Durham Research Online

Deposited in DRO:
15 February 2013

Version of attached file:
Published Version

Peer-review status of attached file:
Peer-reviewed

Citation for published item:

Further information on publisher’s website:
http://www.dur.ac.uk/alsabah/publications/insights/

Publisher’s copyright statement:

Additional information:

Use policy

The full-text may be used and/or reproduced, and given to third parties in any format or medium, without prior permission or charge, for personal research or study, educational, or not-for-profit purposes provided that:

- a full bibliographic reference is made to the original source
- a link is made to the metadata record in DRO
- the full-text is not changed in any way

The full-text must not be sold in any format or medium without the formal permission of the copyright holders.

Please consult the full DRO policy for further details.
Asia: East Moves West

Geoffrey Kemp

Number 6: February 2013
About the Author

Dr Geoffrey Kemp completed his PhD in Political Science at the Massachusetts Institute of Technology, where he subsequently served as the Executive Secretary of the Harvard-MIT Arms Control Seminar. He worked at the Fletcher School of Law and Diplomacy at Tufts University between 1971 and 1981. In 1981 Kemp joined the Reagan administration and was appointed as Senior Director for Near East and South Asian Affairs on the National Security Council. In 1983, he was promoted to Special Assistant to the President for National Security Affairs. He left the White House in January 1985 to take up posts at the Center for Strategic and International Studies, Georgetown University and the Carnegie Endowment for International Peace. He joined the Washington-based nonpartisan public policy-focused Center for the National Interest (formerly the Nixon Center) in 1995, and is today its Director of Regional Strategic Programs. An international authority on regional and international security, his many publications include, The Control of the Middle East Arms Race (Washington, DC: Brookings Institution Press, 1991), Iran and Iraq: The Shia Connection, Soft Power, and the Nuclear Factor (Washington, DC: USIP, 2005), and The East Moves West: India, China, and Asia’s Growing Presence in the Middle East (Washington, DC: Brookings Institution Press, 2012).

Disclaimer

The views expressed in the HH Sheikh Nasser al-Mohammad Al-Sabah Publication Series are those of the author(s) and do not necessarily reflect those of the School or of Durham University. These wide ranging Research Working Papers are products of the scholarship under the auspices of the Al-Sabah Programme and are disseminated in this early form to encourage debate on the important academic and policy issues of our time. Copyright belongs to the Author(s). Bibliographical references to the HH Sheikh Nasser al-Mohammad Al-Sabah Publication Series should be as follows: Author(s), Paper Title (Durham, UK: Al-Sabah Number, date).
Asia:
East Moves West

Geoffrey Kemp

Introduction

A visit to most of the major foreign ministries in Asia will find that there are no references on maps to ‘the Middle East’. A map of the vast region from the Mediterranean to the Pacific is called Asia. What we in the West have come to know as the Middle East, at least East of Suez, is known in Asia as West Asia. The movement of South and East Asians to areas like the Gulf is seen in Asian terms as an intra-continental migration. It was the West who invented the term Middle East in the late 19th century. And still, the world’s media outlets are focused on the dominant role that the Western powers have played in the region for over a hundred years. Most recently, this includes the Iran-Iraq war in 1980, the first Kuwait/Iraq war in 1990-1991, and the events that followed 9/11, including the wars in Afghanistan and Iraq. Woven into these conflicts has been the ongoing and unresolved crisis between Israel and the Arabs, America’s standoff with the Iranians, and the growing activities of the extremist groups, of whom al-Qaeda is the most prominent.

Nevertheless, despite the enormous footprint the US has had in the Middle East (and in the past, Britain and France) the time has come when this footprint will be reduced. For one reason, it is very expensive, and that the major motivating force for many of the Western activities in the region has been concern about the supplies of petroleum to the industrial world. This concern will not go away as long as Saudi Arabia remains the primary producer of oil in the last resort. Yet thanks to economic breakthroughs in the extraction of shale oil and natural gas in the Western hemisphere, America’s dependence on Middle Eastern oil will be dramatically reduced in coming years, provided world oil prices remain around $80 per barrel. This, in turn, will have a political impact on how Americans feel about fighting and dying in a region that has not been hospitable to them. Over the same period that the world has been focused on the Western presence in the Middle East, as a result of the economic boom in Asia, India, China, Japan, Taiwan, South Korea and other Asian countries are becoming more dependent on Gulf oil. This, in turn, has increased the demand by the Gulf countries for products and labour from their Eastern neighbours.

