against anti-colonial rule and national liberation movements, including the Palestinian Liberation Organization (PLO). However, notwithstanding its sympathetic rhetoric vis a vis the Palestinian cause and its anti-Israel stance (it has even questioned Israel's right to exist), in reality China has offered little material assistance to the movement (approximately \$5 million worth of Chinese weapons were provided to the Palestinians between 1965 and 1969, all free of charge), especially when compared with Chinese assistance to Arab states.

During the 1980's, focusing on economic modernization and development as the core of its domestic policy, ideologically-oriented China shifted towards a more pragmatic diplomacy under Deng Xiaoping. The alteration of its foreign policy doctrine coincided with the exacerbation of Sino-Soviet relations. In search of an alternative source, given that the Soviet Union constituted China's primary arms supplier, a clandestine Sino-Israeli rapprochement took place which allowed Beijing to acquire the essential know-how for Soviet weaponry from Israeli engineers. Indeed, bilateral trade in 1988 was estimated at \$3.25 billion. Under these circumstances, China had to adopt a rather moderate position towards the Arab-Israeli conflict. This development created the opportunity for Israel to influence Chinese foreign policy towards the Arab world in its favor. As a result, since the mid-1980's, China has favored a solution that would promote the peaceful coexistence of the Arab and Jewish peoples, an attitude reflected in its 1988 initiative comprising a five-point peace proposal for the Middle East. Official Sino-Israeli diplomatic relations were established in 1992, following the Madrid Peace Conference. Furthermore, China welcomed the Oslo Accords and the peace treaty between Israel and Jordan and engaged more actively in peace negotiations, attending conferences on Arab-Israeli issues on a regular basis.

Since the Madrid Peace Conference, China has been an advocate of the two-state solution and the Land-for-Peace principle. In September 2002, it appointed its first diplomatic delegate who until 2005, visited several Arab states and Israel serving as a mediator in the peace talks, which included contacts with the Palestinians. Its evenhanded approach to the conflict has assured China acceptability by both sides and raised its credibility among the Arab world. What is more, China's overture to Hamas, a terrorist group according to the West and Israel with which they refuse to negotiate, raises Arab expectations for a more direct Chinese contribution to the attainment of stability in the region. For these reasons, during a forum for the Middle East peace process held in Beijing in December 2006, both Palestinian and Israeli delegations invited China to participate in the Quartet deliberations (the Quartet consists of the



European Union, the United States, Russia and the United Nations). From an Arab perspective, this participation would counterbalance US support for Israeli interests, which is held responsible for the failure of the peace process.

A key issue that poses an impediment to Sino-Israeli relations is China's open support to Hamas. Although it does not justify Hamas' acts of terrorism, China argues that since the organization has been democratically elected by the Palestinian people in 2006, it should be included in the negotiations. China's invitation to the Palestinian Foreign Minister Mahmoud al-Zahar, a leading Hamas member, to attend the Second Ministerial Meeting of the China-Arab Cooperation Forum, where discussions over the group's alternative sources of funding reportedly took place, provoked Israel's irritation, which responded by publishing reports linking Hamas with Chinese intelligence services.

