



The political economy of China–Arab relations: challenges and opportunities

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ABSTRACT

Steady development of China–Arab economic relations has been taking place in a turbulent international environment, especially at political and economic levels. In such a context, this study shifts the attention towards approaching China–Arab economic relations from the perspective of international political economy. It is divided into three sections. The first provides a brief historical introduction to the relations between China and the Arab world. The second examines some of the main challenges that face China–Arab economic relations. The third explores the opportunities in which both parties should invest in order to reach the level of strategic partnership. The study approaches the subject from the perspective of international political economy and concludes with a discussion on how the political can play an incentive role for China–Arab economic relations.

KEYWORDS

China–Arab relations; new silk road; road and belt project; One Belt One Road Initiative (OBOR)

Introduction

The Chinese heading west and the Arabs heading east are destined to meet, to revive the glories of the Great East, which dates back more than two millennia (Author).

China–Arab economic relations can be traced back to more than two millennia. The ancient Silk Road constituted a historical bridge of trade and cultural exchange between China and the Arab world. The momentum of these relations has increased recently, particularly since the establishment of the China–Arab Cooperation Forum in January 2004. With the establishment of the forum, the Arab world has become China's seventh largest trading partner. Trade between the two sides raised US\$36 billion–250 billion (2004–14). In recent years, the Gulf Cooperation Council (GCC) has also sought to establish a free-trade area with China. In 2013, China launched a strategic initiative that aims at reviving the ancient Silk Road, both on its land and sea lines, where the Arab world constitutes a vital gateway to this route, both geographically and economically.

However, such steady development of China–Arab economic relations has been taking place a turbulent international environment, especially at political and economic levels. In such a context, this study aims to shift the attention towards approaching China–Arab economic relations from the perspective of international political economy (IPE), which begs the question how international politics and global economics *confluence* the course

of relations between the two parties. Reading the quantitative indicators – as with sectors such as energy, infrastructure investment or trade in goods – leads to hasty conclusions that lack an awareness of the increasing complexity of China–Arab economic relations.

The separation of the political from the economic often leads to misleading results, in terms of both the *description* of the present and the *prescription* for the future, particularly in the case of the question of how the relations between two asymmetrical parties are and how they should become: China, which represents a rising *economic* actor experiencing over-production and local under-consumption, on the one hand, and a revisionist *political* actor seeking to revisit the post-Cold War unipolar international system arrangements, on the other; and the Arab world, which represents a developing *economic* actor suffering several structural economic problems, the most important of which is the excessive dependence on the hydrocarbons sector, on the one hand, and which represents a *political* actor burdened by political disagreements, some of which are linked to the legacy of the colonial era and others to post-Arab Spring transformations.

This study is divided into three sections. The first provides a brief historical introduction to the relations between China and the Arab world. The second examines some of the main challenges that face China–Arab economic relations: the challenge of unequal exchange; the challenge of the *common* in the common gains of the Road and Belt project; the challenge of security stability in the security complex of Middle East–Arab Gulf; the excessive West-centrism of Arab foreign policies; lack of mutual knowledge and understanding between China and the Arab world; and Arab–Arab political divisions. The third explores the opportunities in which both parties should invest in order to reach the level of strategic partnership: engaging the Arab world in the Road and Belt project; developing the China–Arab Cooperation Forum; and activating China’s Arab policy paper. Moreover, this section highlights the strategic opportunities Arab–Arab economic integration offers. Finally, as the study approaches the subject from the perspective of IPE, the conclusion debates how the political can play an incentive role for China–Arab economic relations, rather than the deconstructive role it may play, especially with the exacerbation of post-Arab Spring disagreements and divisions, both among Arab countries themselves and between China and *some of* the Arab countries, which are at odds – and sometimes clash with – the latter’s political positions.

A historical introduction to China–Arab relations

The history of China–Arab exceptional relations extends over more than two millennia. The Silk Road and the ancient Incense Road¹ have been a historic bridge for communication and exchange. The Arab world has historically been a vital crossroads between East and West. These relations had continued until the discovery of the Cape of Good Hope at the beginning of sixteenth century and the consequent transformation in international trade routes, followed by the subordination of the Arab world to the rule of the Ottoman Empire.

China–Arab relations were only resumed with the establishment of the People’s Republic of China (1949) and with the independence of many Arab states during the second half of the last century. Egypt was the first Arab country to establish official relations with China (1956) following President Jamal Abdel Nasser’s recognition of the People’s Government of China instead of the Taiwan government; Saudi Arabia was

the last country to establish official relations with it (1990) due to the international polarization – political and ideological – of the Cold War.

Mohammed Selim distinguishes four major phases in the history of China–Arab relations. The first extended from the second century BCE until the advent of Islam in the seventh century CE. This phase was characterized by the dominance of trade as a basic feature. The second phase extended from the seventh century until the beginning of the colonial era (the 16th century), and was characterized by constant flourishing trade relations as well as an emergence of religious and cultural issues, particularly with Arab efforts to spread Islam in East Asia and the development of scientific and cultural exchange between the Chinese and Arab/Islamic civilization. The third phase, from the 16th century to the early 20th century, was characterized by some kind of rupture under the colonial era. Arab–China relations resumed only during the interwar period and, more obviously, after the Second World War with the rise of Chinese and Arab liberation movements. At that time, the political factor began to emerge and dominate the essence of the relations. Finally, the fourth phase extended from the founding of the People’s Republic of China (1949) until the end of the Cold War (Selim 1999).

However, the initiation and implementation of economic openness policies in China (1978) was a crucial milestone at this stage, where China’s pursuit to mobilize its domestic potentials for the sake of its economic development has led to an unprecedented acceleration of China’s economic growth, which in turn has led to a steady increase in energy demand, making the need for closer ties with the energy-rich Arab world increasingly urgent. However, this phase, which lasted during the second half of the 20th century, remained characterized by the dominance of the political. It witnessed a remarkable exchange of political support on many issues. The Arab countries had supported the One-China policy towards the Taiwan issue and supported China’s restoration of its seat at the United Nations Security Council (1971). China, in turn, had supported the national liberation movements on many Arab countries, and had supported Egypt on the issue of nationalizing the Suez Canal Company, in addition to its support to Egypt stance vis-à-vis the triple aggression (1956), as well as its constant positive attitude towards the issue of Israeli-Arab conflict.

