



The New Silk Road

China's Energy Strategy in the Greater Middle East

Christina Lin

Policy Focus #109 | April 2011

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Front cover: *China's Great Armada*, oil, Zhang HongNian. The Ming Dynasty's Admiral Zheng He and his giant nine-masted treasure ships made seven voyages around the Indian Ocean, the Persian Gulf, and Africa, trading and collecting tribute for the Dragon Throne. The Chinese navy would not sail again to the Middle East for another 600 years, until April 2010.

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About the Author

Christina Lin is a former visiting fellow at The Washington Institute, focusing on China's increasing footprint in the Middle East and cooperative efforts by China, the United States, and U.S. allies to resolve regional security issues. She has served with the Defense Department, the State Department, the National Security Council, the Export-Import Bank of the United States, and the Institute for Defense Analyses. Her foreign policy portfolio includes defense planning; Chinese military strategy and the militarization of its energy security policy; regional security architecture such as the NATO Global Partnership and the Shanghai Cooperation Organization; and dual-use strategic industries related to the EU arms embargo on China.

Dr. Lin has published widely on the militarization of Chinese energy security policy, Eurasian regional security architecture, and nuclear proliferation. She has been a key author of the annual China file for Jane's Chemical, Biological, Radiological and Nuclear Intelligence Centre at IHS Jane's. Her papers on the nexus between East Asian and Middle Eastern WMD proliferation have been cited widely, including reports in the *Korea Herald*, *Wall Street Journal*, *World Tribune*, and *Jerusalem Post*.



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Executive Summary

THE RECENT TRAJECTORY of China's political relationships, economic initiatives, and military posture make clear that the Middle Kingdom has arrived in the Greater Middle East and appears determined to stay awhile. For several years now, Beijing has deemed energy security too important to be left to market forces alone and has prioritized the issue as a matter of national security. From new pipeline and infrastructure projects to increased naval port calls, China is establishing footholds in Central Asia, the Four Seas region, and the Middle East. It is also stepping up its military ties to protect those interests. Moreover, both the path of this expansion and its underlying rationale share much in common with the ancient Silk Road and the Arab sea routes that first brought China to the West (see fig. 1).

Much of this activity has been rooted in China's tendency to view energy security in geopolitical and strategic terms rather than purely economic terms. In particular, Beijing has been concerned about countering Western energy initiatives in the region. In 2009, for example, the state-owned China National Petroleum Company completed a natural gas pipeline across Central Asia to Turkmenistan on the eastern shore of the Caspian Sea, even as an EU-backed consortium was working on the Nabucco pipeline to reach Turkmenian gas reserves from the west. In June 2010, Turkmenian president Gurbanguly Berdimuhamedov announced a \$2 billion project to connect the eastern pipeline with China to Turkmenistan's western resources, jeopardizing Nabucco's viability.

Energy plans in NATO's adjacent Afghanistan theater have faced competition from China as well. U.S. companies and the Asian Development Bank have long advocated a gas pipeline from Turkmenistan through Afghanistan to consumers in Pakistan and India, culminating in the proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) project. Yet the project will have to contend with a rival proposal for Pakistan and India to obtain gas through pipelines from Iran. In March 2009, Tehran and Islamabad closed a deal to

build the IP portion of the Iran-Pakistan-India (IPI) pipeline, with the view of bringing either New Delhi or Beijing into the project. Elsewhere in the region, China has entered the Iraqi energy scene and is now that country's top oil and gas investor.

Through the lens of these and other energy developments, this report examines how Beijing's increasing footprint in the Greater Middle East impacts U.S. and allied interests. It also provides recommendations on how Washington can counterbalance troubling trends resulting from China's activities.

Strategic Shift

Since China became an energy importer in 1993, it has adopted a "go out" strategy to procure energy assets abroad, turning historical routes into a modern grid of pipelines, roads, and railways for its energy supplies. This approach stems in part from Beijing's fears of a U.S. blockade on maritime supplies in the event of hostilities over Taiwan. It also reflects the reality of rapidly growing Chinese energy demand.

An August 2010 report showed that China had become the world's number-one energy consumer, surpassing the United States. In addition, the country has enjoyed double-digit annual growth for most of the past decade, fueled not by consumer demand, but by energy-intensive heavy industry and infrastructure construction as well as growing demand in the transportation sector. Although coal remains China's top resource, the government's desire to diversify and increase its energy supplies via natural gas and other options has led it to greater engagement with countries rich in such resources, both to feed Chinese economic development and preserve the regime's legitimacy.

Over the years, various journalists, policymakers, and scholars began to refer to this approach as the Silk Road strategy. Chinese officials have in turn co-opted this narrative in order to evoke common historical ties along the Silk Road as they pursue expanded relations with countries in Central Asia, the Caucasus, and the

Middle East. Moreover, in January 2010, China's State Council announced the establishment of a National Energy Commission under Prime Minister Wen Jiabao's leadership, with members from the Ministry of Foreign Affairs, Ministry of State Security, PLA General Staff Department, and other agencies. Beijing's inclusion of the foreign affairs, security, and military intelligence apparatus reflects the regime's deep concerns about energy security.

To address these concerns, Beijing has turned to the Shanghai Cooperation Organization (SCO). Established in 2001, the SCO consists of China, Russia, and the four Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, along with four observer states (Iran, Pakistan, India, and Mongolia). China has used the organization to achieve gradual economic integration with the Central Asian/Caspian region and meet three main goals: (1) pacifying the restive Xinjiang province, home to significant Muslim-Uyghur separatist forces, (2) diversifying energy sources from the Persian Gulf and hedging against any maritime embargoes, and (3) projecting Chinese hegemony across Eurasia. This strategy has largely centered on using financial means to create dependency among regional governments, building on increased political, military, and hydrocarbon cooperation.

Indeed, just as the state-controlled Russian energy firm Gazprom weaponizes energy by cutting off gas supplies to target countries when it disapproves of their foreign policy, Beijing perceives energy as a weapon to be used for coercive purposes. This view goes hand in hand with China's unwillingness to rely on unfettered international markets for its energy supplies—as much as possible, the regime seeks to control the routes by which energy reaches China.

Increasing Footprint

China's widespread energy investments have extended to most every corner of the Greater Middle East, particularly the Caspian Basin and key nodes such as Iran, Turkey, and Greece. In many cases, this growing economic foothold has translated into a military foothold as well, given the large-scale participation of Chinese army personnel in energy projects and the

“strategic partnerships” that Beijing has formed with key states.

Iran. Between 2005 and 2010, Chinese firms signed an estimated \$120 billion worth of contracts with the Iranian hydrocarbon sector. Iran is of particular significance to China because it borders both the Caspian Sea and the Persian Gulf. In the Gulf, Beijing views Iran as a means of counterbalancing U.S.-supported Arab states, believing that the U.S. Navy is incapable of completely closing the Gulf so long as Chinese-allied Iran controls the eastern flank. Tehran is also a key node in China's overland and maritime “Silk Road,” with Beijing looking to increase railway links and perhaps even establish a naval base on one of Iran's islands. These and other geopolitical concerns tend to outweigh the often-opaque energy relations between the two countries.

Saudi Arabia. Today, more than half of Saudi oil flows to Asia, compared with 14 percent to the United States. Saudi Aramco owns a refinery in China's Qingdao province and has another in Fujian, while Chinese firms have begun to invest in Saudi infrastructure and industry. Meanwhile, the kingdom remains China's largest trading partner in the Middle East.

On the military front, China supplied the Saudis with nuclear-capable CSS-2 missiles during the 1980s, and Washington is now concerned that Riyadh may seek to create a deterrent against Iran by acquiring more Chinese-designed missiles as well as dual-key nuclear warheads from Pakistan. Although the United States remains Saudi Arabia's key security guarantor, the kingdom is also hedging its bets in the face of a potential nuclear Iran by engaging Tehran's main ally, Beijing.

Iraq. Beijing has already stepped up its investment portfolio in Iraq and is now the country's top oil and gas investor, signing long-term development and service contracts for the al-Ahdab, Rumaila, Halfaya, and Maysan oil fields either directly or through recently purchased foreign firms. Given Iraq's still-limited oil output, security problems, and lack of a hydrocarbon law, however, China will continue to rely heavily on its current top suppliers: Saudi Arabia, Angola, and Iran.

Turkey. In addition to bordering both the Black Sea and the Mediterranean, Turkey is a longtime NATO member, enjoys a customs union with the EU, and serves as a major transit corridor for twelve multinational pipeline projects. The country's geostrategic location is also ideal for rail networks connecting Europe with the Middle East and Asia. Accordingly, China upgraded its bilateral ties with Turkey to "strategic cooperation" when Prime Minister Wen visited Ankara in October 2010.

Wen's trip came on the heels of the Anatolian Eagle joint air-combat exercises (conducted by Chinese and Turkish forces) and the SCO's Peace Mission 2010 (a military counterterrorism drill held in Kazakhstan). Anatolian Eagle had traditionally been a NATO exercise between Turkey, the United States, other NATO members, and Israel, but Ankara seems to have replaced Israel with China.

Greece. In June 2010, Chinese state-owned shipping giant COSCO took over management and full operational control of a major pier in Greece's largest port, Piraeus, in a £2.8 billion, thirty-five-year deal that includes planned expansion. Given that Greece controls one-fifth of the world's merchant fleet and is the largest client for Chinese shipbuilding yards, this effort aims to boost Chinese trade with emerging markets around the Black Sea rim and the Mediterranean. China also plans to purchase a stake in the debt-ridden railway network OSE, build an airport on Crete, and build a logistics center north of Athens.

