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Implications for the United States in an Era of Strategic Competition

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Russia and China in the Middle East: Implications for the United States in an Era of Strategic Competition

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The RAND Corporation²

Before the Committee on Foreign Affairs
Subcommittee on the Middle East, North Africa and International Terrorism
United States House of Representatives

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Chairman Deutch, Ranking Member Wilson, and members of the committee, thank you for the opportunity to share my observations on Russian and Chinese activity in the Middle East and what it means for the United States and our allies and partners in the region.

A New Era of Strategic Competition

Both China and Russia have significantly increased their engagement in the Middle East in recent years. This involvement spans multiple dimensions, including trade and investment, the energy sector, military cooperation, and diplomatic activity. China's profile in the Middle East has increased substantially in the last ten years, and Russia returned dramatically to the region in 2015, when it deployed military personnel to Syria to prop up the Assad regime. Increased Chinese and Russian engagement in the region underscores that the United States is in a new era of strategic competition. This competition is playing out not just in Europe and Asia, but also in Africa, Latin America, and the Middle East, and it is happening at a time when many Americans are understandably fatigued with the role of the United States as the world's leader and policeman.

What is at stake in this era of strategic competition and what are the players competing for? Put simply, the United States' goal is to ensure our continuing economic prosperity and security

¹ The opinions and conclusions expressed in this testimony are the author's alone and should not be interpreted as representing those of the RAND Corporation or any of the sponsors of its research.

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in an increasingly complicated and contested world. Russia, a country with a strong military but deteriorating economic prospects, seeks to preserve its status as a great power for as long as it can. China, fueled by its tremendous economic strength, is pursuing a long-term strategy aimed at restoring what it sees as its rightful and traditional historic position as a world power.

To prevail in this competition, Russia seeks to disrupt the international order led by the United States and Western democracies, reestablish what it sees as its rightful sphere of influence in the former countries of the Soviet Union, and weaken the relationship between Europe and the United States. China sees the United States as attempting to contain its rise to power and wants to both reestablish its primacy in Asia relative to the United States and adapt the international order to better accommodate its preferences and goals. To compete successfully, the United States needs to have a vibrant, productive economy, to continue to protect and adapt the international order that has enabled our success as well as that of others, and to operate in coalition with our allies and friends.

This strategic competition is playing out on the world stage, but the Middle East is an important regional theater. It is particularly important for both Russia and China, given its strategic location and vast energy resources. Understanding Russian and Chinese goals in the region and how they are pursuing these goals can help inform how the United States should approach their presence in the Middle East and our own policy choices in the region.

Russia in the Middle East

In 2015, Russia returned to the Middle East with its intervention in the Syrian civil war, deploying military personnel outside what Moscow considers its “near abroad” for the first time since the fall of the Soviet Union. Russia sees engagement with the Middle East as a way to reestablish itself as a great power on the world stage at a time when U.S. influence in the region is seen to be waning. Like Beijing’s plans, Moscow’s Middle East strategy relies on maintaining good relations with all countries in the region and focuses on maximizing opportunities in the region with a minimum of commitment or potential for losses.³

Diplomacy and Economics

Well before deploying military personnel to Syria, Russia was increasing its engagement in the Middle East. In a region where personal relationships matter greatly, President Vladimir Putin invested considerable time visiting countries in the Middle East, including Israel, Saudi Arabia, the United Arab Emirates (UAE), Jordan, Qatar, Turkey, and Iran. Russia eases this engagement by emphasizing its belief in state sovereignty, as well as its opposition to external interference and internal popular uprisings. Moscow is also deeply concerned about the potential for the spread of Islamic extremism and terrorism to Russia and its neighboring states. In Moscow’s view, the events of the Arab Spring, as well as the U.S. interventions in Iraq and Libya, have destabilized the region significantly.