On the other hand, China cannot afford to jeopardize its ties with Israel, as the latter constitutes its second largest arms supplier, after Russia. However, Israeli arms sales to China constitute a very complicated affair, as there are widespread fears that the military technology transferred to the latter could end up to Arab regimes hostile to Israel. Chinese arms exports to Syria, Iran, and Saudi Arabia pose a substantial threat to Middle East stability and Israel's territorial integrity. Indeed China has provided Iran with anti-ship cruise missiles, such as the Silkworm, the C-801 and C-802, part of which was actually found in Hezbollah's arsenal and was used by the militant group during the summer 2006 Israel-Hezbollah crisis. China's proliferation tactics concerning missiles-related technology have an indirect negative impact on the Arab-Israeli conflict. Syria and most notably Iran actively back extremist groups, such as Hezbollah and Hamas. Moreover, Iran's Revolutionary Guards Corps has provided military training and equipment to Hezbollah fighters. Consequently, the military reinforcement of those states would enhance the ability of organizations based in Lebanon or the Palestinian territories to inflict greater damage to Israel. In the same vein, the Sino-Israeli arms trade has raised U.S. concerns, as the flow of sophisticated military technology could find its way into the hands of extremist Arab regimes, a development which would be detrimental to American interests in the region. As a result and due to American pressures, Israel was forced to cancel the agreements on the Phalcon sale and the Harpy drones upgrade (in 2000 and 2004 respectively), thus damaging its credibility as a reliable partner for China. Israel's compliance to US interests and the consequent cancellations of arms sales to China demonstrate the actual prospects and constraints of bilateral military co-operation. China, as an upcoming economic power and a permanent member of the UN Security Council, tries to establish itself as an important player in the Middle Eastern political arena. Israel and the Arab states, in order to secure their interests in the Arab-Israeli conflict, compete with each other in order to gain China's support. Opting for the principles of territorial integrity, sovereignty and non-interventionism in other countries' domestic affairs, the Arab world views China as capable of challenging U.S. unilateralism in the region.

In reality China's economic interests in the Middle East demand a more balanced and neutral strategy, in order to secure the profits of energy trade with Arab oil suppliers, such as Saudi Arabia, Syria and Iran, without hampering the relatively newly-founded relationship with Israel which focuses mainly on military and economic cooperation. Moreover, China seems reluctant to take action that could confront U.S. interests and undermine the superpower's leading role in the region, as such action would put US-China relations at stake. This tightrope policy does not live up to expectations that China will assume the status of a driving force capable of determining the course of events in the Middle East.



Two *Rising* Powers Struggling for **Influence** in Afghanistan

Marina Eleftheriadou

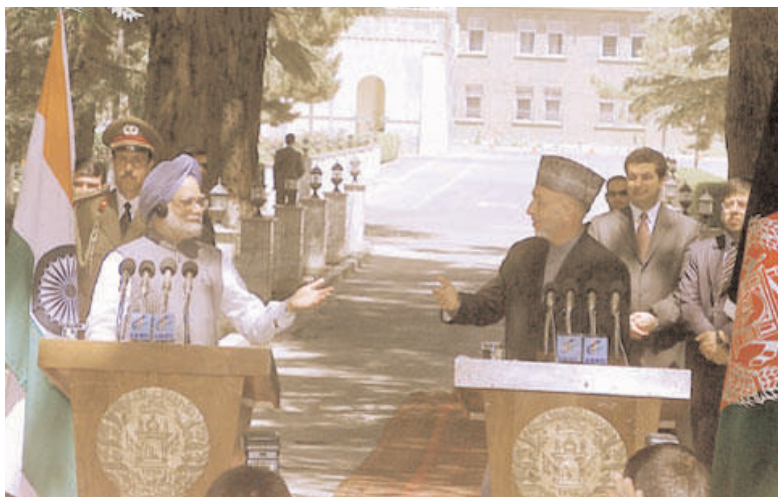
China and India are projected as the next generation's great powers. Afghanistan is one of the places where they try to translate their rising economic might into actual political influence and power. Still, however conducive to that kind of games Afghanistan has historically proved to be, the opportunities are equally matched by restrictions posed by local, regional and international conditions ranging from geography to international relations.

During the Cold War - especially after the deterioration of Sino-Soviet relations and Nixon's overtures towards Beijing - the usually strained relations between India and China were a reflection of the wider rivalry between the two superpowers. US backing for China was counterbalanced by similar Soviet moves towards India. The end of the Cold War released the two countries from those strings and unleashed their potential for becoming large economies and great powers. However, before achieving global-power status, they have to consolidate their influence in their near-abroad and in the region where, although they strive for the same geopolitical space - and the same energy resources - , competition between them is, for now, handled with kid gloves. In fact, the border disputes over the Indian Sikkim region and the China-controlled part of Kashmir have been put on ice and Beijing has adopted a more neutral stance on the Indo-Pakistani conflict while at the same time trade-related bilateral contacts are flourishing. This "rapprochement" culminated in the designation of the year 2006 as a "China-India Friendship Year".