By the end of the Cold War, the economic returned to dominate the China–Arab relations view, which became more complicated. This phase was marked by the transformation of China, at a steady pace, into a rising economic power, which now ranks second in the world. It represents about 22% of the global economy, aspiring in the next 10 years to score an annual export volume of US\$10 trillion and foreign investment of US\$500 billion (Gulf Center for Strategic Studies 2015). The Arab world is considered to be the most promising space for these huge volumes of trade and investment (Figure 1). The momentum of China–Arab relations has increased recently, especially since the establishment of the China–Arab Cooperation Forum in January 2004, which held its seventh ministerial meeting in Doha, Qatar, in May 2016. However, the steady development of the trade exchange that defines China–Arab relations does not negate the existence of challenges and difficulties that both parties should deal with. Such challenges are discussed in the next section.

Challenges for China–Arab economic relations

Despite the promising nature of China–Arab economic relations, they still face many challenges and difficulties that require more serious steps to be taken on both sides. However,

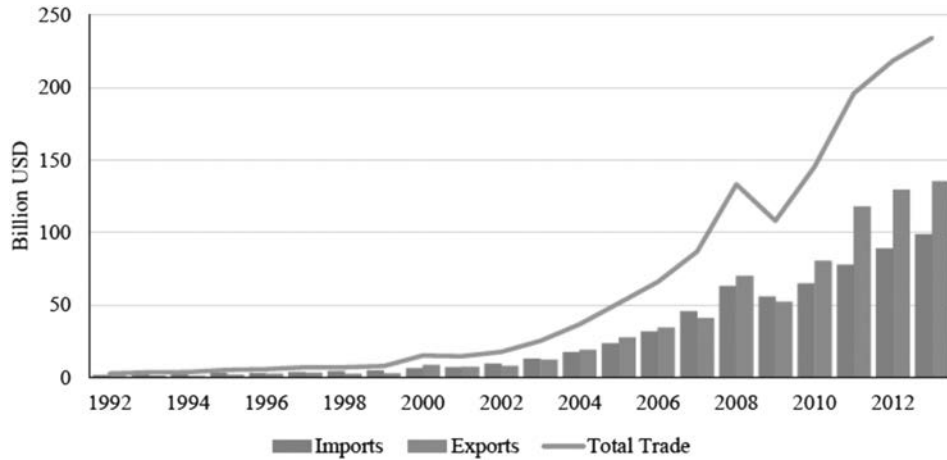


Figure 1. Development of trade exchange between China and the Arab world. Source: Abu Hatab (2015, 5).

the Arab world is still required to take such steps, given the growing Chinese economy, on the one hand, and the political and economic problems and difficulties the Arab countries still have to handle, on the other. This section highlights six challenges: unequal exchange; redefining the common in the common gains of the Belt and the Road project; security (in)stability in the Middle East–Arab Gulf security complex; the excessive West-centrism of Arab foreign policies; lack of mutual knowledge and understanding between China and the Arab world; and Arab–Arab political divisions.

Inequality of exchange in China–Arab economic relations

Inequality in the terms of economic exchange between China and the Arab world is an economic issue that is easy to notice. It is not necessary to involve the political to observe how these terms appear to be necessary for both sides, although more significant for China than for the Arab world. Therefore, the mainstream discourse should reconsider using the concept of integration to express the pattern of China–Arab economic relations.² It is evident that China exports to the Arab world most of its commodity needs at attractive competitive prices, while few Arab countries export to China its growing energy needs to maintain its economic growth pace (cf. Figures 2 and 3). However, the problem is that the energy market, unlike commodity products, is characterized by two fundamental characteristics: fluctuation and instability. Fluctuation of prices makes the revenues of exporting countries unstable, and the non-renewability of energy materials makes their revenues unstable as well.

However, emphasis is usually put on the promise of localizing – not just importing Chinese technology into the Arab economies, which is not only cheap and can offer an alternative to the Arab economies for expensive Western technology. Besides, it can contribute to solving many technical problems in many areas due to the *relative* similarity of the prevailing lifestyle inside both Arab and Chinese societies. Such similarity is, of course, admitted if we take into consideration that China and the Arab countries share an assumed identity of a Global South/developing world.

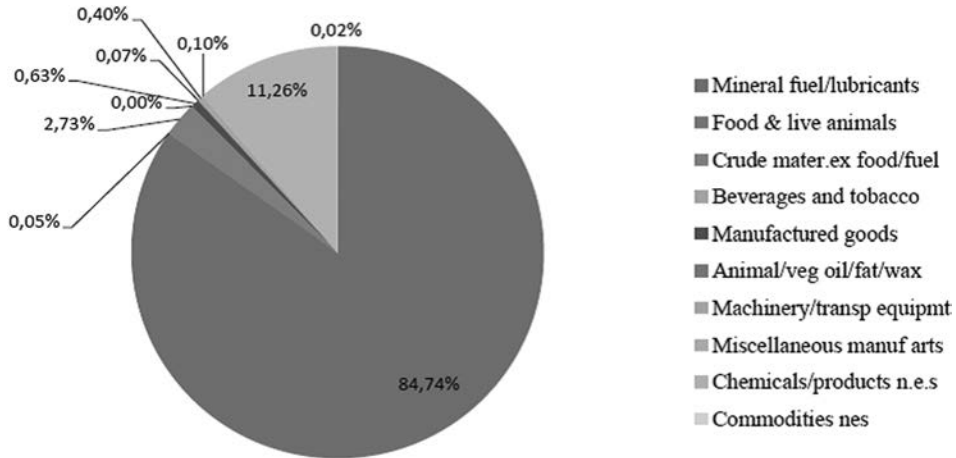


Figure 2. Chinese imports from the Arab world, 1995–2013. Source: Abu Hatab (2015, 6).

Moreover, energy should be de-centred in the processes of economic exchange between China and the Arab world. The Arab countries should take the growing Chinese market more seriously, just as China deals with the Arab market. Therefore, Arab countries should take more steps to invest in this market by developing a vast range of potential to make exchanges more equal, from agriculture to tourism exports. Therefore, it seems evident that if Arab countries do not take adequate and appropriate steps in this regard, bilateral/multilateral exchange processes will remain in favour of China, which acts according to the perception that maintaining economic growth/stability depends on meeting its increasing demand of energy supply, as well as its need for developing markets, which justifies its need for cooperation with the Arab world. In addition, China needs to develop cooperation with Arab countries in many promising fields, such as entrepreneurship, employing labour surplus, foreign direct investments and technology transfer.