Military Dimensions

Beijing's current strategy centers on establishing Chinese footholds with military or geopolitical influence along the Indian Ocean littoral and into the Persian Gulf and Mediterranean—a "string of pearls." As shown by the map, the pearls that Beijing has established in recent years fall along the sea routes used centuries ago to connect China and the Mediterranean Basin. Specific pearls include the following:

- upgraded military facilities on Hainan Island
- an upgraded airstrip on Woody Island east of Vietnam

- oil-drilling platforms and ocean survey ships in the South China Sea
- the Kra Canal in southern Thailand
- intelligence-gathering facilities on Great Coco Island near the Strait of Malacca
- a deepwater port under construction in Sittwe, Burma
- a container shipping facility in Chittagong, Bangladesh
- the proposed Irrawaddy transportation corridor, which would link China's Yunnan province to the Bay of Bengal through Burma
- Hambantota port in Sri Lanka
- a potential extension of the IPI pipeline through Islamabad and over the Karakoram Highway to Kashgar
- a naval base under construction in Gwadar, Pakistan
- upgraded facilities in Port Sudan

China has also added the Greek port of Piraeus as a new pearl in the Mediterranean. Chinese naval vessels visited Piraeus in August 2010, while Greek air force chief of staff Vasileios Klokozas and Chinese defense minister Liang Guanglie met in Beijing that same month to discuss increased military cooperation. Elsewhere, Beijing hopes to establish a permanent naval base in the Gulf of Aden/Arabian Sea. The most likely option is the Yemeni port of Aden, since the other alternatives—Oman and Djibouti—have strong ties with NATO and Washington.

China is also increasing its military footprint overland by deploying military and police personnel to oversee foreign construction projects. For example, it has reportedly deployed several thousand soldiers to Kashmir, raising Indian concerns about Chinese efforts to connect road and railway projects in the Karakoram Mountains with Pakistan's Gwadar port.

The Four Seas Strategy

As Beijing embarks on its "look west" Silk Road development strategy, Syria's "look east" policy aims to meet China at the Caspian Sea. Since 2009, Bashar al-Asad

has promoted his Four Seas strategy to transform his country into a trade hub in the Black Sea, Mediterranean Sea, Persian Gulf/Arabian Sea, and the Caspian, aligning with Turkey, Iran, and Azerbaijan in the process. With Turkey emerging as Syria's most significant investor and trade partner and Iran remaining the guarantor of Syria's security, the Ankara-Damascus-Tehran tripartite has become the nucleus of an approach that aims to include Iraq and the Caucasus in a geographical continuum linking the Four Seas.

While the West views Syria, Iran, and similar countries as strategic liabilities and pariah states, China views them as strategic assets. Since the U.S.-led invasion of Iraq in 2003, Beijing has feared that Washington's Greater Middle East strategy entails encircling China and creating a norm of toppling undemocratic regimes. In response, Beijing has increased economic and diplomatic ties with countries in the region that have problematic relations with the United States and the West.

One major component of the Four Seas strategy is a focus on energy infrastructure and rail development. On the energy front, Asad is taking steps to expand the Arab Gas Pipeline in order to move gas from Egypt and Iraq via Syria, while simultaneously working with Azerbaijan and Russia on proposals to connect to Nabucco pipelines reaching into Turkey and Europe. Moreover, by connecting with Iran, the Arab Gas Pipeline could eventually link with the Turkmenistan-China pipeline and future Kazakhstan-China oil pipelines.

Meanwhile, Syria's plans to build railways from its Mediterranean ports to southern Iraq mesh well with China's interests in building a railway network connecting Central Asia, the Middle East, and Europe. Beijing is particularly interested in expanding high-speed rail, negotiating with seventeen countries on such lines in addition to its own rapid domestic expansion. Railways play a key military transport and logistics role in China's efforts to project power across Eurasia. The military has already reportedly used the Shanghai-Nanjing express railway to transport troops at speeds up to 350 kilometers per hour within China proper, touting the practice as an ideal way to project personnel and light equipment in "military operations

other than war." The military is also reportedly participating in the design and planning of domestic high-speed rail lines, with military requirements becoming part of the development process.

Policy Recommendations

In response to China's activities throughout the Greater Middle East, the United States and its allies should take several steps to secure their energy interests in the region and their broader security interests:

► Establish a common European energy security policy under NATO's banner.

NATO has prudently incorporated Eurasian energy issues into its new strategic doctrine. Yet the China-led Shanghai Cooperation Organization is poised to form a Central Asian energy coalition that would in turn create a self-sufficient energy system, effectively reducing each individual EU country's bargaining position on energy issues in the region. As such, the EU should work to establish common energy security policy under NATO's banner, since many EU countries are also NATO members. Any such effort will require U.S. strategic leadership. Specifically, the EU and NATO should cooperate on:

1. Helping Israel and Greece build an undersea pipeline to feed into the EU's Southern Corridor, particularly in light of Israel's recent offshore natural gas discoveries.

This step is all the more important because Iraqi gas exports do not seem viable before 2020, and Azeri gas exports are being broken up into smaller bundles and streamed in various directions, making them insufficient to meet EU demand.

2. Formulating a NATO Eurasia policy toward China.

NATO already has a mechanism in place to engage Moscow—the NATO Russia Council—but there is no equivalent mechanism for Beijing. Yet China has now entered the EU/NATO energy security map and is competing for resources there, so the alliance must engage it as well. Chinese and European interest in the marketability of Israeli natural gas provides additional room for cooperation

between NATO, Washington, and Beijing in discussions regarding energy security issues.

► **Encourage Beijing to pressure Iran, and push forward on the TAPI pipeline.**

The United States and EU should continue to use the P5+1 forum (i.e., the five permanent members of the UN Security Council plus Germany) to enlist Chinese help in curbing Iran's nuclear program. Yet Beijing is interested in replacing India in the proposed Iran-Pakistan-India pipeline, which would bolster Iran's energy sector and neutralize UN sanctions against its nuclear program. Accordingly, the United States should convince China to support the Turkmenistan-Afghanistan-Pakistan-India pipeline instead. TAPI has a good chance of succeeding if the West can secure Chinese cooperation within a multilateral forum and bring in industry representatives.

Washington, Beijing, and other actors already share a mutual interest in stabilizing Afghanistan. China supports the U.S. goal of eliminating a safe haven for the Taliban and al-Qaeda, who train Muslim Uyghurs to attack Chinese targets in Xinjiang province. And all of the main players have vested interests in helping the country return to its status as a Eurasian trading hub.

Of course, Beijing fundamentally distrusts NATO, viewing it as a U.S. tool for intervening in other countries' domestic affairs. This attitude could extend to TAPI if engagement is handled improperly. Yet Beijing may become more receptive if the United States changes the narrative from a NATO-led model to a more multilateral framework, bringing in other actors such as the EU and India. Such efforts could be based on the Shared Awareness and Deconfliction (SHADE) approach currently being employed in the Gulf of Aden, where China initially refused to cooperate with the U.S.-led Combined Maritime Forces on antipiracy efforts. Beijing became more willing once the issue was addressed within the multilateral SHADE forum, which brought in the EU, India, Russia, Interpol, and various oil companies alongside the United States and NATO.

As described throughout this study, China's leaders have increasingly prioritized energy development in the Greater Middle East as a matter of national security, altering the country's political relationships, economic initiatives, and military posture accordingly. By implementing the measures recommended above, Washington and its allies can show Beijing that they are equally serious about securing their own interests in the region.

Introduction

OVER THE PAST DECADE, China has increased its energy foothold in the Greater Middle East, encompassing the mainly Islamic countries of Central Asia, the Caucasus, Southwest Asia, and parts of the Balkans and North Africa. Much of this activity has been rooted in China's tendency to view energy security in geopolitical and strategic terms rather than purely economic terms. In particular, Beijing has been concerned about countering Western energy initiatives in the region. As one Chinese scholar argued, projects such as the Baku-Tbilisi-Ceyhan (BTC) oil pipeline—the first regional pipeline directly supported and controlled by Western countries—imply American motives of containing Russia and China.¹ Various energy experts have expressed similar views, regarding the BTC as a struggle over control of the Caucasus and Central Asia, and as a U.S. attempt to weaken Russian and Iranian control over Caspian energy resources.² Another Chinese analyst described the situation aptly: “In a sense, to control oil and gas pipelines is more important than to possess oil and gas resources.”³

In 2002, motivated by these and other considerations, China's leaders decided that energy security was “too important to be left to market forces alone,”⁴ and Beijing has prioritized the issue as a matter of national security ever since.⁵ At the same time, as energy projects bring China closer to the European Union's neighborhood, NATO allies have found themselves having to factor Chinese efforts into more and more aspects of their Eurasia policy.⁶

In 2009, for example, the state-owned China National Petroleum Company completed a natural gas pipeline across Central Asia to Turkmenistan on the eastern shore of the Caspian Sea, even as an EU-backed consortium was working on the Nabucco pipeline to reach Turkmenian gas reserves from the west. In June 2010, Turkmenian president Gurbanguly Berdimuhamedov announced a \$2 billion project to connect the eastern pipeline with China to Turkmenistan's western resources, jeopardizing Nabucco's viability.⁷

Plans for energy development in NATO's adjacent Afghanistan theater have faced competition from China as well. U.S. companies and the Asian Development Bank (ADB) have long advocated a gas pipeline from Turkmenistan through Afghanistan to consumers in Pakistan and India, culminating in the proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) project.⁸ TAPI is ostensibly about the transportation of Caspian energy reserves to world market, but it is also about the stabilization of Afghanistan.⁹ On December 11, 2010, an intergovernmental agreement was signed in Ashgabat to begin ADB-funded pipeline construction in 2012, with the goal of becoming operational in 2014.¹⁰ Yet the project will have to contend with a rival proposal for Pakistan and India to obtain gas through pipelines from Iran. In March 2009, Tehran and Islamabad closed a deal to build the IP portion of the Iran-Pakistan-India (IPI) pipeline, with the view of bringing either New Delhi or Beijing into the project.¹¹

Elsewhere in the region, China has entered the Iraqi energy scene and is now that country's top oil and gas investor. Indeed, Iraq is viewed as a key new option for the Chinese oil industry, diversifying the imports China already receives from Iran and Saudi Arabia.¹²

Through the lens of these and other energy developments in the Greater Middle East, this Policy Focus examines how China's increasing footprint in the region impacts U.S. and allied interests. The first chapter covers Beijing's energy diplomacy toward the region alongside its Silk Road strategy of westward development toward Europe via the Shanghai Cooperation Organization (SCO). Chapter 2 provides a snapshot of China's footprint in the region and the expanding military dimensions of its energy strategy. Chapter 3 describes how China and the SCO are linking with the nascent Turkey-Syria-Iran nexus, and how this shift affects NATO's posture. Viewed through the lens of Syria's Four Seas strategy—which calls for integration of areas surrounding the Caspian Sea, Persian Gulf/Arabian Sea, Black Sea, and Mediterranean Sea—this

linkage is forming the foundation of an emerging energy-based regional security architecture. The concluding chapter provides recommendations on how

the United States and its allies can work with various countries in the region to counterbalance troubling trends resulting from China's activities.