³ James Sladden, Becca Wasser, Ben Connable, and Sarah Grand-Clement, *Russian Strategy in the Middle East*, Santa Monica, Calif.: RAND Corporation, PE-236-RC, 2017, p. 10.

Russia presents itself, in contrast to the United States, as a reliable partner for the region that will not lecture about human rights or societal freedoms but will help with trade, investment, and energy diplomacy. Together, Russia and the Middle East have more than 60 percent of the world's proven oil and gas reserves, and they produce 50 percent of the world's oil and almost 40 percent of its natural gas.⁴ When Russia and the countries of the Middle East cooperate to pursue common interests, there are significant implications for global oil and gas markets. Russia and Saudi Arabia have been the primary drivers behind the Organization of the Petroleum Exporting Countries (OPEC)+1 arrangement that has effectively set a floor under oil prices.

Russia is not only a primary exporter of oil and gas, it also exports significant nuclear technology to the Middle East, with deals to build nuclear power plants in Iran, Jordan, and Egypt and discussions underway with Saudi Arabia, which has an ambitious plan to build 16 nuclear reactors by 2032.

Russia's energy diplomacy has enabled it to weather a challenging period in recent years, but the longer-term outlook for Moscow is less certain. Working with OPEC countries to increase oil prices has helped Russia offset economic losses resulting from Western sanctions. It has also generated revenue for Middle Eastern countries; in turn, Middle Eastern countries have used some of this revenue to make major Russian weapons purchases and to invest in Russia through vehicles like the Russian Direct Investment Fund. Going forward, Russia and Middle Eastern countries' heavy dependence on oil and gas revenue will be challenged by a range of shifts in the energy market, including the potential for aggressive climate change policies aimed at phasing out fossil fuel use.

Military Activity and Arms Sales

Arms sales are also a central component of Russia's engagement in the Middle East. Fifty percent of Russian arms sales go to the Middle East, up from 36 percent in 2015.⁵ Russia's military involvement in Syria not only has enabled Moscow to field test a wide array of new weapons and delivery systems, but also has served as a highly visible advertisement for Russian equipment. Although U.S. military equipment is seen as the gold standard in the region, countries in the Middle East are often frustrated by the foreign policy conditions attached to U.S. arms sales and the slowness of the U.S. arms sale process, which includes a requirement to protect Israel's qualitative military edge. As a result, Middle Eastern leaders see Russia as a highly viable alternative source of armaments. In 2014, Egypt signed a \$3.5 billion deal with Russia, and Iraq became the second largest importer of Russian arms after India. Russia has also signed deals with the UAE, and both Saudi Arabia and Qatar are reportedly in discussion with Moscow to purchase the advanced S-400 anti-aircraft system.⁶

⁴ Nicu Popescu and Stanislav Secieru, *Russia's Return to the Middle East: Building Sandcastles?* Brussels: European Union Institute for Security Studies, Chaillot Paper No. 146, July 2018, p. 30.

⁵ Popescu and Secieru, 2018, pp. 38–39.

⁶ "Russia Is Selling More Weapons to Saudi Arabia and the UAE," *TRT World*, February 22, 2019.

Russia prides itself on being able to talk to and work with every country in the region, but sustaining its transactional approach to relationships in the region is growing more challenging, given the complexity of the landscape.

Russia's diplomatic and military involvement with Iran poses challenges and contradictions, as Israel and most Arab states in the region view Tehran as the region's primary threat. While Syria did not turn out to be the "quagmire" for Russia that former President Barack Obama and others predicted, Russia's military involvement there is in its fourth year, and there is no diplomatic resolution to the conflict in sight. Russia partnered with Iran to prop up Assad, protect its naval and air bases in Latakia and Tartus, and ensure its power projection into the Mediterranean and Middle East, but now Iran is encouraging Assad to resist concessions, a position at odds with Moscow.