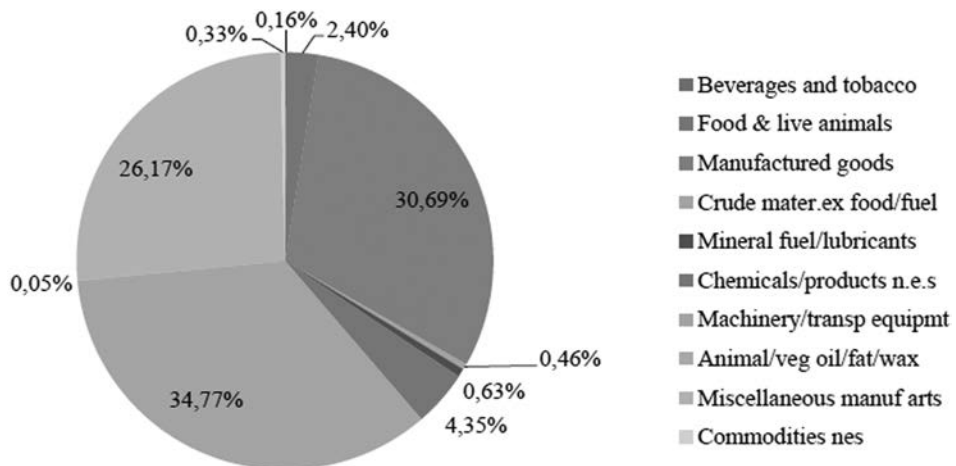


Figure 3. Chinese exports to the Arab world, 1995–2013. Source: Abu Hatab (2015, 7).

Redefining the common in the common gains of the One Belt One Road Initiative (OBOR)

The initiative of (re)constructing the Belt and the Road – the One Belt One Road Initiative (OBOR) – aims to revive the Silk Road both via land (the road) and via sea (the Belt), which connected China with the rest of the world for two millennia, and allowed the exchange of silk, perfume, incense, spices, ivory, diamonds and other items, as well as culture and sciences. The initiative was announced by President Xi Jin Ping in 2013. It includes an enthusiastic call to revitalize the ancient road and belt through three main lines (Figure 4). The most important of these lines is the land line that begins in (Western) China, travels through Central Asia and the Arab Orient–Middle East, and arrives in Europe. As for the sea line, it begins on the Chinese coast, moves through the South China Sea and Indian Ocean and arrives at European ports.

China's Foreign Minister, Wang Yi, stated that the initiative had gained affirmative responses from some 70 countries located on the road's line, including the Arab Orient–Middle East countries. The project includes hundreds of projects that will be realized steadily, linking European, Asian and African economies through extensive networks of roads, railways and airlines, as well as vital transport channels and pipelines, creating conditions for a strong partnership for economic development among every involved country.³

However, for the Arab world, the OBOR strategy should be reconsidered not only as a discourse of China's foreign policy, but also as an instrument of China's global economic policy. There have been numerous writings, scientific and political seminars and conferences, as well as media reports that have been prepared about the strategy. Still, there is a strong need to continue questioning the promises and limitations of the related discourse.

From a geostrategic point of view, the Arab Orient–Middle East has a vital historical significance for the project. It represents a crossroads and a route to reach Europe to the north of the Mediterranean, and to the Arab Maghreb to the south of Mediterranean.

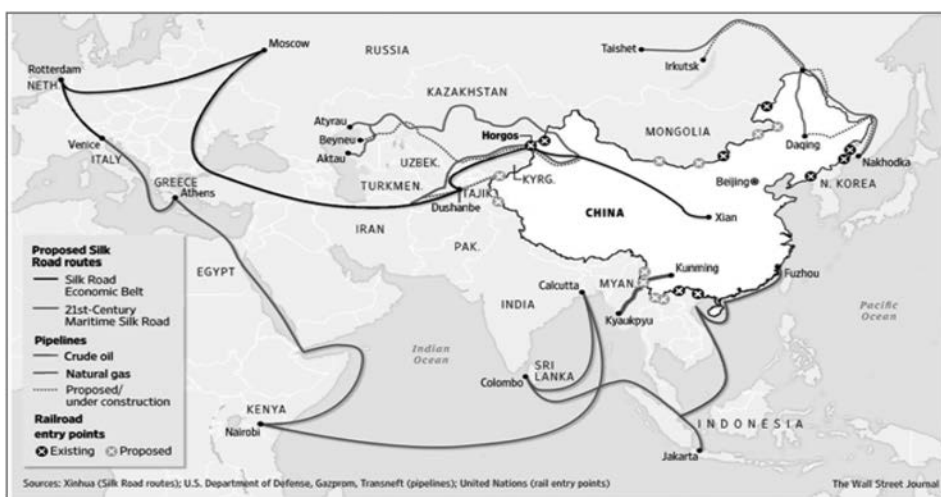


Figure 4. The new Silk Road (across both land and sea). Source: <https://www.weforum.org/agenda/2016/06/why-china-is-building-a-new-silk-road/>

Therefore, Arab countries, particularly in the Middle East, should redefine their role in the project. They stand in front of two deviating paths, one of which they have to choose to take: either to remain merely a geographical passageway for imports and/or exports back and forth from Europe to East Asia, as well as to continue representing a growing market for foreign exports, or to seek to substitute the geostrategic passageway role with a geo-economic player vigorously involved in the economic activity which is expected to accelerate on both roads during the coming decades. In other words, the Arab world should avoid the trap of what Abdennour Benantar called 'political narcissism' resulting from the rhetorical use of the concept – geostrategic passageway – without affecting practice.

Based on Benantar's intervention in a different context but closely related to this study,⁴ the concept of the 'geostrategic passageway' should always be problematized within the discourse of the OBOR. The most important and persistent question that should be constantly asked is that if the Arab world is called a geostrategic passageway, for whom and for whose interest is it intended? In fact, it is not because others use it that the description is necessarily real and certainly a good thing for the Arab world. It is up to Arab countries themselves to assess their true and desired weight in the project, and 'they must not be dragged into the game of political temptation and/or drowning in political narcissism. The desired position should be acquired and gained through action not granted through mere uttering' (Benantar 2005, 63). If Arab countries really want to be(come) a geostrategic passageway in the OBOR, they must do what is to be done to serve their strategic interests as one bloc, able to act and not just react to foreign initiatives.