The New Silk Road

China's Energy Strategy
in the Greater Middle East



Fig. 1. China's Silk Road Strategy and String of Pearls

1 | China's Strategic Shift

SINCE CHINA BECAME an energy importer in 1993, it has adopted a “go out” strategy to procure energy assets abroad. Enabled by the Shanghai Cooperation Organization (SCO), Beijing is reviving the strong economic connection between China and the Middle East; for centuries, the trade carried along the Silk Road was important to the economies of both areas. Along much the same route as the Silk Road, and along the sea trade routes between China and the Middle East, Beijing is building a modern grid of pipelines, roads, and railways for its energy supplies, in addition to addressing maritime concerns.

Snapshot of Current Energy Consumption

In August 2010, a report from the Paris-based International Energy Agency stated that China had become the world's number-one energy consumer, surpassing the United States. Specifically, China consumed 2.252 billion tons of oil equivalent in 2009—about 4 percent more than the United States, which consumed 2.170 billion tons of oil equivalent. (The oil equivalent metric represents all forms of energy consumed: crude oil, nuclear power, coal, natural gas, renewable sources, etc.) China's energy consumption mix is different from America's, however—domestic-supplied coal remains the country's dominant source of energy at nearly two-thirds of its total mix (see fig. 2). This situation is likely to persist given that China holds the world's third-largest coal reserves (estimated at 114.5 billion short tons of recoverable coal), placing after the United States and Russia.¹³ Nevertheless, Beijing is taking steps to reduce its level of greenhouse gas emissions and expand its share of clean energy, with the goal of increasing natural gas to 10 percent of its overall energy mix by 2020. These efforts include investments in wind, solar, hydroelectric, and nuclear power.

China has enjoyed double-digit annual growth for the past decade (with the exception of the 2009 global recession). This has been fueled not by consumer demand, but by energy-intensive heavy industry

Total Energy Consumption in China, by Type (2008)

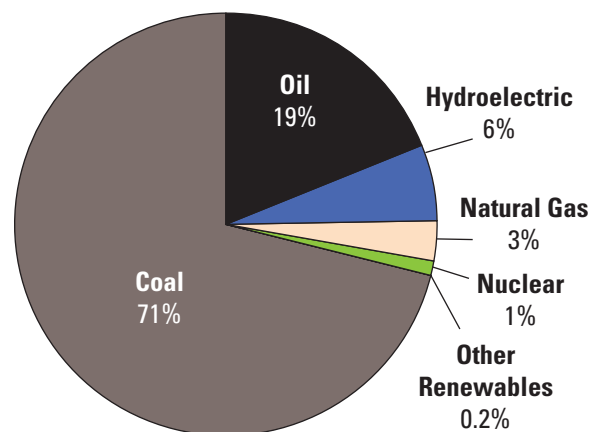


Fig. 2. China's Energy Mix (source: U.S. Energy Information Administration, “EIA Country Analysis Brief: China,” November 2010).

and infrastructure construction, particularly the steel, cement, and aluminum industries. Growing demand in the transportation sector has increased energy usage in the steel and aluminum industries as well, along with other manufacturing sectors.

In May 2009, the U.S. Energy Information Administration released its annual report *International Energy Outlook 2009 with Projections to 2030*.¹⁴ One section compared China's projected net increase in industrial use through 2030 with a group of countries from the Organisation for Economic Co-operation and Development (OECD). China led all nations with an estimated increase nearly nine times that of the OECD as a whole.

The ‘Go Out’ Strategy and Taiwan

In 1993, China became a net oil-importing country, and the Chinese Communist Party (CCP) regime began looking to Africa and the Middle East for potential supplies. Today, the country's top oil suppliers are Angola, Saudi Arabia, and Iran. As for natural gas, the resource has traditionally played a minimal role in China (at only 3 percent of the country's energy

mix) and has been domestically supplied from regions such as Sichuan province, Shaanxi province, Xinjiang Uyghur Autonomous Region, Qinghai province, and some offshore fields in the South China Sea. Foreign imports began to trickle into the country in September 2006, however, when the Guangdong Dapeng liquefied natural gas (LNG) terminal went operational. And given the government's plan to increase its natural gas mix and reduce greenhouse emissions, such imports will continue to increase, namely via Central Asian/Caspian Basin pipelines and LNG shipments from Australia, Indonesia, Malaysia, and Qatar.

In short, the westward direction of China's energy policy has been driven in part by economic rationale—heightened demand for energy imports since 1993 as well as organic economic growth and integration with neighboring states in Central Asia. Because China became increasingly dependent on external energy supplies to feed its economic development and thereby preserve the CCP regime's legitimacy, Beijing formulated the top-down “go out” (*zouchuqu zhanlue*) energy-based foreign policy in 1999, aimed at procuring energy equity abroad.

Yet the regime was hesitant to rely on maritime energy routes given the bumpy nature of Sino-U.S. relations and the large-scale presence of U.S. naval patrols along these routes. In particular, Beijing feared that a potential military clash in the Taiwan Strait could result in a naval embargo on energy supplies. China also faces a “Malacca Dilemma”—currently, 80 percent of its oil imports pass through the Strait of Malacca, a chokepoint that is vulnerable to both piracy and any U.S. blockade efforts in the event of conflict off Taiwan. In response to these risks, Beijing has been increasingly militarizing its energy security policy and building up naval capabilities to protect its global interests.¹⁵ In line with President Hu Jintao's New Historic Missions strategy, which underscores the People's Liberation Army (PLA) role in safeguarding national interests overseas (*Xin shiji xin jieduan wojun lisbi shiming*), China is expanding its naval presence throughout the Gulf of Aden and Southeast Asia.¹⁶

At the same time, the regime has hedged against maritime risks by building overland pipelines, railways,

and roads to carry energy supplies from the Middle East. Over the years, various journalists, policymakers, and scholars began to refer to this “go out” approach as the Silk Road Strategy. Chinese officials have in turn co-opted this narrative in order to evoke common historical ties along the Silk Road as they pursue expanded relations with countries in Central Asia, the Caucasus, and the Middle East. Although the Silk Road terminology has not become an official part of the CCP's declaratory policy,¹⁷ China's recent overland and maritime endeavors follow much the same routes as the ancient Silk Road and the sea routes, which were, in premodern times, less used than overland routes (see fig. 1).

Role of the Shanghai Cooperation Organization

In 2002, when Hu Jintao took over the Chinese presidency, he and Premier Wen Jiabao decided that the security of petroleum and other scarce resources was crucial not only to sustained economic development, but also to China's national security.¹⁸ In 2003, Wen commissioned seven small research groups to prepare an unprecedented long-term national energy security strategy.¹⁹ And in 2005, the State Council established a National Leading Energy Group headed by Wen. At the same time, the three major state-owned energy corporations—the China National Petroleum Company, Sinopec, and the China National Offshore Oil Corporation (CNOOC)—began to step up domestic exploration activities, build strategic reserves, and take a “neo-mercantilist approach to acquiring direct control of overseas energy production and supplies.”²⁰ On January 27, 2010, the State Council reorganized the Leading Energy Group and announced the establishment of a National Energy Commission (NEC) under Wen's leadership, with twenty-three members from the Ministry of Foreign Affairs, Ministry of State Security, and PLA General Staff Department, headed by Gen. Zhang Qingsheng, former chief of military intelligence (see table 1). Beijing's inclusion of the foreign affairs, security, and military intelligence apparatus in the NEC reflects the regime's deep concerns about energy security.²¹

Table 1. Chinese National Energy Commission Members, January 2010

NAME	AGE	STATE ENERGY COMMISSION	17TH CENTRAL COMMITTEE	GOVERNMENT
Wen Jiabao	68	Chairman	Politburo Standing Committee member	Premier
Li Keqiang	55	Vice chairman	Politburo Standing Committee member	Vice Premier
You Quan	56	Member	Alternate	Deputy Secretary-General, State Council
Zhu Zhixin	61	Member	Full member	Director of Central Finance, General Office
Yang Jiechi	60	Member	Full member	Minister of Foreign Affairs
Zhang Ping	64	Member, Director of General Office	Full member	Chairman, National Development and Reform Commission
Wan Gang	58	Member	Nonmember	Minister of Science and Technology
Li Yizhong	65	Member	Full member	Minister of Industry and Information
Geng Huichang	59	Member	Full member	Minister of State Security
Xie Xuren	63	Member	Full member	Minister of Finance
Xu Shaoshi	59	Member	Full member	Minister of Land and Resources
Zhou Shengxian	61	Member	Full member	Minister of Environmental Protection
Li Shenglin	64	Member	Full member	Minister of Communication and Transport
Chen Lei	56	Member	Full member	Minister of Water Resources
Chen Deming	61	Member	Alternate	Minister of Commerce
Zhou Xiaochuan	62	Member	Full member	Governor, People's Bank of China
Li Rongrong	66	Member	Full member	Chairman, State-Owned Assets Supervision and Administration Commission
Xiao Jie	53	Member	Full member	Chief of State Administration of Taxation
Luo Lin	55	Member	Alternate	State Administration of Work Safety
Liu Mingkang	64	Member	Full member	Chairman, China Banking Regulatory Commission
Wang Xudong	64	Member	Full member	Chairman, National Electricity Regulatory Commission
Zhang Qinsheng	62	Member	Full member	Deputy chief, General Staff Department
Zhang Guobao	66	Member, Deputy Director of the General Office	Nonmember	Vice Chairman, National Development and Reform Commission; Director, State Energy Administration