Although there has always been a significant Asian presence in the Middle East, especially in the Gulf, the emergence of China and India as world economic powers and the growth of other Asian economies, the ties between Asia and the Middle East have increased to an unprecedented extent. The signs can be seen everywhere. All around the Arabian Gulf, hotels,

---

* This paper draws heavily on the revised and updated edition of the author’s The East Moves West: India, China, and Growing Asian Presence in the Middle East (Washington, DC: Brookings Institution Press 2012). The material selected has been chosen to best highlight the central theme of both this essay and the book, namely that while the Asian presence will only grow stronger in the years ahead, any number of problems can delay and confine the roles of the respective South and East Asian powers who have many unresolved disputes over territory and resources. In this context, the role of the United States, though diminished, will remain critical to the security of the region.
banks, schools, and shopping centres are managed by Asian expatriate workers, who also provide most of the region’s manual labour. Without Asian labour, the oil-rich economies of the Gulf would collapse. Many of the vast construction projects in Doha, Abu Dhabi, Dubai, and other city-states are supervised by South Korean companies. Most of the automobiles and trucks on the roads are Japanese. The endless procession of tankers that sail from the huge ports of the Gulf carrying oil and liquefied natural gas is destined increasingly for the Asian market. Infrastructure projects, including new roads, railways, seaports, airports, gas and oil pipelines, and undersea communication lines, are expanding in both the Middle East and Central Asia, making access between the two regions easier and cheaper.

These trends suggest that, absent a protracted global recession, the Asian presence in the Middle East will continue to grow significantly over the coming decade. However, the strategic implications are far less clear. To what extent will major Asian countries such as China and India be drawn into the complicated, volatile geopolitics of the Middle East? What roles will they take on? How will intra-Asian rivalries play out? And how will Asia’s new powers interact with the countries that traditionally have dominated the region – notably the United States? With the exception of Indian and Chinese purchases of military technology from Israel and Asian arms sales to the countries of the Gulf, the big issues of war, peace, and security in the Middle East have largely remained outside Asia’s domain. Will that always be the case?

The Key Asian Players

Asia’s involvement in the Middle East affects a huge swath of countries, including Pakistan, Indonesia, Malaysia, Thailand, Singapore, Sri Lanka, Bangladesh, the Philippines, Australia, New Zealand, and, more indirectly, the countries of Central Asia. All are influenced in some way by the scramble for Middle East energy, the huge quantities of cash that Middle East oil and gas producers have received and invested, and efforts to seek alternative energy supplies and supply routes. However, four countries merit particular attention owing to their economic and potential military prominence: India, China, Japan, and South Korea.

Over the next 30 years, the economies of India and China are expected to surpass that of the United States in size (although as a result of population growth, their per capita GDP will remain relatively low), giving their governments increased regional and global clout. As India and China grow, Japan will be left behind. Nonetheless, Japan is likely to remain a key Asian power, given its close ties to the United States and its growing assertiveness in its relationship with China. Moreover, Japan’s energy needs will keep it tied to the Gulf. Similarly, South Korea, while even smaller than Japan, is already deeply engaged in the Middle East, especially in the energy sphere. Lacking domestic oil reserves, South Korea is the world’s fifth-largest importer of oil and the eleventh-largest importer of liquefied natural gas. In addition, South Korean construction companies have been hired to build oil refineries, petrochemical plants, offices, and infrastructure across the Middle East. Although South Korea’s relations with the region have focused on energy imports and construction, efforts have been made to pursue cooperative relations in other sectors as well.