This "velvet competition" can be also traced in the complex case of Afghanistan, where the high geopolitical importance (traditionally a buffer state linking Central Asia with South Asia and the Middle East) is supplemented or counteracted by specific national interests, the American military presence (in and of itself as well as in the light of the type of relations each country maintains with the US), the lack of direct Russian interference due to historic burdens and, finally, the difficulties on the ground.

India's stakes in Afghanistan are multifaceted, ranging from the necessity to secure access to Central Asian resources in order to fulfil its rising energy needs, to the imperative to prevent the country

from falling once again into Pakistan's orbit and thus deny Islamabad the attainment of "strategic depth" that would work in its advantage against New Delhi. Nevertheless, while pursuing these goals, India is faced with two limitations: the lack of a physical border with Afghanistan and its delicate position given the essential role Pakistan was called to play in the wake of the 2001 war. Actual-



ly, despite the fact that India has been building a strategic partnership with the US during the past few years, favoured by the latter as a counterbalance to China, when immediately after the 9/11 attacks India offered its full support to the US, it was shunned in favour of Pakistan, which constituted a better base for operations in Afghanistan. It is remarkable that, when in 2002 tensions between the two countries were running high again and Pakistani President Pervez Musharraf announced that he would move his troops from the Afghan to the Indian border, the US immediately put pressure on Indian Prime Minister Atal Bihari Vajpayee to defuse the crisis.

India, in an effort to overcome the above mentioned difficulties, set up alternative policies to establish a firm presence in Afghanistan. As the two countries don't share a border and Pakistan only allows the transit of Afghan goods to India over its territory, but not vice versa, New Delhi established a sea-land route via Iran and Russia. What is more, after Pakistan's closure of its air space to India during the 2001-02 crisis, India re-energized its bonds with Tajikistan. This Central Asian country played a central role in the mid-90's when, in order to oppose the Pakistan-sponsored Taliban, India backed the Tajik-dominated Northern Alliance. Much of India's support (in arms, money and "advisers") flowed in through Tajikistan, where it established an influential embassy and a military hospital in Farkhor (near the capital Dushanbe) in which many Northern Alliance leaders were being treated. At this same location, as was revealed a year ago though denied by both sides, India is setting up an air base in order to channel help to Afghanistan and, also, to gain an ability to strike in Pakistan's rear lines.

Inside Afghanistan, where India has to face US sensitivities vis a vis Pakistani fears - culminating in Washington's pressure on Karzai to limit security ties with India, a Pakistani veto on a possible Indian military presence in Afghanistan and the curtailment of the power of former Northern Alliance elements -, India made cautious moves. To start with, it tried to widen its appeal beyond the Tajik and Uzbek communities which dominate the north and reach out to the Pashtuns. The relationship with the Pashtuns dates decades back as part of a widespread belief in India that the unification of Afghan and Pakistani Pashtuns would undermine the predominantly Punjabi Pakistan. However, this relationship atrophied during the Taliban rule and now New Delhi has the chance through Indian-educated Karzai to strengthen these ties again.

India invests on non-security-related projects with high symbolic significance so as to rehabilitate its image which was shattered by its decision to become one of the few countries to support the Soviet invasion of 1979 and also to avoid US and Pakistani opposition. Beside the \$650 million of aid, Delhi has built schools, reopened the Indira Gandhi Children's Hospital in Kabul and set up an artificial limb (the Jaipur Foot) centre. Moreover, it offered three airbuses to help resurrect Afghanistan's national airliner, Ariana. In return the destination of its first flight out of Kabul in January 2002 was Delhi. In the same light lie India's bid to build the new parliament of the country and the Bollywood films flooding the Afghan markets and cinemas.