In recent years, the Russia-Israel relationship has grown much closer, illustrated by Russia's acceptance of Israeli strikes in Syria against Hezbollah on more than one occasion. At the same time, Russia cooperates with Iran and Hezbollah on the ground, and it provided the advanced S-300 anti-aircraft system to both Iran and Syria, both moves that Israel strongly opposed. In the case of Yemen, Russia has sided with the Gulf states against Iran, with Moscow supporting the Gulf Cooperation Council position and calling for a negotiated resolution of the conflict. Russia is also largely aligned with Arab states in the region in its approach to Libya, with Moscow supporting General Khalifa Haftar, a secular militia leader and power broker supported by Egypt, Saudi Arabia, and the UAE. While Russia manages to work with most countries in the region, its approach is highly transactional, which may limit the degree of trust that Middle Eastern leaders are willing to invest in these relationships.

At a time when Russia is under considerable pressure in Europe because of its actions in Ukraine, its attacks on individuals outside Russia, and its interference in elections in the United States and Europe, Moscow sees the Middle East as a region where it can demonstrate that it remains a great power. While Russia's involvement in Syria could be seen as partially successful, at least in the near term, it does not appear to have the economic power or appetite for expeditionary military operations that would enable it to pursue a more comprehensive, long-term approach to the region.

China in the Middle East

Outside of the Asia-Pacific, the Middle East is likely the most important region of the world for China.⁷ In turn, Middle Eastern countries likely see Beijing as the most important world capital after Washington because of China's considerable economic power. Connecting China through the Suez Canal to the Mediterranean and Europe, the Middle East is a strategic location for China, a critical source of much-needed energy resources, and an area of expanding economic ties. China wants the Middle East to recognize its status as a rising power and sees its growing relationships with countries there as an opportunity to balance U.S. influence.

⁷ Andrew Scobell and Alireza Nader, *China in the Middle East: The Wary Dragon*, Santa Monica, Calif.: RAND Corporation, RR-1229-A, 2016, p. 73.

Driven by its need for reliable access to the region's energy resources to fuel its growth at home, China appears to be pursuing a strategy in the Middle East that emphasizes maintaining positive relations with all countries in the region and avoiding becoming entangled in the region's various conflicts. However, this may become more difficult as China's economic presence will likely require ever-greater political involvement. Largely comfortable with the authoritarian governance styles of countries in the region, Beijing emphasizes its policy of noninterference in the affairs of other countries and does not put conditions on its development assistance.

Energy and Economic Investment

The engine of China's deepening involvement in the Middle East is its continuous need for energy and access to economic markets around the world. China imports half of its oil from the Middle East and North Africa and is the top oil customer of both Saudi Arabia and Iran. The International Atomic Energy Agency expects China to double its imports from the region by 2035.⁸

China's economic relationship with the Middle East gained a higher profile with the official launch of its Belt and Road Initiative in 2013. At the Third Plenary Session of the 18th Central Committee of Communist Party in China, Beijing designated the Middle East a "neighbor" region, which indicates that the Middle East now falls into China's top priority geostrategic zone.

Most of China's trade and investment in the region involves the Gulf countries, focusing on energy, infrastructure construction, investment in nuclear power, new energy sources, agriculture, and finance. Beijing's relationships with Saudi Arabia and Iran are particularly important, although maintaining productive relations with both of these two countries, who are bitter enemies, will likely become increasingly challenging. Iran is a central node in China's Belt and Road initiative in the Middle East, illustrated by the growing number of Chinese factories, road, rail, and port projects there.

Egypt, Israel, and Jordan are important to the Belt and Road effort. The majority of Chinese goods going to Europe pass through the Suez Canal, and Beijing is actively expanding the cooperative zone around the canal. Jordan joined the Asian Infrastructure Investment Bank in 2015, signing deals with China worth \$7 billion. Jordan may become a staging point for future Chinese investment in Syria if security improves in the latter country. Finally, Israel is pursuing a high-speed rail project with China that will connect Tel Aviv on the Mediterranean to Eilat on the Red Sea.