India’s Rise and the Greater Middle East

India has long played an important part in the Middle East. When Britain ruled the Indian subcontinent, it exercised hegemonic power over much of the Middle East, especially following World War I and the breakup of the Ottoman Empire, and it did so from Bombay, not Cairo. Many of the civil servants who implemented British policy were Indians, and most of the
soldiers who enforced it were Indian volunteers serving in Britain’s Indian Army. It is not surprising therefore, that many erudite Indians share the nation’s amnesia about its past participation in the wars of the British Empire, especially those in the Middle East. Yet as the ‘jewel in the crown’ of the empire, India became intensely involved in nearly all major armed conflicts or wars in which Britain was a participant – a record that has important implications for present and future relations between India and the Middle East.

During World War I, more than 1,000,000 Indian troops were sent to fight or serve as noncombatants with the allies on every major front of the war. More than 100,000 Indian battle casualties were recorded, including 36,000 fatalities. India’s material and financial contributions to the war were significant as well, including the shipment of over $80 million in military stores and equipment and nearly five million tons of wheat. Similarly, during World War II, the forces and logistical support that India supplied to the Middle East campaign were extremely significant. At the end of operations in Iran on September 5, 1941, General Archibald Wavell wrote in his dispatch that “the Middle East Command owes a deep debt of gratitude to India. During the period of nearly two years while I was Commander-in-Chief, I never made any request for men or material that was not instantly met, if it was within India’s resources to do so”. By 1945 Indian troops and officers had participated in major military campaigns across the Middle East and had been instrumental in the defeat of German forces in the Western Desert, the Vichy French forces in Syria, the pro-Nazi government in Iraq, and the Shah of Iran’s forces in the 1941 invasion of Persia.

When Britain abandoned the subcontinent in 1947, leaving behind two warring, weak states, India and Pakistan, the role of the subcontinent in regional affairs diminished dramatically. Preoccupied with their own security and huge economic challenges, neither India nor Pakistan was able to exert much influence on their westerly neighbours. Today, that is beginning to change.

As an emerging great power, India has once more become a more important political player in the Middle East. One reason is its increased interests in purchasing oil and natural gas; other factors include investment opportunities, sales of consumer items, tourism and even education. Also significant is the low level, but potentially important, military-to-military contact between India and the Gulf states, a factor that could, over time, become a more important feature of the overall Gulf security environment. With its economy projected to grow at a rate of 7 percent to 9 percent over the next two decades, despite the 2008 recession which had some negative fall-out on India, India is under pressure to secure long-term access to oil and natural gas resources in the Persian Gulf and Indian Ocean littoral. In addition, Indian firms and policymakers are pursuing opportunities in investment, sale of consumer goods, tourism, and even education throughout the region. Also significant is the low-level but potentially important military-to-military contact between India and the Gulf states, a factor that could, over the years, become a feature of the overall Gulf security environment. Security could be enhanced if as a result of the wars in Iraq and Afghanistan, the United States seeks more support from friendly regional powers in keeping the peace in that vital corner of the world.

India has been very successful in nurturing good relations with all the key Middle East countries, including Egypt, Israel, and Iran, even though it has had little power to influence their behaviour. Like China, India has been able to work closely with all the key Muslim countries while also developing important military connections with Israel, including the purchase of advanced Israeli military technology. India has also been successful in establishing good relations with Muslim countries that have also retained close ties to Pakistan. One reason
for this success has been India’s image in the post-independence period as a benevolent Third World, anti-colonialist country with a strong view on the dangers of bi-polarity and the danger of a superpower confrontation between the Soviet Union and the West at the height of the Cold War. In reality though, India was far more partisan than its image implied. It fought a war with China in 1962 and readily accepted American military aid. It nurtured close military ties with the Soviet Union until the latter’s demise. Nevertheless these actions had no negative impact on its Middle East ties. However it is in the GCC countries that its presence is most obvious and important. Although precise figures are difficult to obtain, it is estimated that nearly four million Indian nationals live and work in the Arab Gulf countries. Within the Middle East, India’s relations with the six Gulf Cooperation Council (GCC) states has been the most intimate, though until recently Indian-Saudi Arabian ties were less developed than those between India and the five smaller Gulf states (Oman, UAE, Qatar, Kuwait, and Bahrain).