Pakistan accuses India that its activities have less to do with humanitarian aid and more with India's top-secret intelligence agency (RAW) which sets up camps inside Afghanistan to train "terrorists" to fight in the region of Waziristan and Balushistan. That is why Islamabad reacted to Delhi's decision to dispatch approximately 200 Indo-Tibetan Border Police commandos to Afghanistan to provide security for Indians working in various construction projects, after a worker on such a project in Nimroz was killed by the neo-Taliban. However, although India does have an intelligence presence in southern Afghanistan, it is highly unlikely that this goes beyond simple intelligence gathering.

As for China, its views on post 11/9 Afghanistan derive from two rather contrasting interests: on the one hand its given distrust towards any great power (either the Soviet Union-Russia or the USA) who builds up a military or political leverage near its western border and, on the other hand, its fight



against Islamic extremism that can foment the drive for independence in the Muslim-majority autonomous region of Xinjiang. That is to say that, although China was not grieved to see the Taliban go (given that during their rule a large number of Uighurs had crossed the border into Afghanistan where they came into contact with al-Qaeda and other groups and upgraded their fighting skills in the numerous training camps situated there), Beijing wasn't pleased to see US military presence encroaching on its west either. With the US already having a firm presence to the east, in Japan, South Korea and Taiwan, China found itself sandwiched, experiencing the - commonly felt by states - impression of being encircled.

With the US army stationed in its backyard already a fait accompli, China had to frame a new approach taking into account the possible restrictions, (i.e. the US-inspired containment policy regarding the rising Chinese power) as well as the ultimate goal of a stable, friendly and non-Islamic Afghanistan which at some point in the future would be purged - at least partly - from foreign military presence. In order to avoid being excluded from the Afghan game, Beijing quickly re-established diplomatic relations with the nascent Karzai regime and channelled large sums of economic aid. As early as March 2002, China had already provided 30 million yuan in urgent material aid and US\$1 million in cash to Afghanistan. During the second half of 2002, following a number of high level visits from both sides, an additional \$30 million in economic aid and \$1 million in material aid was pledged to the Afghan government. Moreover, in February 2003, under the Agreement of Economic and Technical Cooperation, China also provided a \$15 million grant to the Afghan Government. China also undertook a number of reconstruction projects and strengthened its trade links with Afghanistan, with the volume of Chinese exports to the latter totalling \$317 million in the fiscal year 2005-2006 (Afghanistan thus becoming the third largest destination for Chinese exports after Japan and Pakistan).

Gradually, with the American attention diverted by the Iraqi war and a Karzai government extremely grateful to its neighbour, Beijing could move the relationship to a strategic level. In a June 2006 meeting in Beijing the two states signed a treaty on friendly cooperation in the fields of border control, terrorism and drug-related crime. China also tries to integrate Kabul into regional cooperation schemes,



particularly the Shanghai Co-operation Organization (SCO), a security organization dominated by Beijing's interests in Central Asia. During the press conference following that meeting, Karzai expressed his desire to enhance coordination with China in regional and world affairs, pledging to be the "co-operative bridge" between Beijing and the Central Asian nations. Karzai also told that "Afghanistan

belongs to the region. It has no other ways, and cannot be left outside the region". However all these smartly-articulated strategic moves and diplomatic initiatives will be of little importance for both China and India as long as Afghanistan remains an insecure quasi-state.



two The faces of political Islam in China

Anna Apostolidou

Political Islam in China can be divided into two categories: The “accommodating” Islam represented by the Hui ethnic group, which has been integrated into the Chinese society, and the “separatist” Islam, represented by the Uyghur ethnic group, which fights for independence.