Security (in)stability in the Middle East–Arab Gulf security complex

Security stability in the Middle East–Arab Gulf Security Complex⁵ remains a challenge to be addressed by both China and Arab governments, including the long-term implications of the Arab Spring, the Arab–Israeli conflict or the increasing tension on both sides of the Arab Gulf. Hence, the Arab world should convince China to make greater efforts to do what its role as an emerging global power requires, besides what its historical friendship with the Arab world represents. Furthermore, China should play as active a role as the ambitious strategy of OBOR necessitates. In this context, the Chinese ruling elite should be aware that China's economy is one of the largest energy-importing economies in the world, and as long as most of its imports come from countries within this security complex, China's foreign policy must utilize all the available tools and mechanisms to make the region a stable space in the long term.

Among those tools, China's good relations with Iran and Israel can be mentioned. Moreover, it is possible to talk about the role of China's soft power in its foreign relations by relying on the principles of peaceful coexistence in international relations (mutual respect for sovereignty, respect for territorial integrity, non-aggression, non-interference in internal affairs and mutual gains). These are the principles the Chinese ruling elite claim the OBOR is based on. However, these principles are certainly incompatible with China's neutrality when it comes to continuing to strengthen its relations with countries that violate the same principles, as Iran and Israel vis-à-vis certain Arab states. Therefore, these principles should not remain just catchphrases within the political discourse of China's ruling elite.⁶

West-centrism of Arab foreign policies

In 2007, Amr Moussa, then General Secretary of League of Arab States, pointed out the need to increase Arab interest in China as a major power to the same degree of interest the Arab world gives to other major powers (Rizk 2007). There is no doubt that the rise of China has become a phenomenon that has strongly imposed itself at the regional and international levels, but the difference is now apparent between the role of China in the current international system and the implications of this image on Arab foreign policies, whether political/security or economic. During the Cold War era, which represents the peak of bipolarization between the United States and the Soviet Union, it was understandable that the Arab world relied excessively on *one* of the superpowers. However, after the collapse of bipolarity, the Arab world seemed to be imprisoned in a unipolar moment which the United States had self-claimed. More than two decades since the end of Cold War, it has become evident that the international system has been moving towards multipolarity, particularly at the global economic level. Of course, the separation here between the political and the economic in global politics is just for analytical purposes.

Arab foreign policies have remained excessively West-centred. Such a West-centric tendency has been reflected in a wide range of issues, starting from the Palestinian issue (in the Arab Mashreq, for example) to economic partnerships (in the Arab Maghreb, for example). Zhang Hong has observed and confirmed such West-centrism. He complained that Arab countries do not have a good knowledge of China's role in such issues. Although Hong has only talked about China's potential as an expanding market for the world in general and for the Arab world in particular, investments within the Chinese economy are safe and cooperation with China is in favour of Arab countries,⁷ it is still important to note that the link between Arab economies and the Chinese economy through bilateral and multilateral relations would provide an input to China's involvement in Arab foreign policies and to soften its West-centrism (around the United States and the European Union – EU).

Lack of mutual understanding between China and the Arab world

China and the Arab world need to know each other better. On the Arab side, there is an obvious scarcity of Chinese studies. Hong has already stressed this observation when he pointed out that an observer of China–Arab relations finds that Arab research and studies on China are rare. Besides, institutes and research centres specialized in the study of Chinese affairs are too few, which affects the quantity as well as the quality of value-added recommendations provided to Arab decision-making. Such a gap, of course, cannot be bridged by China–Arab friendship associations that exist in most Arab countries, or even by political and economic committees. To do so, epistemic communities must be involved. Such communities should engage researchers and experts who are able to understand and interpret China's public policies⁸ and who can influence the decision-making circles in their governments. Knowledge about the other should always be seen as a crucial and necessary force to interact with that other.

Another problem results from, and at the same time leads to, the scarcity of Arab knowledge about China. The problem is that the image the Arabs have about China is not drawn by the Arabs themselves, but through Western media on Chinese affairs.

This is also consistent with the observation of Hong when he pointed out that by reading Arab newspapers and magazines and watching Arab television channels or listening to Arab radio channels suffices it can be concluded that most of the news, reports and comments about China are transmitted by Western agencies and channels, which in his view are often far from objective (Hong 1999). Eventually, it should be noted that if knowledge is power, incorrect knowledge often undermines it. It is not just about how much the Arabs know about China, but, more importantly, how credible and reliable is what we know.

Arab–Arab political divisions

Arab countries are clearly divided at several levels. They vary in terms of political interests, social and economic conditions, and political and economic development models as well as the political positions they take. Arab divisions have intensified since 2011, and one cannot overlook the negative impact of the divergence in political positions on regional issues, which directly affect Arab–Arab relations as well as Arab–China relations. Therefore, this challenge should be seen as crucial to the present and future of China–Arab economic relations, especially for the Arab world, because the response must – once again – be essentially Arab. Non-harmony of political positions affects negatively the homogeneity of economic interests’ definition and how they are to be defended. The next section expands on this challenge.

Strategic opportunities for China–Arab economic relations

This study is based on the hypothesis that the available strategic opportunities for China–Arab economic relations exceed the challenges they face. Therefore, this section seeks to explore the opportunities in which both parties should invest so as to reach the level of a strategic partnership. It focuses on involving the Arab world in the OBOR project; developing the China–Arab Cooperation Forum; and activating China’s Arab policy paper. Finally, it highlights the strategic opportunities Arab–Arab integration offers to the Arab world.

Last year, the 60th anniversary of the establishment of official relations between China and the Arab world (1956–2016) was celebrated. From a purely economic point of view, the gains of economic cooperation seem obvious. China has become the second largest trading partner of the Arab world and the first trading partner of nine Arab countries. The Arab world, in turn, has also become China’s seventh largest trading partner, and the largest oil supplier to China. Besides, Arab countries have become an *overstuffed market* for China’s infrastructure projects. Although such achievements have confirmed the argument that historical economic relations between the two parties have passed some difficult tests, the question of how the political can play an obstructive or incentive role in the course of China–Arab economic relations remains insistent at the current phase. This phase is characterized by two main trends: a promising economic trend driven by the achievements of the recent past and the ambitions of the coming future; and a turbulent, uncertain and ambiguous political trend. China looks forward to valuing the gains of the past 60 years in the economic field through two main paths: the OBOR project and the China–Arab Cooperation Forum.