The Kuwait war on the early 1990s proved to be critical in shaping future relations between India and the Gulf states. First came the shock of increased fuel bills due to higher prices for oil imports. India had depended then on Iraq and Kuwait for some 40 percent of its oil imports. More important, however, was the loss of remittances from Indian emigrant workers in the Gulf, which constituted a major source of India’s foreign exchange. By time war broke out, these remittances were worth approximately $2.5 billion annually. In addition, the trade embargo on Iraq led to a loss of export markets. Added to this were the costs of repatriating and resettling these workers, all of which had to be borne by the Indian government itself. Some states which contributed large numbers of workers were hit particularly hard, among them Kerala. It is estimated that one Gulf worker could support 20 people in the home state. With approximately 150,000 Indian nationals stranded in the area of hostilities, the Indian government was forced to airlift most of them from Kuwait shortly after the invasion in August 1990, and subsequently run special evacuation flights from the region. The significance of maintaining favourable relations with the Gulf states has become more important since that time.

China’s Return to the Middle East

For six centuries, China’s westward voyages of exploration were a visible manifestation of China’s superpower status. At its peak, the Chinese fleet included as many as 300 vessels and 30,000 men, and, commanded by a Muslim from Central Asia, Admiral Zheng He, it traveled as far west as modern Tanzania. The admiral’s last expeditions reached Mecca and modern day Iran. Yet, after his last expedition in 1432, China, having reordered national priorities to focus on domestic issues and the landward threat from Central Asia, abruptly halted its naval explorations. As a result, China had little contact or influence in the Middle East for centuries afterward. However, soon after achieving independence in 1949, the People’s Republic of China began to show interest in the Middle East, in particular by trying to work with Arab revolutionary groups. Those efforts, which were vigorously opposed by the nationalists who controlled most of the states in the region, were never successful. However, since China’s emergence as a major economic power and the corresponding growth in its need for energy resources, its traders and diplomats have increasingly followed Zheng He’s footsteps.

Unlike India, which historically has had a comfortable relationship with the Middle East, especially the Gulf, China is considered an outsider in the region. Despite that, China has productive and deepening relationships with many states in the Greater Middle East, including Pakistan, Iran, Israel, Saudi Arabia, and the Gulf states. Although during the 1980s arms sales to Iran, Iraq, and Saudi Arabia were Beijing’s primary link to the Middle East, more recently
China has become a major importer of goods from the region, most notably petroleum, as well as military technology from Israel. One of the sources of China's current popularity in the region is that China is a good customer – the country needs what Middle Eastern countries are seeking to export. Its voracious appetite for resources and its other economic needs match the economic profiles of the countries in the region. China also maintains a strictly business-like approach to its relationships with its trading partners - refraining, thus, from public comment on their domestic policies - which greatly appeals to states like Saudi Arabia. That approach also has allowed China to maintain good relations with states in the region that are nominally opposed to each other.

How long Beijing can maintain its light diplomatic footprint, however, remains an open question. Although China’s relations with the Middle East are good, it is unclear how Beijing’s influence will develop in the future - at what point might its interests in the Middle East force China to play a more assertive role? In examining China’s emerging role in the greater Middle East, both direct and indirect elements of the relationship are relevant. In the short term, the focus must inevitably be on China’s diplomatic and economic interactions, especially with the major energy producers as well as Egypt and Israel. But over the longer run it is necessary to take into account China’s growing physical links with the countries of Central Asia, especially Pakistan. If China’s westward development is sustained, it will open up new road, rail, and pipeline routes that eventually will directly influence trade, politics, and commerce in the Middle East.