To address these concerns, Beijing has turned to the Shanghai Cooperation Organization as a means of transforming the traditional portion of the Silk Road across the Greater Middle East into an “energy road.”²² Established in 2001, the SCO consists of China, Russia, and the four Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, along with four observer states (Iran, Pakistan, India, and Mongolia). Over the years, China has used the SCO to achieve economic integration with the Central Asia/Caspian region. In doing so, it has sought to meet three main goals: (1) pacifying the restive Xinjiang province, home to significant Muslim-Uyghur separatist forces (who call the area “East Turkestan”²³); (2) diversifying energy sources from the Persian Gulf and hedging against any maritime energy embargoes; and (3) projecting Chinese hegemony across Eurasia.²⁴ Chinese scholar Guo Xuetang echoed this view, arguing that the SCO must be further strengthened in order to promote economic integration, cooperation on energy, military, and security matters, as well as stability against extremism, terrorism, and separatism (the latter three elements referring primarily to the Muslim-Uyghur issue in Xinjiang). Toward these ends, Guo suggested working with Russia to bring Afghanistan and Turkmenistan into the organization, and using SCO coordination to build an oil pipeline from Kazakhstan to Iran via Turkmenistan.²⁵

In particular, China’s strategy toward Central Asia has centered on using financial means to create dependency, building on increased oil/gas and politico-military cooperation.²⁶ Beijing has already signed several military agreements with Central Asian states and, in doing so, moved into Russia’s sphere of influence. According to Thrassy Marketos, an official with the Greek Ministry of Foreign Affairs, Moscow has neither the resources nor the will to meet China’s challenge in that region.²⁷ He also argued that China’s next goal would be to see U.S. troops move out of the region, creating a favorable vacuum for China to fill without significant challenges from Russia. Similarly, Robert Manning, director of long-range energy and regional/global affairs at the U.S. National Intelligence Council, predicted that Central Asia would become China’s space by 2030 rather than remaining a post-Soviet space.²⁸

In light of its ongoing strategic shift, China will likely leverage its increasing political, commercial, and military influence more proactively to protect its energy interests.²⁹ Just as the state-controlled Russian energy firm Gazprom weaponizes energy by cutting off gas supplies to target countries when it disapproves of their foreign policy, Beijing also perceives energy as a weapon to be used for coercive purposes. This view goes hand in hand with China’s unwillingness to rely on unfettered international markets for its energy supplies—as much as possible, the regime seeks to control the routes by which energy reaches China.³⁰

2 | An Increasing Footprint

CHINA'S WIDESPREAD ENERGY investments have extended to most every corner of the Greater Middle East, particularly the Caspian Basin and key nodes such as Iran, Turkey, and Greece. In many cases, this growing economic foothold has translated into a military foothold as well, given the large-scale participation of Chinese army personnel in energy projects and the "strategic partnerships" that Beijing has formed with key states.

Caspian Sea

In the Caspian Sea Basin, China has invested most heavily in Kazakhstan, Turkmenistan, and Iran, in addition to increasing its ties with Azerbaijan. Its main energy infrastructure projects in the region are the Kazakhstan-China oil pipeline (completed in July 2009 with maximum discharge of 20 million tonnes per year) and the Turkmenistan-China gas pipeline (completed in December 2009 with maximum discharge of 40 billion cubic meters per year; also known as the Central Asia-China pipeline) (see fig. 1). Beijing has invested in Iran's North Azadegan oil field and South Pars gas field as well; between 2005 and 2010, Chinese firms signed an estimated \$120 billion worth of contracts with the Iranian hydrocarbon sector.³¹ In addition, Beijing is considering infrastructure projects that would eventually link China and Iran via pipelines, railways, and roads, allowing the People's Republic to import Iranian energy sources overland in case current maritime routes in the unstable Persian Gulf region are threatened. And as described previously, Turkmenian president Berdimuhamedov announced a \$2 billion project in June 2010 to connect the eastern pipeline with China to Turkmenistan's western resources, which had been earmarked for the EU-backed Nabucco pipeline.³²

A Key Node in the Persian Gulf

Iran is of particular significance to China because it borders both the Caspian Sea and the Persian Gulf. In the Gulf, Beijing views Iran as a means of

counterbalancing U.S.-supported Arab states such as Saudi Arabia and neighboring kingdoms.³³ More specifically, it believes that the U.S. Navy is incapable of completely closing the Gulf so long as Chinese-allied Iran controls the eastern flank. Tehran is also a key node in China's overland and maritime Silk Road. Accordingly, Beijing is looking to connect railways with Iran, Turkey, and Europe, and perhaps establish a naval base on one of Iran's islands.

On some levels, the uncertain nature of energy relations between China and Iran seems to belie the strategic importance of their broader relationship. The bulk of China's Gulf energy relations are with Iran, Saudi Arabia, and Iraq. Yet according to analyst Erica Downs, while Beijing sees the Saudis as a reliable partner and Iraq as a land of opportunity for the China National Petroleum Company (CNPC), it views Iran as a tough place to do business.³⁴ Despite the publicity attending recent multibillion-dollar Sino-Iranian deals, in actuality Chinese investment is less than meets the eye. According to Downs, Iranian media tend to inflate figures in order to emphasize that Iran is not isolated, whereas the Chinese media downplay them for stealth's sake. For example, some investments are "committed" in memoranda of understanding between Tehran and Beijing but not necessarily finalized. And the details of any given "agreement" are often opaque, whether the reported transaction is a letter of interest, buy-back agreement, or memorandum of understanding.³⁵ Moreover, Chinese oil companies "have a history of signing agreements for projects in which they have no intention of making substantial investments until after sanctions are lifted and geopolitical risks reduced. CNPC, for instance, signed a contract with Saddam Hussein's government for al-Ahdab oil field in 1997, held off on investing due to U.N. sanctions, and then inked a new agreement with the postwar Iraqi regime in 2008."³⁶ As analyst Afshin Molavi put it, energy-wise and economically, Iran needs China as a partner more than China needs Iran.³⁷

Geopolitically, however, Iran remains a strategic partner for China in the Shanghai Cooperation Organization (SCO). And Beijing views Gulf allies as more important than Mediterranean allies³⁸ because they are close to the Arabian Sea, the Gulf of Aden, the Red Sea, East Africa, the Indian Ocean, and the Pakistani port of Gwadar, where China has established a foothold and hopes to eventually build a naval base.

Beijing is also attempting to balance its Iran interests in its relationship with Saudi Arabia. Since 2005, when King Abdullah ascended to the throne, Riyadh has adopted a “look east” policy and views China as a steady demand market for oil exports.³⁹ More than half of Saudi oil now flows to Asia, compared with the 14 percent that flows to the United States.⁴⁰ Saudi Aramco owns a refinery in China’s Qingdao province and has another in Fujian, while Chinese firms have begun to invest in Saudi infrastructure and industry, including the recently completed light railway to transport Hajj pilgrims to Mecca.⁴¹ Meanwhile, bilateral trade reached \$40 billion in 2010, with the kingdom remaining China’s largest trading partner in the Middle East.⁴² Yet Sino-Saudi cooperation extends beyond oil and trade interests. During the 1980s, China supplied the Saudis with nuclear-capable CSS-2 missiles, and Washington is now concerned that Riyadh may seek to create a deterrent against Iran by acquiring more Chinese-designed missiles as well as dual-key nuclear warheads from Pakistan.⁴³

Both countries are also stepping up their military cooperation, especially on the naval front. On November 27, 2010, a Chinese naval escort flotilla arrived at the port of Jeddah, the first-ever call to Saudi Arabia by Chinese naval vessels.⁴⁴ Rear Admiral Abdullah al-Sultan, commander of the Saudi navy’s Western Fleet, received the flotilla and expressed hope that the visit would enhance bilateral military cooperation.⁴⁵ The Jeddah stop came on the heels of PLA naval port calls earlier in 2010 to the United Arab Emirates, Egypt, Greece, and Italy, with China steadily stepping up its naval presence in the Gulf of Aden and Mediterranean.⁴⁶ Although the United States remains Saudi Arabia’s key security guarantor (with a recent \$60 billion arms package, for example), the kingdom is also

hedging its bets in the face of a potential nuclear Iran. According to one analyst, Riyadh believes that “engaging its regional rival’s main ally in Beijing will help ensure that its interests are taken into account with respect to Iran.”⁴⁷

At the same time, Iraq is emerging as a potential wild card among China’s energy and strategic interests. Recently, the Organization of the Petroleum Exporting Countries (OPEC) readjusted Iraqi oil reserve estimates to 143.1 billion barrels—25 percent larger than previous estimates and ranking above Iran’s 137 billion barrels. China has already stepped up its investment portfolio in Iraq and is now the country’s top oil and gas investor. In November 2008, for example, CNPC and China North Industries Corporation set up a joint venture and signed a twenty-year development contract for al-Ahdab oil field. In June 2009, CNPC and BP won a bid for a twenty-year technical service contract for Rumaila oil field, a “super giant” with 17.7 billion barrels of proven reserves. Two months later, Sinopec expanded into the country by purchasing Swedish oil firm Addax, which has operations in Iraq. In late 2009, CNPC set up a consortium with the French firm Total and the Malaysian firm Petronas to develop Halfaya oil field. And in 2010, the China National Offshore Oil Corporation partnered with the state-run Turkish Petroleum Corporation in a twenty-year contract to develop the lucrative Maysan oil field in southern Iraq.⁴⁸

Iraq currently produces about 2.5 million barrels of oil per day (bpd), with the goal of reaching 4 million by 2015. Yet the International Energy Agency recently announced that China’s oil needs will increase to 11.3 million bpd by 2015, meaning that it will still rely heavily on its current top suppliers: Saudi Arabia, Angola, and Iran.⁴⁹

Moreover, security continues to be a problem in Iraq. For example, on September 27, 2010, China ran into problems when local authorities raided CNPC’s al-Ahdab facilities, demanding to see the company’s contract with the Iraqi government and alleging mismanagement. In general, the Chinese have neither integrated with the local community nor created local jobs, instead importing most of their oil workers.

The September raid underscored the importance of engagement with the local population and the continued challenge of Baghdad's legitimacy among provincial authorities.⁵⁰ The continued lack of a national hydrocarbon law in Iraq is another problem, one that has prompted foreign oil companies from China and elsewhere to sign with the Kurdistan Regional Government to develop energy-rich regions in northern Iraq.