Countries in the Middle East welcome China's economic investment, but five years into the Belt and Road Initiative, there are some emerging signs of concern. Echoing concerns heard in Asia, critics are pointing out that the Belt and Road projects often seem to bring greater benefits to China than to host countries. In addition to calling on China to hire local workers instead of Chinese workers, China's partners and outside observers are also raising questions about debt sustainability, environmental impact, corruption and China's overall motives. President Xi

⁸ Nicholas Lyall, "Can China Remake its Image in the Middle East?" *The Diplomat*, March 4, 2019.

Jinping's muted tone at the recent Belt and Road Forum in Beijing is an acknowledgement of these concerns and their potential to undermine China's narrative.

Diplomacy and Military Activity

China's diplomatic and military efforts in the Middle East largely serve its economic objectives, although Beijing increasingly welcomes its recognition as a global power and sees its relationships in the region as counters to U.S. influence. China highlights its principle of noninterference in the internal affairs of other countries in its Middle Eastern diplomacy. Wary of becoming involved in the region's many conflicts, China seeks to be a friend to all and an enemy to none, best exemplified by its significant relationships with both Saudi Arabia and Iran. China's ability to remain aloof from the region's conflicts and expand its economic engagement simultaneously is enabled by its freeriding on U.S. efforts to ensure security for the region.

In addition to needing the region's energy resources and welcoming Middle Eastern acknowledgment of China as a rising power, China also wants to ensure its security, both inside China and along its periphery. The Uighurs, a minority Muslim population that resides largely in the western region of Xinjiang, are a particular domestic concern for Beijing. Beijing fears the spread of radical Islamist ideology and looks with concern on reports of Chinese Uighurs joining the Islamic State in Iraq and Syria. Chinese diplomats have worked hard to ensure countries in the region avoid criticizing China publicly for its treatment of the Uighur population over the years and its establishment of what are now large-scale internment camps in Xinjiang. China fears that publicity would inflame an already discontented population and perhaps even inspire material support from within the Middle East for the Muslim Uighurs; its efforts to date have been largely successful.

While China is an economic heavyweight in the Middle East, its military presence in the Middle East is considerably more modest. China established a small military base in Djibouti in 2017, strategically located in the Horn of Africa, an important international shipping lane. China sent three naval vessels to participate in multilateral counterpiracy operations in the Gulf of Aden in 2008, and it remains involved in counterpiracy efforts. Beijing sent 700 peacekeepers to the United Nations operation in Sudan in 2012. However, despite expressing concern about terrorism and emphasizing counterterrorism as an area of potential cooperation with the United States, China resisted calls to join the counter-Islamic State coalition, even through financial support alone.

China is unlikely to substantially increase its military presence in the Middle East in the near term, but its growing economic profile has brought with it growing security responsibilities.⁹ More than 550,000 Chinese now live and work in the Middle East.¹⁰ China has evacuated its citizens from countries in the Middle East on multiple occasions in the last several years, although these efforts were organized by China's civilian government ministries. When the security situation in Libya deteriorated in 2011, Chinese People's Liberation Army (PLA) air and

⁹ See discussion in Scobell and Nader, 2016, pp. 18–19.

¹⁰ Niu Xinchun, "China's Interest in and Influence Over the Middle East," trans. Haibing Xing, *Contemporary International Relations*, Vol. 24, No. 1, January/February 2014, p. 41–42.

naval units, which happened to be in the area, played a limited role in evacuating 35,000 Chinese nationals. Notably, the PLA Navy played a central role in removing 600 Chinese nationals and almost 300 foreigners from Yemen in 2015.¹¹

Fundamentally, China's strategy in the Middle East is driven by its economic interests. China is growing its commercial engagement with countries in the region but does not appear interested in substantially deepening its diplomatic or security activities there. Like Russia, China will continue to engage with all countries in the region, even as that becomes more challenging because of the complex landscape, but it will likely resist being drawn further into the many political and military conflicts in the region.