Because of its need to expand its economic reach, China has put a high priority on maintaining regional stability. It has worked to ease border disputes and downplay maritime claims, although it has not been altogether successful; many disputes still remain. From around 2003, China began to refer to its “peaceful rise”, suggesting that it did not want to compete with the United States in any direct military sense. However, that is not to say that China has not had strong concerns about US pretensions of supremacy; indeed its goal has been to limit US ability to interfere around the world by seeking multiple international partnerships with other countries and institutions. It has not sought formal alliances, preferring to create a framework of less direct international agreements. It also has focused on working with new multinational institutions such as the Euro-Asian Council for Standardisation, Metrology, and Certification (EASC), the Shanghai Cooperation Organisation (SCO), and the Forum on China-Africa Cooperation (FOCAC).

One of the presumed advantages of China’s soft power approach is that it focuses on no-strings aid to and investment in countries that it does business with and does not demand the ‘good governance and human rights’ associated with Western assistance. The Chinese view has been that this approach gives them a competitive advantage because it is less intrusive. Furthermore, since many of the entities that engage in Chinese overseas investments are state-owned, they can operate without the constraints that burden US and European corporations concerning transparency and corruption. The assumption is that over time, China can establish strong economic relations with its economic partners by focusing on longer-term goals instead of short-term profits. However, the negative side of this approach is that by their very nature, state-owned assets often result in a lack of self-discipline and the likelihood of engaging in less profitable agreements that ultimately do not pay dividends.

China’s soft power approach has many limitations, however. The win-win strategy takes a narrow focus on only those issues on which the parties can immediately agree. The lack of transparency in China’s dealings with many countries raises doubts regarding China’s claims.
that its dealings with them are innocuous and that it does not wish to interfere in their domestic affairs. The fact that China initially refused to take a strong stand against the behaviour of the Sudanese government in the matter of Darfur raised many international protests and a backlash against Chinese investment policies. In short, while China’s reliance on its economic clout together with its hands-off approach to other countries’ internal matters has served its interests and allowed China to avoid direct confrontation with the United States, doubts remain about the sustainability of that approach, particularly in areas such as the Greater Middle East and Africa, which are so ridden with unresolved and emotional conflicts.

While it is clear that China has shown a remarkable ability to be friendly with every political entity in the Middle East – including the Israelis, the Palestinians, and the Iranians – sooner or later, as its involvement grows, it will be drawn into the politics of the region. It therefore remains an open question whether China’s peaceful rise and its soft-power strategy will ultimately succeed. China is securing a foothold in the Greater Middle East, especially in Iran, Saudi Arabia, and the countries of Central Asia. China, like India, has been successful in expanding its political and economic ties with key Middle Eastern countries without having to ‘take sides’ in the various unresolved regional conflicts or openly challenge the dominant but highly controversial role of the United States as hegemon. However, as its presence in the Sudan demonstrates, China runs the risk of becoming deeply embroiled in regional issues, and it is the object of much international criticism for its seemingly hardheaded mercantile approach to local politics.

China has growing stakes in Iran, especially in the energy sector. It has been a consistent opponent of UN sanctions against Iran on the nuclear issue. However, despite China’s and Iran’s common historical experience of Western colonialism, China has been careful not to overplay its hand in challenging the United States on the key issues that plague US-Iran relations, most notably Iran’s nuclear activities, terrorism, and antagonism towards Israel and efforts to derail an Arab-Israeli peace. There is little to suggest that Iran could count on China for anything more than rhetoric if a serious crisis between the United States and Iran were to arise.

Like India, China has been cautiously even-handed in dealing with the Arab-Israeli conflict and balancing the competing overtures of the key Gulf states, especially Saudi Arabia and Iran. It sold arms to Saudi Arabia, Iraq, and Iran during the Iran-Iraq war, and it has been a major purchaser of military technology from Israel. This multifaceted approach has not stymied its military relations with the Arab countries, but it has caused significant angst in Washington, particularly given the reality that the United States and China could eventually come into conflict over the independence and security of Taiwan.