In strategic terms, Iraq's fragile state represents a fissure of sorts in the emerging Chinese-Russian coalition stretching from Iran in the East to Turkey in the West. The trajectory that Iraq takes as it continues to rebuild—whether toward the Sino-Russian or U.S./Western axis—will play a key role in the region's security architecture.

As for Saudi Arabia, it will likely remain China's reliable energy supplier for the foreseeable future given its current production level of 10.9 million bpd, more than double that of OPEC's second-largest producer (Iran, at 4 million bpd). The kingdom has barred foreign ownership of upstream activities, however, so China has diversified to other suppliers (Iraq, Iran, Angola, Central Asia) and resources (natural gas, along with solar, wind, nuclear, and hydropower).

The Black Sea and the Mediterranean

Turkey is another key node in China's Silk Road strategy. In addition to bordering both the Black Sea and the Mediterranean, it is a longtime NATO member, enjoys a customs union with the EU (and prospects of eventual accession), and serves as a key energy transit corridor for twelve multinational pipeline projects. Eight of these are existing networks: the Blue Stream gas pipeline, the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, the Russia-Turkey gas pipeline (Turusgas), the Kirkuk-Iskenderun oil pipeline, the Baku-Tbilisi-Ezurum gas pipeline, the Iran-Turkey gas pipeline, the Arab Gas Pipeline, and the Interconnector Turkey-Greece-Italy gas network. The other four projects are in the proposal or planning stages: the Nabucco gas pipeline, the Trans-Caspian gas pipeline, the Samsun-Ceyhan oil pipeline, and the Iraq-Turkey gas pipeline.⁵¹ Turkey's geostrategic location is ideal for rail networks connecting Europe with the Middle East and Asia, and

it already has an agreement to connect its power grids with those of Egypt, Iraq, Lebanon, Jordan, Libya, and Syria.⁵² According to analyst Selcuk Colakoglu, Beijing "wants to use Turkey in logistical terms to reach Europe and build the contemporary Silk Road."⁵³

Indeed, China recently upgraded its bilateral ties with Turkey to "strategic cooperation" when Premier Wen Jiabao visited Ankara in October 2010. His trip came on the heels of the Anatolian Eagle joint air combat exercises, conducted by the People's Liberation Army Air Force (PLAAF) and the Turkish air force from September 20 to October 4. Those exercises also overlapped the SCO's Peace Mission 2010, a military counterterrorism drill held in Kazakhstan September 9–25. Anatolian Eagle has traditionally been a NATO exercise between Turkey, the United States, other NATO members, and Israel (a member of NATO's Mediterranean Dialogue). Yet Ankara seems to have replaced Israel with China. During Wen's trip to Ankara—the first visit by a Chinese premier in eight years—he signed strategic cooperation agreements regarding trade, railway construction, infrastructure, communications, and cultural exchanges. These agreements also called on both countries to conduct bilateral trade in their own currencies, excluding the U.S. dollar.⁵⁴

As Washington and Israel grow increasingly concerned about Beijing's expanding military ties with Turkey and Iran, legitimate security issues have been raised regarding possible divulgence of technological, operational, and other military secrets from the United States and NATO to China. As a former U.S. Marine Corps fighter pilot and Pentagon technology security official put it, allowing PLAAF personnel to see NATO combat tactics up close could inadvertently improve China's war-fighting capabilities.⁵⁵ Moreover, Ankara and Beijing have expressed interest in holding future joint military exercises. According to one Turkey specialist, the Anatolian exercises should be seen as a "debut," and the two militaries will likely continue such cooperation "whenever applicable." Similarly, a Chinese source expressed hope "that the Chinese Air Force regularly trains in Turkey and the two countries successfully develop other areas of cooperation."⁵⁶

Indeed, Beijing seems intent on maintaining a military presence on NATO's southern flank in Turkey. It is also hoping to enter Turkey's domestic defense market, in part by bidding to supply the country's national missile defense system with the HQ-9 missile, based on Russia's S-300.⁵⁷ In addition, both Ankara and Beijing are interested in stabilizing Afghanistan after U.S. and NATO troops withdraw. It was therefore telling when PLAAF SU-27s en route to Turkey chose to refuel at the Gayem al-Muhammad air base near the town of Birjand, Iran, situated opposite the large American base near the Afghan-Iranian border town of Herat.⁵⁸

The Anatolian drill also underlined China's search for potential strategic partners as it grows in stature and seeks to become a rule-maker in global politics, not just a rule-follower. Meanwhile, Turkey has demonstrated an ability to bring different perspectives to the table on persistent regional issues involving Iran, Iraq, and the Palestinians, reflecting Ankara's independent foreign policy thinking since the Justice and Development Party came to power in 2002. As China's ambitions for geopolitical and geo-economic influence in Central Asia, the Balkans, and the Middle East have grown, Beijing has come to see Turkey as a potential gateway to those regions.⁵⁹

China is also conducting dollar diplomacy in Turkey's neighborhood.⁶⁰ In June 2010, Chinese state-owned shipping giant COSCO took over management and full operational control of a major pier in Greece's largest port, Piraeus, in a £2.8 billion deal to lease the pier and manage two container terminals for the next thirty-five years. COSCO is also building a new pier to handle larger ships and triple the volume of cargo the port can handle.⁶¹ Given that Greece controls one-fifth of the world's merchant fleet and is the largest client for Chinese shipbuilding yards, this effort aims to boost Chinese trade with emerging markets around the Black Sea rim and the Mediterranean.⁶² Other deals include the exchange of know-how between China's Huawei Technologies and the Greek telecommunications firm OTE, as well as plans for China to purchase a stake in the debt-ridden railway network

OSE, build an airport on Crete, and build a logistics center north of Athens.⁶³

In this manner, China envisions creating a network of ports, logistics centers, and railways to distribute its products to and across Europe—a sort of modern-day Silk Road. And as China increases its economic presence, its military planners are watching with increasing aspirations. In addition to investments in overland pipelines, roads, and railways through the Caspian region, Chinese economic assistance to Burma, Bangladesh, Sri Lanka, Pakistan, and Greece form part of the military's String of Pearls strategy, aimed at ensuring the free flow of energy and trade in the event of a Taiwan conflict and resultant U.S. naval blockade.⁶⁴

Military Dimensions

String of Pearls strategy. This approach centers on establishing Chinese footholds with military or geopolitical influence along the Indian Ocean littoral and into the Persian Gulf and Mediterranean (see fig. 1). Several elements are needed to carry out such a strategy:

- **Obtaining access to airfields and ports:** This can be accomplished by building new facilities or establishing cordial relations with nations that already possess key facilities. In some cases, securing such access involves heavily subsidizing construction of new facilities in other countries with the understanding that they will be made available as needed.
- **Increasing diplomatic relations:** This is to ensure that airspace and shipping lanes remain clear, and is often accompanied by mutually beneficial trade and export agreements. Since securing a string of pearls relies on linking a series of disparate locations, it is important to ensure that each pearl is safe from any potential threats by neighboring states.
- **Modernizing military forces:** A modern military can move effectively to hold individual pearls when necessary. It will also be prepared for related actions and exercises.⁶⁵

As shown by the map, the pearls that Beijing has

established in recent years fall along the sea routes used centuries ago to connect China and the Mediterranean Basin, particularly those extending from the coast of mainland China through the South China Sea, the Strait of Malacca, across the Indian Ocean, and into the Arabian Sea and Persian Gulf. The regime is building relationships and developing a naval forward presence along the sea lanes of communication that connect China to the Middle East. Specific pearls include:

- upgraded military facilities on Hainan Island
- an upgraded airstrip on Woody Island, located in the Paracel archipelago about 300 nautical miles east of Vietnam
- oil-drilling platforms and ocean survey ships in the South China Sea
- the Kra Canal in southern Thailand, which links the South China Sea to the Indian Ocean
- intelligence-gathering facilities on Great Coco Island near the Strait of Malacca
- a deep-water port under construction in Sittwe, Burma
- a container shipping facility in Chittagong, Bangladesh
- the proposed Irrawaddy transportation corridor, which would link China's Yunnan province to the Bay of Bengal through Burma
- Hambantota port in Sri Lanka
- a potential extension of the IPI pipeline through Islamabad and over the Karakoram Highway to Kashgar in Xinjiang province, intended to transport fuel into China
- a naval base under construction in Gwadar, Pakistan
- upgraded facilities in Port Sudan, which provide vital access to the Suez Canal and the Horn of Africa.⁶⁶

As discussed in the previous section, China has also added the Greek port of Piraeus as a new pearl in the Mediterranean, and it is considering similar steps in Yemen, a potential pearl in the Gulf of Aden.⁶⁷ On August 9, 2010, the Chinese destroyer *Guangzhou* and frigate *Chaohu* stopped in Piraeus following escort missions in the Gulf of Aden. This was followed by an August 24 meeting in Beijing between Greek air force chief of staff Vasileios Klokozas and Chinese defense minister Liang Guanglie, intended to boost military exchange and cooperation.⁶⁸ Previously, in December 2009, Rear Admiral Yin Zhou expressed Beijing's intentions to establish a permanent naval base in the Gulf of Aden/Arabian Sea, where China is currently engaged in antipiracy efforts to safeguard its oil shipments from Africa.⁶⁹ Chinese warships have been using ports in Oman, Yemen, and Djibouti for resupply, but Djibouti is mainly a NATO stronghold, and Oman is considered a U.S. protectorate. Accordingly, China is eyeing Yemen's Aden port for a base.⁷⁰ These port calls and China's overall string-of-pearls approach have prompted many analysts to draw parallels with fifteenth-century Admiral Zheng He's Treasure Fleet voyages to the Arabian Peninsula, heralding the rise of China's international influence once again.⁷¹

Overland infrastructure strategy. As China increases its naval presence along the Indian Ocean littoral, it is also increasing its military footprint overland by deploying PLA troops and People's Armed Police Force (PAPF) personnel to oversee energy and infrastructure projects. The PAPF is a component of China's armed forces under the dual leadership of the State Council and the Central Military Commission.⁷² Both the PLA and PAPF actively participate in construction projects in the energy (including hydropower), transportation, and communications sectors,⁷³ building schools, hospitals, airports, power stations, highways, water conservancy facilities, and television transmission facilities. In Africa, for example, China has used such projects as a platform to establish cooperation in other sectors, including enhanced military ties throughout the continent.⁷⁴ As described in chapter 1, this approach—a continuation of President Hu