Involving the Arab world in the OBOR Initiative

China regards the Arab world as a central and strategic partner in the OBOR project. The project offers a channel to facilitate trade and advance economic development partnership. Overall, the project requires exploring and developing new financing and investment mechanisms. China provides three key financing mechanisms: the Asian Development Bank, the BRICS Group Bank and the Silk and Road Fund, in addition to the Asian Infrastructure Investment Bank China initiated on October 2014 with a capital of US\$50 billion. The bank has exceeded US\$100 billion after the contribution of some countries, including Arab countries (Shahrour 2016).

The Asian Infrastructure Investment Bank finances infrastructure projects in developing countries (including Arab countries). The Silk and Road Fund finances projects in countries bordering the Belt and the Road (including many Arab countries). The BRICS Bank provides development loans to developing economies (including Arab economies). These new financial institutions are expected to provide a significant number of loans to Arab countries to enable them to improve their infrastructure and create a good investment climate. In addition to these institutions, existing financing mechanisms are expected to continue to provide aid and loans to finance development projects which aim to reduce poverty and improve living standards in (some) Arab countries. Finally, China relies on the vital and dynamic role of foreign direct investments (FDIs) which contribute directly to domestic economic development driven by the desire of both Chinese and Arab companies to seek lower production costs and wider market outlets (Long 2016).

While the OBOR faces many political and economic challenges and difficulties, it represents an exceptional strategic opportunity for China to overcome major structural problems in China's economy, such as the surplus of its production capacity, the increase of domestic demand and consumption, as well as overcoming the obstacle of growing protectionism imposed by the West on China's exports. As for the Arab world, Arab economies can *and should* be a vital and strategic partner in the implementation of the project, and can benefit from it through overcoming their structural problems. The OBOR provides an opportunity for Arab countries to negotiate with China to engage in an economic partnership with value-added returns, allowing them to lessen political and economic dependence on the West. However, this remains dependent on the success of the Chinese ruling elite to reassure Arab countries and the rest of the involved countries that the project does not entail global/regional domination practices enveloped in a discourse of common interests.

Developing the China–Arab cooperation forum

The China–Arab Cooperation Forum was established on January 2004. It has become an active framework for multilateral cooperation in many fields. It has so far included more than 10 mechanisms for negotiating and exchanging points of view. During the Fourth Ministerial Conference of Forum held in Tianjin in 2010, the two parties have formally defined their relationship as a 'strategic partnership' (Degang and Zoubir 2014). The forum has provided space for a call to establish relations of strategic partnership based on comprehensive cooperation and shared development.

The forum recognizes a cooperation mechanism based on an equation of 1 + 2 + 3, namely building on the energy field as a major axis, infrastructure, and trade and investment facilitating as two wings, in addition to the three high-tech fields of cooperation: nuclear energy, space and satellites, and renewable energies, and enhancing cooperation in production capacities (Degang and Zoubir 2014; Xuewen 2011).

Ten years after the forum was established, China–Arab trade volume has increased from US\$25.5 billion to US\$238.4 billion (an annual growth rate of 25%). Besides, China's imports of Arab oil have augmented from 40.5 to 1333 million tons (an annual growth rate of 12%). Moreover, construction contracts held by Chinese companies in the Arab world have increased from US\$2.6 billion to US\$29.6 billion (an annual growth rate of 27%). The volume of Chinese investments in Arab countries has increased from US\$17.25 million to US\$2.2 billion (Degang and Zoubir 2014; Xuewen 2011), which has made China the second largest trading partner of the Arab world and the largest trade partner of nine Arab countries, and has made the Arab world a key partner to China in the field of energy as well.⁹

The forum offers an important strategic opportunity for both parties, the success of negotiation process to free trade among China and GCC countries and, later, the spillover of such a process to other parts of the Arab world.¹⁰ In this context, despite the high volume of trade between China and the Arab world, further measures should be taken to liberalize bilateral trade flows. Long (2016) calls for the transformation of the relationship between the two parties into one economic conglomerate to avoid the fluctuations of energy and minerals international prices, which adversely affect bilateral trade patterns, particularly with new and promising areas of cooperation, such as an investment partnership in petrochemical industries, renewable energies, agriculture, high-standards technology and the peaceful use of nuclear energy.

However, the strategic dimension of this opportunity should not be taken into consideration without emphasizing the risks of revenue unequal exchange between both parties. The previous section stressed that the implications of this exchange, as currently being done, may be necessary for both sides, but remains more significant for China than for the Arab world. Therefore, the two parties undergo a common and arduous task, transforming the development pattern of Arab economies, which are characterized by non-productivity and being vulnerable to market fluctuations. By having a giant production capacity and abundant financial resources, China can contribute to the industrialization and diversification of the production basis in Arab economies, many of which have promising industrial assets. Therefore, by moving industrial facilities from China to Arab countries, China can contribute to accelerating industrialization in Arab economies, creating more jobs, and developing small and medium-sized enterprises (Long 2016).

Arab–Arab economic integration

Arab–Arab economic integration is desirable and necessary for intra-economic gains, and not only to meet the challenges of the age of regional economic blocs,¹¹ and primarily to deal pragmatically and more efficiently with international/regional economic partners. However, this integration – or even the cooperation as a lower level – is still marked by 'heaviness of discourse and misery of reality' (Benantar 2004). Meanwhile, Arab governments emphasize that Arab–Arab integration 'is a strategic option, but they behave in the

opposite direction, and their political behaviour is still imprisoned within narrow and traditional perceptions of outdated sovereignty'.¹²

In this context, Benantar (2004) argues that the failure of Arab–Arab integration crisis is due to the fact that the integration remains imprisoned

within political decisions and decrees that are themselves subject to the whims of ruling elites and the Arab–Arab stock market. However, integration is essentially a complicated and a long-term economic and social process. Europe, for example, has been operating for more than half a century, but has yet to reach a level of political agreement between its members that allows for a unified foreign policy. But in the Arab region, the projects begin with the politics and commonalities [without achieving any result]. So, every integrative policy-based project collapses as soon as a political disagreement erupts. That was what happened with the Arab Maghreb Union.