It is said the Chinese have a very Westphalian concept of sovereignty, which is to say that they strongly believe in the sanctity of territory and the exclusion of external interference in domestic politics. That goes some way to explaining their extreme sensitivity to interventionist policies, particularly those of the United States. For instance, in the Middle East the Chinese regard the US determination to change regimes in Afghanistan, Iraq, and possibly Iran as misguided and dangerous and that part of the problem of the Middle East derives from the US penchant to interfere. In addition, the Chinese argue that the United States dominates the region and that, in the last resort, it can control oil supplies. China, however, does not want to confront the United States on that issue. On the other hand, the unpopularity of US policy in the region does give China and other Asian powers the chance to play a bigger role, in part to
balance US influence. China sees itself as a rising power, but one that has to be careful about taking too strong a position on international affairs, particularly if they touch on local issues.

Probably the only country to the west of India in which China has strong commitments is Pakistan. In fact, Pakistan has sometimes been referred to as “China’s Israel” – which is to say that no matter what action the Pakistani government takes, China will back it, because of China’s need to check India’s power. However, today China, the United States, India, and Pakistan have a growing common interest in limiting the power of radical groups, particularly the Taliban. In sum, while the Chinese role is certainly growing and becoming more important, it is very unlikely that China will directly challenge US power and influence.

In the context of the Middle East, China has no interest in a serious confrontation with the United States and has no intention of replacing Washington as security guarantor of the region, let alone developing the capability to do so. Maybe in a decade or so China will have a more robust capability to project power, but as the above overview suggests, China’s current preoccupation with the Gulf countries is commercial and for that reason it seeks cooperation with both them and the United States. However, when one examines China’s relations with Central Asia and Pakistan, a more ‘hands on’ policy is at play, given their geographic proximity, direct access to alternative energy routes, and mutual concerns about Russian dominance, Islamic extremism, and fear of separatism. Given the growing physical ties between China and its westward Asian neighbours, it is realistic to assume that this movement will eventually have a more direct impact on Iran than the Arab Gulf. But that day is a long way off. While the prospect gives rise to interesting geopolitical speculation, for the near term China’s political role in the Middle East and Gulf remains low level. The Chinese are well aware of the benefits of having a strong US presence in the Indian Ocean and the Gulf, even though they know that this trump card could be used against them if relations between the China and the United States descended into all-out confrontation.

**Pakistan, Japan and South Korea**

Pakistan, Japan, and South Korea play different roles in the Middle East. Pakistan’s borders with China and India and its proximity to the Gulf make it a critical player in the geopolitics of the region, irrespective of its economic potential. On the other hand, Japan and South Korea are far removed from the Middle East. Their importance stems primarily from their economic activities, both as purchasers of Middle East oil and natural gas and as significant trading partners with the Middle East and the rest of the world.

**Pakistan:** To understand Pakistan’s close ties with the Middle East and China, it must be remembered that since its creation in 1947 the state has been preoccupied with survival. Pakistan’s ruling elites have long viewed their huge neighbour, India, as an existential threat. Much of the animosity between the two stems from their half-century-long dispute over the Kashmir region in Northeast Pakistan (Northwest India). British India was partitioned in 1947 on the principle that the Muslim-majority areas of the subcontinent were to become a new nation, Pakistan. While Kashmir’s population was predominantly Muslim, many of its Hindu rulers elected to join the newly created India, and a violent territorial dispute began, with the two states fighting wars over the region in 1947 and 1965. The conflict has been furthered by religious tensions between Muslims and Hindus within India and the perception among Pakistani elites that India has never truly accepted the principles on which partition was based. Pakistan fears that India, if given the opportunity, would not hesitate to eliminate the Pakistani
state. Yielding or compromising over the fate of Kashmir is therefore viewed as domestically disastrous by the Pakistani leadership.\textsuperscript{11}

Close relations with China are the cornerstone of Pakistan’s strategic foreign policy. To quote Gilles Boquerat, a historian of South Asian diplomacy, Pakistan is “a very interesting pawn” in China’s broader Asian strategy and a potential corridor for Chinese access to the Middle East.\textsuperscript{12} China’s need for the energy resources of the Middle East, Central Asia, and Africa will likely bring it to extend its influence to the Indian Ocean, increasing Pakistan’s value as a strategic ally. Yet beyond trade in Central Asia, the interests of China and Pakistan do not necessarily converge, although Pakistan has been responsive to Chinese concerns about potential militancy among its Uighur population.