Implications for the United States

More important than the U.S. approach to any particular region is the need for the United States to have an overarching vision for how it can prevail in a period of strategic competition. In this new era of competition, the United States needs at least four key assets. First, we need to have a vibrant and productive economy, one in which we are leading in frontier technologies like artificial intelligence, quantum computing, and biotechnology. Second, we need to remain a leader in the international order, so that we have a strong say in its institutions, rules, and norms, while also working to adapt this order to a changing world. Third, the United States needs to invest in its network of allies and partners, working in concert with them to maximize our strength and address common challenges. Fourth, we need to preserve our military strength to underwrite the other dimensions of our power.

The United States needs to develop a comprehensive, coherent strategy to prevail in this competition that leverages all of the elements of national power—economic; diplomatic; military; and cultural, or “soft,” power. Discussion of the competition with Russia and China to date has focused strongly on the military dimension. While this is important, it is equally, if not more, important for the United States to chart how we are going to reinvest in our own economy and educational system so that we continue to be a world leader in technology and innovation. Similarly, the United States needs to develop a more comprehensive and structured approach to working together with our allies and partners around the world to compete with Russia and China, whether this involves working together to combat Russian disinformation campaigns and election interference or working with partners to incentivize China to pursue its Belt and Road Initiative responsibly and transparently. The current administration's preference for bilateral approaches fails to take advantage of one of our greatest strengths.

While both Russia and China want to demonstrate their status as great powers in the Middle East, neither Russia or China seems anxious to displace the United States from the region completely. The Middle East is a complicated place, and all three nations will struggle at times to navigate the landscape successfully. The United States should make clear it is not leaving the

¹¹ Andrew Scobell and Nathan Beauchamp-Mustafaga, “The Flag Lags but Follows: The PLA and China's Great Leap Outward,” in Philip C. Saunders, Arthur S. Ding, Andrew Scobell, Andrew N. D. Yang, and Joel Wuthnow, eds., *Chairman Xi Remakes the PLA: Assessing China's Military Reforms*, Washington, D.C.: National Defense University Press, 2019, pp. 189–190.

region and emphasize consistency in its approach, which may encourage leaders in the Middle East to reduce the amount of hedging they pursue with Moscow and Beijing. At a time when the United States should be complementing its defense cooperation with our allies and partners in the region with development assistance to help with much-needed economic development, stabilization, reconstruction and refugee challenges, dramatically reducing the State Department's budget for many Middle Eastern countries seems unwise. In the economic sphere, China's economic attractiveness has a momentum of its own, in the Middle East and beyond. Washington should monitor China's Belt and Road Initiative efforts in the region closely and be alert to infrastructure projects that may have negative security implications for U.S. presence in the region. More broadly, the United States should focus on working with allies and partners to incentivize China to operate within international norms for trade and investment, supporting it when it does and applying joint pressure when it does not. Some of our most important partners in this endeavor are in Europe, as this is the ultimate destination of China's trade routes.¹²

Finally, the United States needs to avoid overreach to be able to compete successfully in the future. Almost 20 years of military operations, many of them in the Middle East, have led to the deaths of thousands of American military personnel but have also drained our economy, undermined our ability to focus on pressing domestic needs, eroded our standing in the world and created opportunities for Russia and China to make gains at our expense. Learning from our experiences in Iraq, Afghanistan, Libya and elsewhere, the United States needs to focus tightly on its vital national interests in the Middle East and weigh any decisions about use of force fully and carefully.

¹² See James Dobbins, Howard J. Shatz and Ali Wynne, *Russia is a Rogue Not a Peer; China is a Peer, Not a Rogue*, Santa Monica, Calif.: RAND Corporation, 2018; and Douglas Lute and Nicholas Burns, *NATO at Seventy: An Alliance in Crisis*, Cambridge, Mass.: Harvard Kennedy School, February 2019.