Jintao's 2004 New Historic Missions strategy—is also being replicated in Central Eurasia and the Middle East.⁷⁵ In Afghanistan and Iraq, for example, China has deployed troops to help guard its energy and infrastructure projects.⁷⁶ Moreover, the PLA and PAPF are training Afghan and Iraqi soldiers on PLA bases in Nanjing, capital of China's Jiangsu province.⁷⁷

Beijing has also reportedly deployed several thousand soldiers to Kashmir, where India has long worried that the PLA is working on roads and railway projects in the Karakoram Mountains to connect with Pakistan's Gwadar port.⁷⁸ According to Western and regional intelligence sources, these personnel are under the command of China's Xinjiang military district, a Muslim-Uyghur-dominated region that borders Central Asia.⁷⁹ On December 2, 2010, representatives from China's Ministry of Commerce, Ministry of Foreign Affairs, Xinjiang Uyghur Autonomous Region, and Xinjiang Production and Construction Corps (PCC) attended the fourteenth session of the China-Pakistan Joint Committee in Economy, Trade, Science, and Technology in Islamabad, where they discussed large projects such as the Karakoram Highway, Gwadar port, and Duddar lead-zinc mining construction.⁸⁰ The PCC is a paramilitary organization under joint government, Communist Party, and military control, tasked with land reclamation, agricultural production, and economic development,⁸¹ particularly with regard to large transportation projects (highways, airfields, railroads), water infrastructure projects, and oil and natural gas infrastructure.⁸²

Xinjiang district itself has seen a steady military buildup over the years. It is unusual among Chinese military districts in that it contains a significant number of combat troops along with the 11th Highland

Motorized Infantry Division, reportedly either at Urumqi or in the Karakoram Mountains.⁸³ Home to the Lop Nor nuclear test base and the Second Artillery Corps strategic forces, Xinjiang also includes detection and tracking radars covering Central Asia and China's northern border, two regiments of H-6 long-range nuclear-capable bombers with stand-off missile launchers, a ground-based antisatellite laser system, and DF-15D guided tactical ballistic missiles. The buildup is indicative of increased Chinese intentions and capacity for undertaking a proactive and potentially interventionist role in Central Asia, allowing Beijing to project military power into the region to safeguard critical energy supplies. Indeed, troops from Xinjiang formed the ground elements of the PLA contingent that took part in the Shanghai Cooperation Organization's Peace Mission 2007 joint military exercise.⁸⁴

As mentioned previously, China's strategy of rerouting energy supplies overland in order to sidestep maritime risk hinges on its investment in ports such as Gwadar in Pakistan, along with rapid highway, rail, and pipeline construction projects. These include the Karakoram Highway and twelve other major roads to connect Xinjiang with neighboring countries such as Russia, Kazakhstan, Kyrgyzstan, and Pakistan, as well as ongoing high-speed rail negotiations with seventeen countries. Beijing also hopes to establish a pipeline (as indicated above, perhaps an extension of the IPI project) to carry Iranian gas to China's western provinces.⁸⁵ Taken together, these projects would reduce a 16,500-kilometer journey to just 2,500 kilometers. And when high-speed rail links are completed, China will be able to transport cargo from its eastern provinces to Gwadar at the mouth of the Persian Gulf within forty-eight hours.⁸⁶

3 | The Four Seas Strategy

AS BEIJING EMBARKS on its “look west” Silk Road development strategy, Syria’s “look east” policy aims to meet China at the Caspian Sea. Since 2009, Syrian president Bashar al-Asad has promoted his Four Seas strategy to transform his country into a trade hub in the regions bordering the Black Sea, Mediterranean Sea, Persian Gulf/Arabian Sea, and the Caspian.⁸⁷ Damascus has therefore been aligning with key countries that lie on these shores, namely Turkey, Iran, and Azerbaijan.⁸⁸ According to one analyst, Syria’s economic relationship with Ankara lies at the center of this strategy, particularly the two countries’ efforts to connect their oil and gas infrastructure with the region’s expanding pipeline networks.⁸⁹ With Turkey emerging as Syria’s most significant investor and trade partner and Iran remaining the guarantor of Syria’s security, the Ankara-Damascus-Tehran triangle has become the nucleus of an approach that aims to include Iraq and the Caucasus in a geographical continuum linking the Four Seas.⁹⁰

A Matryoshka of Regions

Asad peddled the Four Seas idea during a May 2009 conference with Turkish president Abdullah Gul, stating, “Once the economic space between Syria, Turkey, Iraq and Iran [becomes] integrated, we would link the Mediterranean, Caspian, Black Sea, and the [Persian] Gulf.... We aren’t just important in the Middle East.... Once we link these four seas, we become the compulsory intersection of the whole world in investment, transport and more.”⁹¹ And during a December 2009 speech before the Syrian parliament, Foreign Minister Walid Mouallem stated, “These strategic ties [between Syria and Turkey] are to be a nucleus that will soon be augmented by Lebanon, Jordan and Iraq.”⁹² In that scenario, Syria could act as an access point for EU countries seeking to enter markets in the Arab world and Western Asia.⁹³ Asad discussed this vision with Russian president Dmitry Medvedev in May 2010, and in August 2009 he received Iranian Supreme Leader Ali Khamenei’s blessing for the strategy.⁹⁴

Asad’s vision appears to be based on the EU’s idea of enlargement throughout the Three Seas region (i.e., the Caspian, Black, and Mediterranean Seas).⁹⁵ Initially, the union formulated a wider Black Sea region concept to designate the strategic space encompassing Romania, Bulgaria, Turkey, Armenia, Azerbaijan, Georgia, Russia, Ukraine, and Moldova, but Azerbaijani officials called for a broader concept that encompassed the three seas.⁹⁶ In addition, the European Commission currently supports the EU 4 Seas project funded by the EU’s Seventh Framework Programme. Slated for 2009–2011, the project involves four EU countries (Estonia, France, Italy, Spain) and four non-EU countries (Azerbaijan, Iceland, Turkey, Ukraine) studying “subregional multilateralism” in the area surrounding the Baltic, Black, Caspian, and Mediterranean Seas with a view toward EU enlargement.⁹⁷ Yet given delays in Turkey’s EU accession and Syria’s Association Agreement with the union, Ankara and Damascus appear to have turned eastward and replaced the Baltic/Northern Europe focus with a shift toward the Persian Gulf/Arabian Sea, including Iran.

In looking at these various rings of regionalism and their impact on enlargement and eventual globalization, analysts Lembke and Voinescu described the EU as a Russian matryoshka—a set of nesting dolls of decreasing sizes placed one inside another, akin to viewing the EU macro-region as “a sum of different smaller regions.”⁹⁸ Turkey and Syria thus appear to be creating their own matryoshka doll outside the EU, with the eventual goal of broader trade integration westward toward the EU and eastward toward Asia.

Damascus as China’s ‘Ning Jiu Li’

While the West views Syria, Iran, and similar countries as strategic liabilities and pariah states, China views them as strategic assets. Since the U.S.-led invasion of Iraq in 2003, Beijing has feared that Washington’s Greater Middle East strategy entails encircling China and creating a norm of toppling undemocratic regimes, which implicitly challenges the Chinese Communist

Party's legitimacy at home.⁹⁹ In response, Beijing has increased economic and diplomatic ties with countries in the region that have problematic relations with the United States and the West—such as Syria, Turkey, and Iran—in addition to expanding its overall footprint in the region.¹⁰⁰

This approach is also rooted in broader historical and conceptual factors. Damascus was a traditional western terminus of the ancient Silk Road, and today the Chinese call Syria “*ning jiu li*” (cohesive force).¹⁰¹ Indeed, Damascus is playing a cohesive role as China's Silk Road strategy converges with Syria's “look east” approach.¹⁰² Damascus is part and parcel of Beijing's broader Middle East strategy, which one Chinese analyst argued is going through a new activism that signals the end of “the age of Chinese passivity in the Middle East.”¹⁰³ Stated in other terms, Chinese foreign policy has been transforming from “responsive diplomacy” (*fanying shi waijiao*) to “proactive diplomacy” (*zhudong shi waijiao*).¹⁰⁴

Beijing's interest in Damascus stems from more practical factors as well. First, Syria can serve as China's gateway to European markets in the face of increasing protectionist pressures from larger countries such as France, Germany, and Britain. As such, China has launched a strategy of investing in small countries and territories in the area, including Balkan states poised to join the EU and certain Levant states. These countries are part of the Mediterranean Union, which was initiated by the 1995 Barcelona Process to create a free trade zone between the EU, North Africa, and the Middle East along the Mediterranean coast. Thus, investing in Syria would eventually provide China with a beachhead into the EU market via the Mediterranean Union.¹⁰⁵

Second, Syria's proximity to a large trading bloc encompassing both the EU and some of the fastest-growing economies in the world (in Africa, the Middle East, and Asia) could enhance its role as a trading hub due to the “neighborhood effect,” whereby factories are placed in locations closer to both suppliers and consumers of products. Thus, the ancient Syrian node on the Silk Road can be reborn as a regional outsourcing distribution center poised to take advantage of this neighborhood effect.¹⁰⁶ Accordingly, Beijing is already using the

country as a springboard to the region via China City, an area in the Adra Free Zone industrial park northeast of Damascus. Located on the Damascus-Baghdad highway, China City was “established by entrepreneurs from the wealthy Chinese coastal province of Zhejiang, to sell Chinese goods and as a major trans-shipment hub onto Iraq, Lebanon and the wider region.”¹⁰⁷ It is especially popular among visiting officials from Iraq.

Third, Syria is a key node in China's “Iron Silk Road,” discussed below.

Pipeline Links

To implement his Four Seas strategy, Asad is also taking steps to expand the Arab Gas Pipeline (AGP) in order to move gas from Egypt and Iraq via Syria, connecting with Nabucco pipelines reaching into Turkey and Europe (see fig. 1). The AGP currently links Egypt with Jordan, Syria, and Lebanon, and a new sixty-two-kilometer link between Syria and Turkey was agreed to in 2009 and is scheduled for completion in 2011.¹⁰⁸ This would provide northern Syria with much-demanded gas supplies. And as gas becomes available from other sources (primarily Iraq), the new lines will ultimately serve as a supply route to Turkey and the EU.