It all started during the Tang dynasty (618-907 A.D.), when the Arab and Muslim envoys, following the Silk Road, came and settled down in China. A few centuries later (13th century), the Muslim populations in Chinese provinces increased with the arrival of Mongol soldiers and craftsmen. Nowadays, Muslims constitute about 1.5% of China’s population. Though this percentage is rather small, their numbers are large compared to other Muslim states: China’s Muslim population outnumbers that of all Middle Eastern nations except Iran, Turkey and Egypt. The exact number is not known; the 2000 national census of China counted 20.3 million Muslims, but this number may not be totally realistic since people were registered not by religious affiliation but by nationality (in China, official papers register one not as “Chinese” but as “Han”, “Manchu” or one of the 56 recognized nationalities). According to other sources (e.g. BBC’s Religion and Ethics webpage, demographers at the University of Michigan), the number of Muslims in China may be 40, 60 or even 100 million.

Chinese Muslims are Sunni and most of them belong to the Abu Hanifa school of Islam. They mainly occupy the areas that border Central Asia, Tibet and Mongolia, i.e. Xinjiang, Ningxia, Gansu and Qinghai, which form the Qur’an Belt. However, they vary from each other, since they have evolved into 10 ethnic groups with different characteristics. According to the 2000 census, the great majority of Muslims belong to the Hui (9.8 million) and the Uyghur or Uigur (8.4 million) ethnic groups, who compose 48% and 41% of the Muslim population respectively. The other ethnic groups are the Kazaks (1.25 million), the Dong-xiangs (514.000), the Kirghiz or Khalkhas (161.000), the Salars or Salas (105.000), the Tajiks (41.000), the Bon’ans or Bao’ans (17.000), the Uzbeks (12.000) and the Tatars (5.000). Muslims can also be found among non-Muslim groups (e.g. the Kache, who are ethnically Tibetan).

Each group differs from the other not only in its national descent but also in its language: The Huis speak mainly Sino-Tibetan languages; the Uyghurs, Kazaks, Kirghiz, Uzbeks and Tatars Turkic dialects; the Dong-xiangs, Salars and Bon’ans a mixture of Turkic and Mongolian; and the Tajiks a variety of Indo-Persian dialects. Throughout the Chinese history, Muslims have been categorized into two systems, the Islam of the inland and the Islam of Xinjiang, with the Huis and the Uyghurs as the two brands’ respective representatives. In the first case, Islam was propagated peacefully as a result of Muslim migration from one place to another. On the other hand, Islam in Xinjiang was spread mainly by the Da’wah, the religious war against Buddhism. Although many of their differences tend to become extinct (especially in the pattern of sects), the Huis remain an example of the “accommodating” Islam, while the Uyghurs stand for separatism.

The Hui is the only nationality, among the 56 Chinese nationalities, for which religion is the only unifying factor of identity. As a result, they subscribe to a wide spectrum of Islamic belief. For instance, in Southeastern China, the Huis have succeeded in synthesizing Confucian teachings with the Shari’a and the Qur’an and their faith is based upon the Shafi’i Madhhab school, while the North-





ern communities are influenced by Central Asian Sufi schools (Hanafi Madhhab) and have combined the Sufi philosophy with Taoist teachings. Nevertheless, the Huis have generally integrated into the predominant Han Chinese culture more than any other Muslim nationality. They have also participated actively in the Chinese political process. A large number of Huis supported the earliest communist call and contributed to the establishment of the People's Republic of China. After 1949, Beijing has implemented a policy of regional ethnic autonomy in Hui-populated areas and thereby it has established one autonomous region (the Ningxia Hui Autonomous Region), two autonomous prefectures (Linxia and Changji) and eleven autonomous counties (some of them jointly set up with other ethnic groups) for the Hui people. Moreover, the Huis are present in the National People's Congress (e.g. Hui Liang Yu, who has been Vice Premier of the PRC) and in government departments both at the central and local level.

On the other hand, the Uyghurs are the least integrated into Chinese society. Distributed mainly in the Xinjiang Uyghur Autonomous Region, they are assumed to be either descendents of Turkic breeds that cut off from the Turkic Empire or an indigenous people who embraced Islam during the 10th century. The Uyghurs did not possess distinct "national" consciousness and they were tied to their city of birth until the beginning of the 20th century, when the Uyghur nationality began to take shape due to common opposition against the Han rule. Since 1932 the Uyghurs have battled to found

an independent "East Turkistan Republic" "or Uyghuristan" in the province of Xinjiang but they never virtually achieved to gain self-determination. (The two short-lived states that existed from 1933 to 1934 and from 1944 to 1949 could easily be characterized as Soviet protectorates.) The Xinjiang Uyghur Autonomous Region was set up in 1955, but 2 years later Beijing adopted policies for the containment of Muslim "separatist tendencies", including programs for the relocation of non-Muslims to Muslim provinces.