This would confirm the fact that the ideological approach to Arab–Arab integration is in vain. This approach has emphasized the commonalities existing by geography or history, such as religion, language and geographical proximity, while it has neglected the necessary and decisive elements in any promising integrative work which requires appropriate political and social efforts, such as reforming economics and transforming narrow national identities into a broader collective/regional identity.

Arab–Arab disintegration obviously affects Arab economic relations with foreign parties, including China. Before cooperation/integration with the outside world, Arab countries should cooperate/integrate internally with one another, and before they trade commercially with the outside world, they are supposed to exchange internally with one another.¹³ Otherwise, the title of 'China–Arab economic relations' loses its meaning of bilateralism (China and the Arab world). Instead, we would have some many micro-bilateralisms, China, on the one hand, and each Arab country, on the other.¹⁴ Disturbingly, Arab economic interests seem harmonious and non-contradictory, but the conflicting and sometimes contradictory political behaviour of ruling elites makes them lose their momentum and ability to move towards better economic relations between the Arab world and the outside world.

The discourse of 'China–Arab relations/relations between China and the Arab world' leaves a false impression. Inside the Arab world, it should be admitted that the ruling elites are in an advanced state of what can be called an intractable secession between *saying* at a rhetorical level that there is an Arab world and *acting* at a behavioural level as the narrower national interests require. Such secession would abort any effort towards an integrative Arab action, or even cooperative, because economic integration, as is known among international relations scholars, is based on the logic of 'sovereignties consolidation'.

Moreover, the structural imbalance within Arab economies remains a dilemma that exacerbates inequalities of China–Arab economic relations. The structure of Arab economies is characterized in general by the excessive reliance on energy exports (oil, gas and minerals), which makes them rentier economies domestically and exchange economies internationally. Such characteristics keep them at the mercy of the foreign partners' pressures and of global price fluctuations as well. The recent historical experience has confirmed the bad consequences of such a problem for Arab countries.

The Arab ruling elites should realize that dealing with the challenge of inequality of China–Arab economic relations requires an Arab response in the first place. China

does not take any responsibility for Arab–Arab divisions. China deals with the pre-existing reality the Arab–Arab relations impose, but does not create it, just as it does not even exacerbate it – unlike, as is well known, do other great powers. Moreover, some lessons can be learned from the experience of the Maghreb region, where, for example, the Euro-Maghreb partnership has been a challenge but at the same time an opportunity for the Maghreb economies to cooperate with each other. Although it is based on a North–South vertical relationship, the Euro-Mediterranean Partnership, launched with the Barcelona Process in 1995, was also based on a South–South horizontal relationship. Countries of the southern Mediterranean were asked to liberalize their intraregional trade and to make bi-/multilateral partnerships similar to their partnership with the EU. The latter had also financed some regional projects to foster this type of horizontal partnership, such as financing the coastal road project linking Morocco, Algeria and Tunisia. The Southern European countries have always sought to encourage Maghreb countries towards greater economic interaction, so that they can defend them at the level of EU institutions and to prevent the focus of European efforts on Eastern Europe under the pressure of Germany (Benantar 2004). However, such a positive role of the foreign factor has not been fruitful at the level of the intra-Maghreb relations over the last 20 years for purely internal political reasons.

In this context, it should be remembered that economic cooperation with the Arab world is an option for China, among many other options, that differ in terms of strategic importance. As China is moving ahead towards free-trade agreements with many countries and regions other than the Arab world, and has recently signed 14 free-trade agreements with 22 countries and territories, including the Association of Southeast Asian Nations (ASEAN), Singapore, Pakistan, Iceland, Switzerland, Peru, Chile and Costa Rica. Therefore, Arab countries are obliged not only to trigger the intra-Arab integration, at least by re-energizing the Greater Arab Free Trade Area (GAFTA) project, but also to diversify their strategic options in terms of economic cooperation with the outside world. The China–GCC Free Trade Area project is a good example of this mode of thinking. As noted in the previous section, the expected gains of this project should play an incentive role for the Arab countries to think more seriously about abandoning the bilateral paths with China and other economic blocs and seeking to activate the path of Arab–Arab economic integration so that the Arab world can negotiate as a single bloc.¹⁵

Activating China's Arab policy paper

The 60th anniversary of the establishment of diplomatic relations between China and the Arab world has coincided with the Chinese government issuing (13 January 2016) the first official document on China's policies towards the Arab countries.¹⁶ This document reviews the policies, areas and prospects for common cooperation, as well as the historical ties that bind the two parties. It also sets the basic guidelines for the long-term expansion and for deepening the traditional friendship between China and the Arab world. In addition, it clearly expresses China's willingness to play a more active and vital role in the Arab region as well as its aspiration to achieve shared development for all parties.

This document is very important, but still not crucial to the future of China–Arab relations. It is important because it represents a new phase of Chinese interest in the

Arab region. However, it is still inconclusive because of its strong centredness on the economic factor. Nevertheless, the most persistent problems within China–Arab relations are not economic, historical or cultural: they are essentially political. Therefore, the connection China maintains between (economic) interests and (political) principles in its policies towards the Arab world remains one Chinese elites should seriously problematize. The ruling Arab elites, especially in the pivotal countries of the Arab–Chinese relations complex, such as GCC countries, maintain a disproportionate degree of caution in their positions on China’s political views of what is going on in the Arab region, especially in the post-Arab Spring area. Of course, China is not the one to take responsibility for such a problem, as it finds itself in front of an Arab world divided on the issues related to both international politics and the future of the Arab region itself.

There is a common tendency among China and the Arab countries not to politicize economic cooperation between the two sides, especially over the past 20 years.¹⁷ This is desirable and should be valued and emphasized. But there is another step Arab countries must definitely take. It is to stop politicizing Arab–Arab economic cooperation/integration. This step is inevitable, and hesitation indicates that there is an intractable state of double standards among the ruling Arab elites, that they politically disagree with China because of its position on the Syrian crisis or because of its relations with Iran and Israel, while they are reluctant to take serious steps in terms of Arab regional integration due to Arab–Arab political disagreements.