Syria's long-term aim is to become a transit state for Egypt, Iraq, Iran, and Azerbaijan.¹⁰⁹ In 2009, Asad visited Azerbaijan—the first Syrian president to do so since the Azeris gained independence in 1991—and signed nineteen cooperation agreements and memoranda of understanding on economic, political, and commercial matters. This included a deal for Azerbaijan to begin exporting 1.5 billion cubic meters of gas annually to Syria via Turkey in mid-2011.¹¹⁰ Damascus is also eyeing a role in the Nabucco gas pipeline project, while Russian firm Gazprom considers joining efforts to connect the AGP with Nabucco.¹¹¹ Moreover, by connecting with Iran—an observer in the Shanghai Cooperation Organization (SCO)—the AGP can also link with the Turkmenistan-China pipeline and future Kazakhstan-China oil pipelines.

An Iron Silk Road

Syria also wants to build railways from its Mediterranean port city of Tartous to Umm Qasr port in

southern Iraq, which could allow it to establish trade routes between Iraq and Europe.¹¹² Similarly, there have been “discussions about building a natural gas pipeline from Iraq’s Western Akkas fields to Syria, which could be an attractive transit point for gas-starved Arab and European markets.”¹¹³ This bodes well for China’s energy holdings in Iraq, where Beijing is establishing a large presence.

More broadly, China is interested in building a Eurasian railway network connecting Central Asia through the Middle East and onto Europe. Under the auspices of the Shanghai Cooperation Organization, Beijing is already negotiating to change Kyrgyzstan’s Soviet 1,520-millimeter tracks to the international standard of 1,435 millimeters in order to connect with Turkish and Iranian rail systems (see fig. 3).¹¹⁴ According to Wang Mengshu, a senior consultant on the Chinese government’s domestic high-speed rail project, the network would eventually carry passengers from London to Beijing, and then to Singapore, India, or Pakistan.¹¹⁵ Specifically, there will be three main routes: one connecting to Southeast Asia as far south as Singapore, a second from Urumqi in Xinjiang province through Central Asia and onto Germany, and a third from Heilongjiang province in northern China to Eastern and Southeastern Europe via Russia.¹¹⁶ As mentioned in the previous chapter, China is already negotiating with seventeen countries over these lines. It is also in the middle of a domestic expansion project to build nearly 19,000 miles of new railways over the next five years, aimed at connecting major cities with high-speed lines.¹¹⁷

Meanwhile, in December 2009, Damascus hosted discussions regarding rail cooperation with Italian State Railway (Italferr), toward the goal of upgrading the Damascus-Aleppo line as part of a network connecting Turkey with Europe and Jordan with Saudi Arabia and the Persian Gulf.¹¹⁸ In addition, Turkey and Iran are linking their railways to China via the UN-sponsored Trans-Asian Railway, initiated in the 1960s to provide 8,750 miles (14,000 kilometers) of rail links between Singapore and Istanbul, with possible connections to Europe and Africa. In July 2010, Turkish minister of transportation Binali Yildirim proposed

strategic railway cooperation with China, stating, “It is high time to turn the Silk Road into [a] Silk Railway.”¹¹⁹ And on September 12, 2010, Iran and China signed a \$2 billion deal to build a rail line from Tehran to Khosravi on the border with Iraq, eventually linking with Syria and Lebanon as part of a Middle Eastern corridor. This line will help Central Asian states access the Iranian port of Chahbahar and give China a vital overland route for transporting goods to Europe.¹²⁰

Previously, in 2008, Turkey laid giant tubes of steel in the waters off Istanbul as part of the ambitious Marmaray Project to link the European side of the city with the Asian side via an Iron Silk Road. “You will be able to go from Europe to Asia without getting off the train,” stated Serap Timur, spokesman for Turkey’s General Directorate of Railways, Harbors, and Airports Construction, which runs the project.¹²¹ Turkey aims to build a two-way rail under the Sea of Marmara at the mouth of the Bosphorus, one of the world’s busiest waterways. This route will offer a faster alternative to ferry boats and the two road bridges that already cross the strait, cutting travel time from three hours to one hour and forty-five minutes. The rail “will be able to carry 75,000 passengers an hour between Europe and Asia when the link reaches its full capacity in 2015.”¹²² In addition, Turkey is working on a rail link with Georgia and Azerbaijan that “will provide an uninterrupted train connection from China to Turkey” once completed. “This project will go through Kazakhstan to China and through Marmaray to London,” Abdullah Gul, Turkey’s president, said at the groundbreaking ceremony in the Georgian capital of Tbilisi in November 2007. He added that the project would “change history” and revive “the historic Silk Road.”¹²³ And, indeed, the project would provide a commercially important land connection between China and the Middle East, as did the ancient Silk Road.

Military dimension of rail development. Railways play a key military transport and logistics role in China’s efforts to project power across Eurasia. Along those lines, one Kazakh scholar pointed out the hidden dangers that could result from a shortsighted approach to relations with China, warning

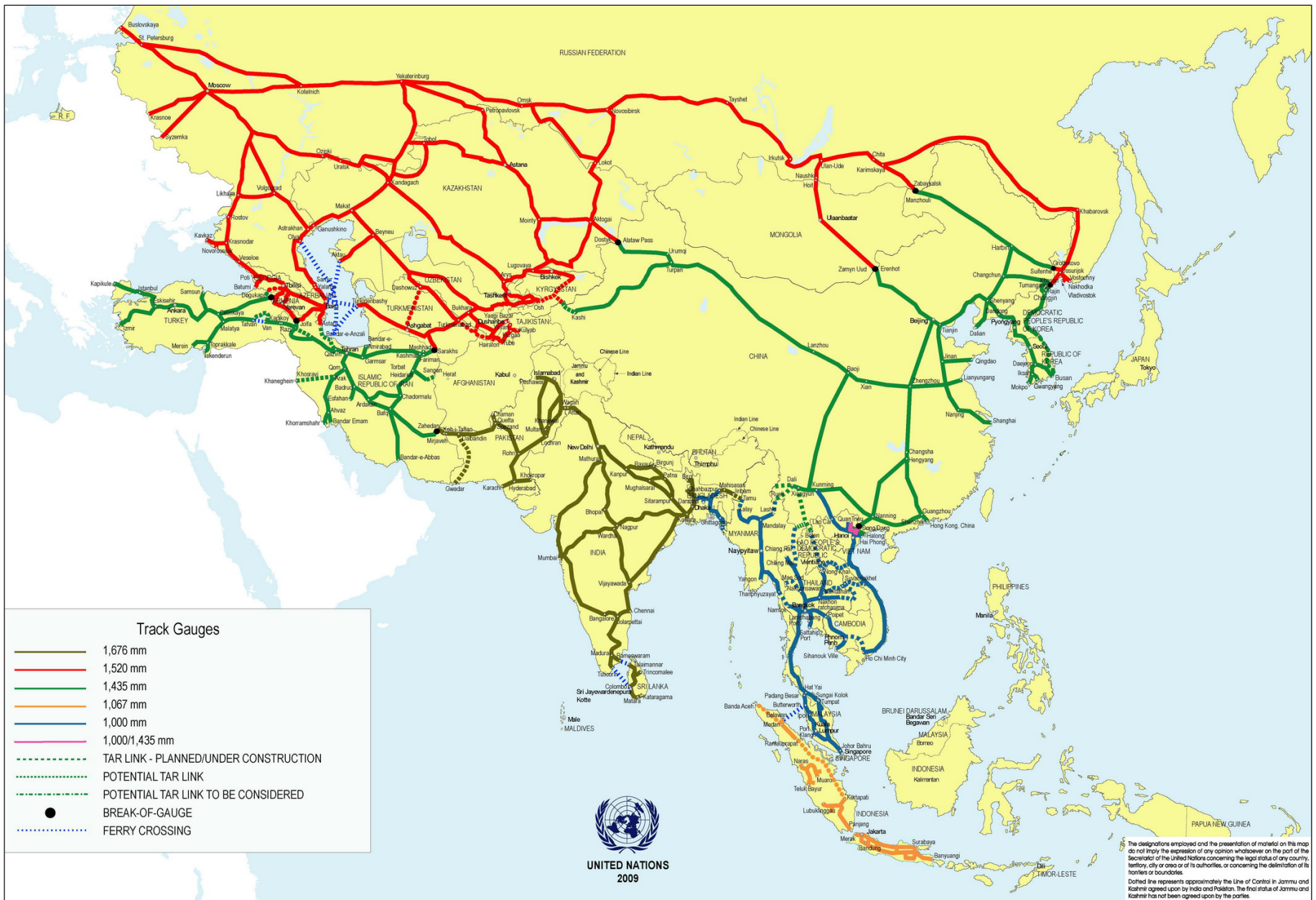


Fig. 3. Trans-Asian Railway

that Beijing was facilitating the rapid development of transport corridors in Central Asia and could potentially use those routes to deploy its troops in the region in the event of a serious conflict that threatened Chinese security or strategic interests.¹²⁴ Others have expressed similar concerns regarding China's infrastructure projects with Turkey, Syria, Iran, and Iraq (which tend to be underreported by the major media), especially in light of increased Sino-Turkish military cooperation.¹²⁵ For example, on November 15, 2010, Iranian foreign minister Manoucher Motaki announced that Tehran, Afghanistan, and Tajikistan had agreed to cooperate with China on building a rail from Xinjiang province through Tajikistan, Kyrgyzstan, Afghanistan, and Iran, with eventual plans to continue westward into Iraq, Syria, and Turkey.¹²⁶

Within China proper, the PLA has already reportedly used the Shanghai-Nanjing express railway to transport troops at speeds up to 350 kilometers per hour, touting the practice as an ideal way to project personnel and light equipment in "military operations other than war."¹²⁷ Another report indicated that the military is actively participating in the design and planning of China's high-speed railway, with military requirements becoming part of the development process.¹²⁸ Indeed, the Transport Department of the PLA's General Logistics Department, which oversees rail issues, is looking to implement rapid mobilization and deployment of troops via high-speed rails once they are completed across Eurasia.¹²⁹ On August 3, 2010, *PLA Daily* reported that a train loaded with PLAAF combat-readiness materiel had used the Qinghai-Tibet Railway for the first time.¹³⁰ Heavy weapons systems such as tanks and infantry fighting vehicles were carried by standard rail, while lightly armored troops deployed to Jinan Military Command were able to use China Railway high-speed trains.¹³¹ These deployments were conducted in part to test the PLA's long-distance mobility. Meanwhile, the ongoing program of building 13,000 kilometers of high-speed rail is scheduled for completion by 2012.¹³²

The implications of such growth encompass not only trans-Asian trade integration, but also illicit arms

proliferation and rapid PLA deployment to protect China's growing interests.