The Uyghur independence movement continues to disturb Beijing, as many radical militant groups, often described as "terrorist organizations" by the United Nations (East Turkistan Islamic Movement, East Turkistan Liberation Organization, Eastern Turkistan Islamic Party etc.), have emerged. These groups have carried out many bombing attacks and they are believed to have received support and training from al-Qaeda, Jemaah Islamiyah, Jamaat-i Islami, the Taliban and the Islamic Movement of Uzbekistan. The lat-



ter, which changed its name to Islamic Party of Turkistan in 2001, aspires to create a Turkic-Islamic state in the region and hence tries to recruit the Muslims of Xinjiang.

Chinese authorities have already imprisoned or executed some of the separatists' leaders. For instance, in 2001, they sentenced to death Alerken Abula, the leader of the Eastern Turkistan Islamic Party of Allah. They continue to swamp suspected terrorist camps, the latest development being the destruction of an East Turkistan Islamic Movement camp in Xinjiang in January 2007. Beijing has also allied with the United States in the war on terror, has inaugurated the Shanghai Cooperation Organization which focuses on the threats from separatism and terrorism and has established joint operations with its neighbouring countries, in particular Afghanistan and Pakistan, apropos of suspected terrorists deportation.

However, Islam's role as a defining influence within the Uyghur independence movement is dis-



puted. Uyghur nationalists insist that their movement does not aim to launch a jihad against the Chinese, but emanates from the encroachment of their historical sovereignty and human rights. Indeed, China might rhetorically support the liberty of worship, Amnesty International, however, states that the round-ups of so-called terrorists and separatists have led to hurried public trials and summary executions of thousands of locals. It is noteworthy that Xinjiang has the highest number of executions (1.8 per week) throughout the whole country.

These reports, published by Amnesty International and the UN High Commissioner for Human Rights, have provoked the reaction of the Muslim world. Turkey, for example, who is a haven for many Uyghur exiles and has always supported the rights of its ethnic kin in Xinjiang, has condemned China's policy towards the Muslims. Beijing's response was that Ankara should not interfere in China's internal affairs.

Nonetheless, Beijing has not managed to convince the world that the Uyghurs pose a domestic and international terrorist threat and it will probably be forced to reconsider its stance due to political and economic considerations. Already, China's major oil supplier, Saudi Arabia, as well as other Islamic countries have complained about the "suffering of Muslims whose human rights are violated". Uyghur organizations in Western capitals have also begun a sensitization campaign that could reduce China's international prestige and delegitimize its policies. Furthermore, the turbulent situation in Xinjiang could have a destabilizing effect in the whole region. The Uyghurs may claim that their cause does not have a religious texture, but if the cycle of insurgent attacks and state counterattacks carries on, Islamic militancy or revivalism will probably grow. Such a development would result in an intensification of the Tibetan liberation struggle and in convulsions in the neighbouring countries which already face radical Islamic movements.



The Islamic Middle East, India and China: *Politics and Culture* in pre-Modern times

Evangelos Venetis*

Relations between the Near or Middle East and China as well as the Indian sub-continent were always strong in the past. These relations were of various kinds, such as political, economic and cultural. Contacts between these three worlds were established already in antiquity and they were later strengthened in Islamic times. The multidimensional interaction between India, China and the Middle East remained close both in times of peace and war.