It is important to remember that the interdependence with China’s economy is inevitable for Arab countries. Therefore, the ruling Arab elites must consider what this interdependence requires, as responses and actions, in order to maximize the gains and reduce the costs for Arab economies, on the one hand, and for Arab regional and international policies, on the other.

Conclusions: the political as an incentive in China–Arab economic relations?

Stability and development of relations between any two parties in international politics requires two basic conditions: that interaction should not be temporary and transitory, and that interaction should not be in the interest of one party at the expense of the other. Therefore, the logic of strategic relations between China and the Arab world must always be based on the idea that China needs a strategy for deeper cooperation with the Arab world, just as the Arab world, in turn, needs a strategy for deeper cooperation with China. Moreover, the two parties should think through a comprehensive logic not based on fragmenting cooperation sectorially, such as to be limited to the economic level, as has been the case of China–Arab relations recently. Such fragmentation practices may be necessary at certain stages, for pragmatic purposes, for instance, but for the long term they may become harmful to future cooperation gains. Therefore, China should seriously consider innovating new paths to develop its political interests in the region by adopting less neutral but more equitable positions on Arab interests regarding the essential regional issues, such as the Palestinian–Israeli issue and the Arab–Iranian issue.

Recently, US major strategies have begun to shift from the Middle East to the Far East. This shift appears to be related primarily to the perception of US policy-makers that the

balance of global power is shifting toward the East (Zugui 2014), especially with an ambitious revisionist power (Russia), and with three powers belonging to the BRICS group (Russia, China and India), as well as with China's growing and emerging global power's capabilities, both hard and soft. Thus, the United States appears to be aggressively seeking to enclose China within its near living space area. Therefore, China must develop and diversify its responses, including competing with the United States within its traditional spaces of influence.

In the case of the Arab world, especially the Middle East, China does not have to create a new role from the beginning. China should only invest in the historical legacy of its economic, political and cultural interactions with the Arab world. Moreover, it should continue to network its emerging economy with Arab economies because of its growing need to secure stable energy resources to maintain its economic growth, as well as its need to keep the promising Arab markets open to its products in order to continue stabilizing its fragile trade balance.

As for the Arab world, the need for a Chinese role in the region seems a complex issue. The ruling Arab elites should be aware of such complexity in order to address it effectively. Historically and psychologically as well, the Arab world needs balanced, equal and non-prejudicial relations with a non-traditional superpower; 'non-traditional' is used here in the sense of non-colonial/non-imperial. In this regard, China, with the implications of its exceptional relations with the Arab world, is the only superpower that can make reliable promises.

Economically, Arab economies need to learn more lessons from China's development experience,¹⁸ but it is necessary to be aware of the pitfalls of the prevalent commensuration among the development dilemmas the Chinese economy suffered from in the past and those the Arab economies are currently suffering from. Here, the slogan of South-South cooperation must be *de-ideologicalized*.¹⁹ This is, first, because of the disparity of the conditions of developmental takeoff between Arab economies themselves, a disparity that has been exacerbating due to the collapse of oil prices; and second, because of the disparity between the development levels achieved between Chinese and Arab economies. There is no doubt that such commensuration is misleading. Therefore, we have to highlight, once again, the risks of unequal economic exchange for Arab economies.

In terms of culture/civilization, Arab countries need more unbiased international voices that challenge the discourse of a 'civilizations clash' and 'associating Islam with terrorism'. It seems that China's foreign policy discourse meets such a need, as 'countering extremism' and 'promoting dialogue among civilizations and cultures' are defined as essential implications for the cultural interests of China's policies towards the Arab world.²⁰

In general, both the Arab world and China face a shared challenge of how to manage their relations strategically in a turbulent and uncertain regional context. The sources of turbulence in this context have sharply increased after the Arab Spring transformations, while the sources of uncertainty have been increasing due to these transformations and the decline in economic performance, especially in Arab economies that rely excessively on energy exports. However, it seems that the political uncertainty generated by the Arab Spring transformations has not significantly affected the course of China-Arab economic relations, despite the divergent positions of China's foreign policy and the foreign policies of many Arab countries towards those transformations.

Whether explained by the ruling Arab elites being conscious that economy is more important than politics, or appreciative that China's policy is based on linking interests to principles, or appreciative that China's foreign policy is reluctant to interfere in the internal affairs of other sovereign states,²¹ The China–Arab multi-domain dialogue,²² particularly since 2011, has demonstrated the validity of the hypothesis that there is a deep interdependence between the economic and the political, where economic relations – in an advanced state of connectedness and interdependence – can constitute a state of immunity against the deterioration of political relations. On the other hand, a common political ground based on dialogue and mutual understanding can provide a suitable space for valuing and pushing forward economic relations.

The ruling Arab elites must realize that the Arab Spring transformations can provide a strategic input for China to readapt its role in the region in accordance with the requirements of the next phase. This is at the core of international politics, which is characterized by constant change through time and space. Nevertheless, the challenge of such transformations is a challenge of empowering shared Arab action, at both political and economic levels. Such action remains completely inactive. On the contrary, Arab–Arab disagreements, which at certain moments turn into conflicts, may lead to a state of chronic inaction that would make Arab responses to the strategies of (foreign) great powers in the region – including China – quite negative feedbacks that do not correspond with the necessities of a win–win game. Of course, as is known, Arab–Arab disagreements have been deepening since the beginning of the Arab Spring, and they not only delay the constitution of a shared Arab position at the political level, because the obstacles are chronic and not quite related to the Arab Spring, but also they lead to a bothersome politicization of Arab–Arab economic cooperation/integration. Meanwhile, the development of economic cooperation continues between China and specific Arab countries, even with political disagreements with China on crucial issues related to the Arab Spring transformation.