In short, the "look west" Silk Road development strategy that China is pursuing via the SCO is poised to meet the Levant's "look east" policy on a number of levels. Concurrently, a new energy-based Eurasian security architecture appears to be emerging, with Turkey, Syria, and Iran employing a Four Seas strategy to connect with the SCO in the Caspian region.¹³³

China Enters 'NATO's Lake'

The previous sections outlined the numerous avenues by which China's energy diplomacy has brought the Middle Kingdom to the Greater Middle East energy security map. These efforts have been coupled with militarization of Beijing's energy security policy via naval buildup and deployment of troops to protect and carry out energy and infrastructure projects across the region. From a military perspective, adding a new "pearl" in the Mediterranean in the form of Greece's Piraeus seaport enables China to control sea access to Istanbul and the Black Sea ports of Bulgaria, Romania, Ukraine, southern Russia, and Georgia.¹³⁴ Beijing is already investing in various infrastructure deals in Balkan seaports, airports, railways, and highways as part of its strategy to control or influence strategic maritime chokepoints, whether via defense cooperation, "arms for oil" agreements, or no-strings aid packages and soft loans.¹³⁵ It is also building a blue-water navy, complete with aircraft carriers, to support its string-of-pearls approach.¹³⁶ In other words, as China makes inroads into the Caspian region, the Persian Gulf, and elsewhere, its enabling vehicle—the SCO—is meeting NATO at the Black Sea, the traditional Cold War demarcation between the alliance and the Warsaw Pact.

The Black Sea is a strategic entry point to the EU, the Balkans, the Caucasus, Central Asia, and the Middle East. After Bulgaria and Romania joined NATO and the EU, the region became a Euro-Atlantic concern. Given the Western military buildup in the area (via NATO missile defense efforts in Romania, Bulgaria, and possibly Turkey), the increasing Russian naval presence (via the new Black Sea Defense Pact with Turkey and Ukraine),¹³⁷ and China's increasing

military presence (via infrastructure projects and string-of-pearls tactics), the Black Sea region is becoming the main demarcation line between NATO and the emerging Sino-Russian-led SCO.

Indeed, the 2010 Anatolian Eagle military exercise discussed in chapter 2 prompted NATO secretary-general Anders Fogh Rasmussen to call for engagement

with China.¹³⁸ Although the alliance has the NATO-Russia Council as a mechanism to engage Moscow, no such equivalent exists for Beijing. The concluding chapter offers recommendations for addressing this and other potentially troublesome gaps as the West seeks the best means of responding to China's ramped-up regional efforts.

4 | Policy Recommendations

CLEARLY, CHINA HAS GROWING interests in the Greater Middle East and is stepping up its military ties to protect those interests. Besides flying warplanes over Turkish, Iranian, and Pakistani airspace during the Anatolian Eagle exercise, it also deployed special operations ground forces to Turkey on November 8, 2010, for a week-long joint military exercise.¹³⁹ Chinese naval destroyers and frigates will no doubt make future visits to ports in the Mediterranean and Black Seas, given the August 2010 naval visit to Piraeus, Greece, not to mention Beijing's investment in Bulgaria's Black Sea ports.¹⁴⁰ Such increased military cooperation with Turkey, Iran, and Russia may even deter U.S. and Israeli military options regarding Iran's nuclear sites. In short, the Middle Kingdom has arrived in the Middle East and appears determined to stay awhile.

Accordingly, the United States and its allies should take several steps to secure their energy interests in the region, as well as their broader security interests:

► **Establish a common European energy security policy under NATO's banner.**

Since the emerging Eurasian energy security architecture appears to contradict NATO interests and compete with EU/U.S.-backed pipelines, the alliance has prudently incorporated the issue into its new strategic doctrine to reflect changing geopolitical realities. In August 2010, NATO created the Emerging Security Challenges Division to focus on energy security, weapons of mass destruction proliferation, terrorism, and cyber defense. During its 2009 Business Council Roundtable in Moscow, however, the China-led Shanghai Cooperation Organization (SCO) discussed plans to form an SCO Energy Club that would in turn create a self-sufficient energy system,¹⁴¹ effectively reducing each individual EU country's bargaining position on energy issues. As such, the EU should work to establish common energy security policy under NATO's banner, since many EU countries are also NATO members. Without U.S. strategic leadership, past efforts to formulate such a policy have proven

challenging. With Washington's leadership under the NATO banner, however, EU countries may have more incentive to adopt a common energy strategy.

Toward that end, the EU and NATO should cooperate on:

1. Helping Israel and Greece build an undersea pipeline to feed into the EU's southern corridor.

Energy diversification is in the EU's strategic interest, and according to U.S. Geological Survey and industry reports, Israel's most recent offshore natural gas discoveries show good prospects of achieving near-term production that could feed Greek and, ultimately, European energy needs. Israeli and Cypriot efforts to agree on a "median line" between their overlapping exclusive economic zones have established the marketability of Israeli gas to Europe. This step is all the more important because Iraqi gas exports do not seem viable before 2020, and Azeri gas exports are being broken up into smaller bundles and streamed in various directions—Russia, the Middle East, the Balkans, and possibly China—making them insufficient to meet EU demand.¹⁴²

2. Formulating a NATO Eurasia policy toward China. NATO already has a mechanism in place to engage Moscow—the NATO Russia Council—but there is no equivalent mechanism for Beijing. China has now entered the EU/NATO energy security map, however, and is competing for resources in Iraq, the Caspian (e.g., against the EU-backed Nabucco pipeline), and, increasingly, the Black Sea (via a strategic partnership with NATO member Turkey). Therefore, the alliance must look beyond Russia and engage China as well, especially since both countries are leading partners in the SCO.

China has also expressed interest in buying gas from an Israeli consortium drilling in the Tamar area off the coast of Haifa, and Chinese officials recently participated in a three-day renewable energy conference at Hebrew University of Jerusalem.¹⁴³ Because Beijing and the EU are both interested in the

marketability of Israeli natural gas, there is additional room for cooperation between NATO, the United States, and China in discussions regarding energy security issues.

► **Encourage Beijing to pressure Iran, and push forward on the TAPI pipeline.**

The United States and the EU should continue to use the P5+1 forum (i.e., the five permanent members of the UN Security Council plus Germany) to enlist Chinese help in curbing Iran's nuclear program. Yet Beijing is interested in replacing India in the proposed Iran-Pakistan-India (IPI) pipeline—a development that would bolster Iran's energy sector and neutralize UN sanctions against its nuclear program. Accordingly, the United States should find ways to dissuade China from turning the IPI proposal into an IPC project, convincing it to support the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline instead. The TAPI project has a good chance of succeeding if the West can secure Chinese cooperation within a multilateral forum and bring in industry representatives.

Washington, Beijing, and other actors already share a mutual interest in stabilizing Afghanistan. On the security front, China supports the U.S. goal of eliminating a safe haven for the Taliban and al-Qaeda, who train Muslim Uyghurs to attack Chinese targets in Xinjiang. Beijing has therefore expressed willingness to invest in Afghan infrastructure. According to one Indian diplomat, the goal of TAPI is not just to bring Caspian energy reserves to the world market, but also to stabilize Afghanistan—and, by extension, maintain U.S. political, military, and economic influence in the strategic high plateau that overlooks Russia, Iran, and China.¹⁴⁴ Moreover, India and its growing energy demand would likely provide a willing, steady market for Turkmenian and Afghan energy sources, particularly if New Delhi hopes to avoid relinquishing its supply route to China via the competing IPI (more likely IPC) pipeline.

On the economic front, all of the main players—including the Afghans themselves—have vested interests in stabilizing the country and helping it return to its status as a Eurasian trading hub. Afghanistan used

to be known as the “Garden of Central Asia,” exporting high-end crops such as raisins, pomegranates, pistachios, and almonds.¹⁴⁵ Today, agriculture supports 85 percent of the population, and the country remains a potential geostrategic trading hub connecting the Indian subcontinent with Central Asia, the Middle East, and China—home to some of the fastest-growing economies in the world. As such, it is a “natural locus for an emerging regional network of trade routes and pipelines.”¹⁴⁶

Of course, Beijing fundamentally distrusts NATO, viewing it as a hegemonic tool for the United States to intervene in other countries' domestic affairs. This attitude could extend to TAPI if engagement is handled improperly: China is unlikely to cooperate directly with the U.S. military and the International Security Assistance Force (ISAF) in Afghanistan if the project is presented under the NATO banner. Yet Beijing may become more receptive if the United States changes the narrative from a NATO-led model to a more multilateral framework, bringing in other actors such as the EU and India. Such efforts could be based on the Shared Awareness and Deconfliction (SHADE) approach currently being employed in the Gulf of Aden, where China initially refused to cooperate with the U.S.-led Combined Maritime Forces on antipiracy efforts. Beijing became more willing to participate once the issue was addressed within the multilateral SHADE forum, which brought in the EU, India, Russia, Interpol, and various oil companies alongside the United States and NATO. By changing the TAPI narrative in a similar manner, Washington can exert strategic leadership and dissuade China from supporting Iran or any proposed IPC pipeline.

As described throughout this study, China's leaders have increasingly prioritized energy development in the Greater Middle East as a matter of national security, altering the country's political relationships, economic initiatives, and military posture accordingly. By implementing the measures recommended above, Washington and its allies can show Beijing that they are equally serious about securing their own interests in the region.

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