In pre-Islamic times, the whole Middle East was under the Iranian (Persian) rule of the Achaemenid dynasty. The Achaemenids were successful enough to establish a vast empire extending from Thrace and the west coast of Asia Minor to Central Asia and north-western India. Although there is not enough evidence from contemporary primary sources, the Iranians favoured political and economic relations with the Indian peninsula and the periphery of the Chinese world in Central Asia. Trade between the Achaemenid Middle East and the Chinese and Indian worlds was conducted through the Silk Road and the Indian Ocean-Persian Gulf Routes respectively. The Arabian Peninsula was a vital part of the sea route from India to Mesopotamia, with the Arab sailors from Yemen and Hadramawut having a great share in the trade. The economic and cultural contacts continued during and after Alexander the Great's time, with the Greek kingdom of Bactria lying at the frontiers between the Middle East and the Chinese world and the Seleucid kingdom having close contacts with the Indians. Ptolemaic Egypt also participated in the trade route with India through the Red Sea-Indian Ocean route. The same situation prevailed in the Eastern Mediterranean under Roman rule and the Middle East under Arsacid rule.

The emergence of the Iranian dynasty of the Sasanians in the Middle East (224/6-651 AD.) reunited this large area under a single political rule and gave a new boost to economic and cultural relations between the Middle East and China and India. Cultural and economic interaction was strengthened in the Sasanian Middle East; there are numerous examples of Chinese influence on Iranian and Middle-Eastern art (the case of silver plates and jars) and of Indian influence on literature (the case of the Indian Kalila wa Dimna fables which were translated from Sanskrit to Middle Persian and then into Arabic). This cultural interaction was strongly related with the flourishing of economic relations between China, India and the Sasanian Middle East. Not only did the above mentioned trade routes remain in full activity, but new ports were also established in the Persian Gulf and the western Indian coast while the Silk Road activity was reaching its peak. This flourishing multidimensional activity and interaction did not change after the emer-

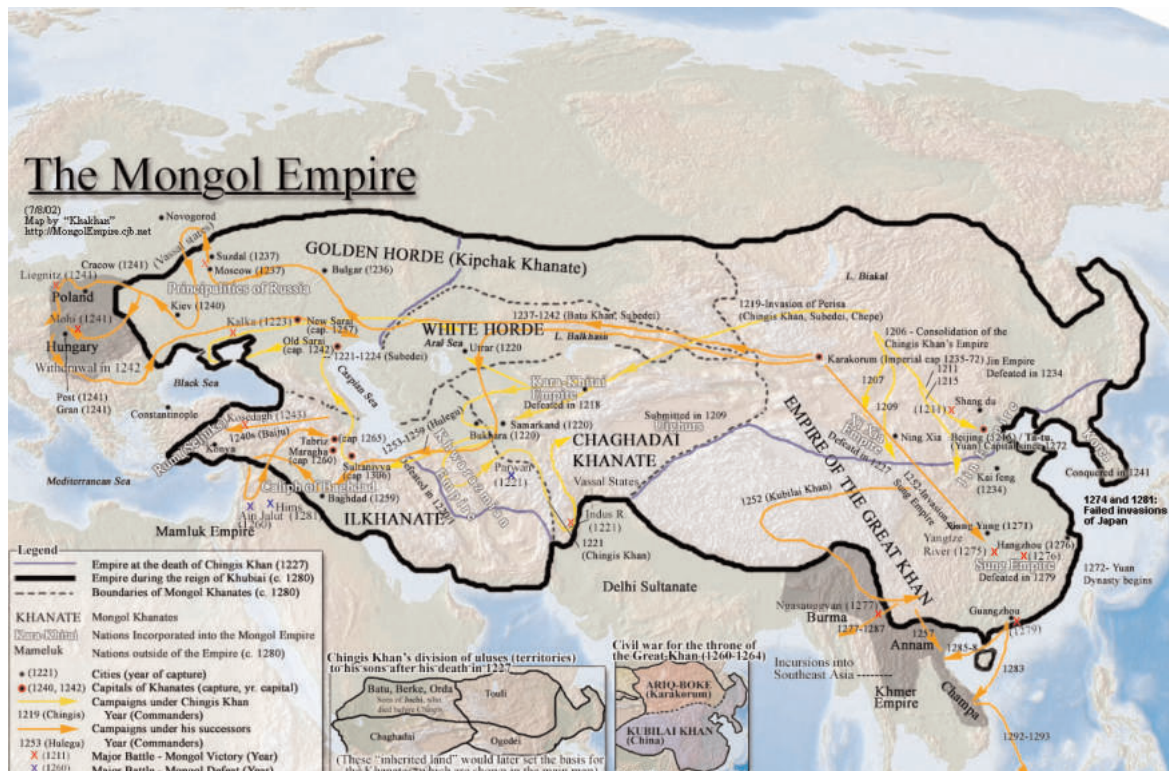
* Islamic and Iranian Studies, University of Leiden