Notes

1. The ancient Silk Road connects Chang'an, China, with Iraq, Syria and Egypt across Central Asia. The ancient Incense Road, known in modern literature as the Belt, begins its first section on China's western coast and crosses the Strait of Hormuz; its second section begins west of the Strait of Hormuz and goes west through the Sultanate of Oman, the city of Aden and then north along the Red Sea coast to Syria and Egypt.
2. This applies also to the free-trade area which is expected to be established between China and GCC countries, because a free-trade area represents only the first phase of the five stages of international economic integration in Bélla Balassa's model (preferential trade area, free-trade area, customs union, common market, comprehensive economic integration) (Balassa 1961).
3. Completing the construction of these networks fulfils the objectives of ensuring smooth transport and shipping (land, sea and air) and facilitating cooperation to secure oil and gas transmission channels. However, the project is more ambitious. It also aims at building the so-called 'Virtual Silk Road' by creating massive communication and information networks to facilitate cross-border electronic financial and trade transactions, as well as a 'Green Silk Road' to promote renewable energies and to respond to the challenge of climate change (Shahrour 2016).
4. Benantar used this phrase in his critique of the concept of the *pivotal state* used by American literature in the mid-1990s to describe Algeria, among a total of nine other countries. It was argued that this concept was employed externally from the perspective of US national security exclusively, while the prevailing discourse in Algeria went along with that without being

scrutinized as to its relevance to the interests of the United States in the region (Benantar 2005).

5. On the theory of regional security complexes, see Buzan and Waever (2003).
6. It seems that the time has come to listen to the voices calling for problematizing the principle of non-interference in China” politics, because it puts its interests in danger in the long term. It seems to be in the interest of both China and the Arab world to consider coordination and adaptation to replace the current non-interference framework. China is committed to maintaining a high level of transparency in any form of strategic intervention activities in the Middle East, in particular because it will prove to the world that China” intervention (in counter-terrorism efforts, for example) really aims at protecting its assets and citizens in the region, not at achieving superiority or hegemony (Feng 2015).
7. In this context, one should praise, for example, Saudi Arabia” investments in the Chinese economy besides increasing its export of oil to China (17% of its oil needs). Saudi Arabia offered to contribute to the construction of China” strategic oil reserves in Hainan (more than 100 million tons). In addition, China” SINOPEC and Saudi ARAMCO are investing in building oil refineries inside China. An important corporation of Chinese and Saudi companies was founded to construct large factories and complexes specialized in petrochemical production (Hong 1999).
8. Teaching Chinese in Arab universities remains a decisive challenge in this context.
9. In addition to economic achievements, other achievements have been made at the cultural and tourism levels. More than 20 Chinese universities founded Arabic-language departments, and China has opened more than 10 institutes in Arab countries to teach Chinese. Eight Arab countries have become major destinations for Chinese tourists, in addition to 145 flights a week between China and Arab countries (Gulf Center for Strategic Studies 2015).
10. Officially, the free-trade agreement negotiations between China and GCC countries deal with products trade, services trade, and economic and technical cooperation. In the long term, however, China is prospecting the relative wealth of Gulf Arab states, particularly with the latter having to restructure their economies as well as developing infrastructure and diversifying their industries, especially with the recent oil-price crisis.
11. The GCC remains an exception, which appears to be driven by an external security concern rather than an internal economic/social motive. The Maghreb remains an exception, however, in its resistance to the spread of regionalism, to the extent that it can be considered as a ‘region without regionalism’.
12. For full details, see Benantar (2004).
13. In this context, Benantar (2004) says that intra-Maghreb trade remains a true image of intra-Arab trade in general, which remains very weak, not exceeding 10% of the Arab world” trade with the outside world, while intra-trade between the EU” countries is more than 60% of Europe” foreign trade. Currently, intra-Maghreb trade accounts for about 3% of Maghreb foreign trade.
14. In the case of the Arab Maghreb, for example, the three main Maghreb countries (Tunisia, Algeria and Morocco) signed association agreements with the EU, and each negotiates individually, while the MERCOSUR countries, for example, have succeeded in speaking with the EU as one voice.
15. It is important to emphasize that Arab–Arab integration can reduce the negative effects of the imbalance of China” interestedness in Arab countries, a phenomenon justified by the implications of China” economic interestedness in focusing on specific Arab countries more than others.
16. For the full text of document, see http://news.xinhuanet.com/english/china/2016-01/13/c_135006619.htm
17. This trend has been reinforced by China” decision to de-ideologicalize its (foreign) economic policies. It is well known that some Arab countries had reservations towards the role of foreign policies of certain countries (including China) in spreading Communist ideology in the Arab world. Over the last three decades, however, China has shifted towards

- pragmatist development, meaning to focus on pushing forward economic development, whatever economic policies, whatever the source of economic aid. ‘It does not matter the color of the cat as long as it is proficient in catching mice,’ said Deng Xiaoping (Jalal 2003).
18. Inspiration, here, does not mean dealing with the Chinese experience as undesirable and free of repercussions. Many social and economic dilemmas have emerged as consequences of China” rapid economic development, such as the imbalance of interregional economic growth, increasing inequality in wealth distribution, corruption, environmental degradation etc.
 19. China used to – and still does – self-present(s) as being closer to the countries of the South than the other great powers aspiring to hegemony (mainly Europe and the United States). On the one hand, China was a victim, not a maker, of traditional colonial policies and, on the other, it is one of the South countries. Thus, it has worked, and still works, in one way or another to build what Benantar (2014) calls ‘the ideology of the South/belonging to the South’ (6).
 20. Wu Peng Peng defines the interests on which China” policies towards the Arab world rest as follows: the strategic interest of promoting cooperation with key countries and implementing the Road and Belt initiative; the political interest of China” responsible role as a great power; the economic interest of facilitating trade and investment, as well as energy; the security interest in confronting and eradicating extremism; and the cultural interest of promoting a dialogue among civilizations and combining tradition with modernity (see <http://islamonline.net/16868>).
 21. These reasons are historical and political at the same time. Chinese ancient and modern history (the end of the 19th and beginning of the 20th centuries) suffers some kind of foreign intervention complex. The issues of Hong Kong, Taiwan and Tibet, and their influence on the principle of ‘One China’, have led China to centre the principle of non-interference in whatever its forms. China” apparent ‘sympathy’ with Russia” direct military intervention in Syria can be justified by supporting the war against extremist groups.
 22. Arab political and economic elites seem to have received sufficient clarification about China” position during the landmark visits paid, during 2013, by King Abdullah II, King Hamad bin Issa Al Khalifa, President Abed Rabbo Mansour and President Mahmoud Abbas, for example, besides the six Arab foreign ministers of Egypt, Saudi Arabia, Syria, Sudan, Yemen and Somalia, as well as the frequent visits of Chinese officials to the region, since 2011. These are in addition to the continuity of the shared bodies and committees such as the Arab–Chinese businessmen conference, the investment conference under the China–Arab Cooperation Forum, as well as the strategic dialogue between GCC and China.

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