gence and gradual spread of Islam (7th cent. AD) in the Middle East, Central Asia, western China and north-eastern India.

In the first centuries after the emergence of Islam, the economic and political interaction between the Middle East, India and China was altered by the new political and cultural data that Islam brought forth. The spread of the new Islamic order initially shattered pre-existing financial networks in the region but once Islam was firmly established the Muslims were realistic enough not only to rely on these pre-existing networks but also to expand them. Actually the expansion of Islam resulted in the formation of a vast network of roads and trade routes equipped with caravansaries and, most significantly, provided with that degree of safety which was necessary for the commercial activity between the Caliphate, the Indian peninsula and Central Asia.

Cultural and economic contacts between China, India and the Islamic world were mainly centred on Iran because of the latter's geographic proximity to India and China. Artistic motifs of various aspects of Chinese and Indian art were transmitted to the Islamic artistic heritage through the Iranian artistic tradition which forms the backbone of Islamic art up to the present day. Literary interaction went on in the Islamic period especially on the fringes of the Middle East, in Afghanistan and Central Asia. In spite of the continuous wars between the dar al-Islam (Realm of Islam) and the dar al harb (Realm of War), eastern Iran became the bridge for cultural interaction between India, China and the Islamic world. Between the 9th and the 13th centuries AD dynasties such as the Buyids, the Samanids, the Ghaznavids, the Qarakhanids and the Saljuqs facilitated economic and cultural interaction between India, China and the Islamic world.



The Mongol conquest in the mid-thirteenth century became the turning point in Islamic history. The Mongols established themselves as the absolute rulers of a vast empire extending from the Pacific Ocean to the eastern Mediterranean. It was in that period that Chinese influence in the Islamic world reached its peak. The Mongols, coming from a Turkish-Mongol confederacy of



tribes, were largely influenced by Chinese culture and thus became the vehicle for the transmission of Chinese influence into Persian, Islamic and Middle Eastern Culture as a whole. The various Mongol rulers (Jenghis Khan, Hul-Aghu) and their successors (Tamerlane) fostered the development of financial activity in their vast kingdoms. In spite of continuous warfare, commercial activity remained vigorous. Mongol rulers, like their early Turkish predecessors in the eastern Islamic world (Iran, Afghanistan and Central Asia), favoured and sponsored the development of belles-lettres in their courts and thus the Indian, Chinese and Perso-Islamic cultures were brought even closer.

The same pattern went on in the Safavid period (1502-1722) in Iran while the Uzbeks and Afghans also participated in this multicultural contact. The Mughal dynasty in India became a classic example of Indo-Chinese-Persian cultural interaction in all aspects of culture in the Indian peninsula. In all the above cases literature, history and culture as a whole were intimately associated with politics. This diachronic combination became the basis on which the above tri-lateral interaction took place initially in the eastern Islamic world under Iranian patronage and then even westwards in the Islamic lands.

The preceding discussion has shown that the Indian and Chinese cultures were in close contact and interaction with the Islamic world. The role of Iran was central in this process and through this constant economic activity the Perso-Islamic civilisation of the eastern Islamic world facilitated the interaction between various Chinese and Indian and Perso-Islamic cultural motifs and ideas on the fringes of the Islamic world with India and China.



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