Militant attacks on Chinese interests in Pakistan will likely lead to public spats, but the China-Pakistan relationship should remain close, barring high-profile or widespread attacks that could goad the increasingly nationalistic Chinese public. However, in order for Pakistan to serve as a major transport corridor, the security situation in Balochistan, Northwest Frontier Province, and federally administered tribal areas must improve. Pakistan is likely to pursue continuing its strong relations with China, as the United States appears to be a temperamental friend. It should also be remembered that Pakistan’s most important power bloc - the military, and the army especially - highly values Pakistan’s relationship with China as a constraint on India. Some have suggested that a substantive Indo-Chinese rapprochement could diminish Pakistan’s importance to China. While that is possible - India and China exchanged positive diplomatic gestures in 2008\textsuperscript{16} - the border dispute between India and China remains unresolved and it is not clear whether their interests in the Middle East and South Asia converge sufficiently to allow for such a shift. The China-Pakistan relationship has been a close one for more than forty years, and it will likely remain so.

**Japan:** Japan’s relations with the Middle East have focused almost entirely on economic issues. Given Japan’s great dependence on Middle East energy, that focus is appropriate and adequately sums up how Japan’s role in the region has evolved. Japan remains highly sensitive to US policy in the region. While its companies would like to do more business with Iran, Japan’s foreign policy decision makers remain fearful of incurring US wrath and therefore have pursued a very cautious policy on all the most sensitive Middle East issues, especially the controversial war in Iraq and Western pressure on Iran. On the other hand, Japan has made a serious offer of cultural outreach to the region and has been a stalwart promoter of economic and technical assistance.

**South Korea:** South Korea’s engagement with the Middle East has focused primarily on energy imports and construction, although there have been efforts to pursue more cooperative relations in other sectors. South Korea, like Japan, is focused mainly on its economic ties with the Middle East, especially its lucrative construction projects and its energy deals. It will likely continue to play a low-key role on matters concerning geopolitics and diplomacy. Its foreign policy priorities relate to its relations with the United States, China, Japan, and Russia and on how to aid in the efforts of those countries to settle the North Korea problem. To the extent that North Korea has military relations with Middle Eastern countries such as Iran and Syria, South Korea will respond by strengthening its support for international efforts to reign in North Korea’s dangerous behaviour. If at some point in the future the two Koreas were to be reunited, there would be a new and probably powerful Korean footprint in East Asia that could eventually increase the Korean presence in the energy-rich Middle East.
The Infrastructure Boom in Asia

Thanks to large deposits of petroleum and natural gas and record high prices for those commodities until 2008, the Gulf states have accumulated a vast amount of wealth and witnessed the doubling of their economies from 2002 and 2006. With their new assets, they have begun massive construction and development projects estimated to cost more than $3 trillion. The most spectacular and most advanced developments are in the UAE, with Dubai clearly at the forefront. What is happening there is especially illuminating because Dubai’s infrastructure projects are part of an audacious business plan that, if successful, could bring great change in the Gulf and have far-reaching economic as well as strategic consequences. Abu Dhabi, the UAE’s capital, is a close second, and Doha, in Qatar, is rapidly expanding its own development. Saudi Arabia, Bahrain, and Kuwait also have major new projects; relatively less endowed Oman is also seeking its own niche for tourism. All of the undertakings involved have important implications for the key Asian countries, providing investment opportunities, a huge labour market, and a growing tourism industry. But all have been set back by the slowdown in the global economy, and it is difficult to judge which will survive and thrive. The building projects that the Gulf states are undertaking are impressive in scope, size, and content, but it is not clear that all or even most of them will be viable in the long term, given the fallout from the 2008–09 economic recession. The breakneck speed of investment in air transport is a telling example. Dubai, Qatar, and Abu Dhabi are all investing huge sums of money in the hope of becoming the main regional hub and a major global hub, but obviously only one can be the main one.

The soundest long-term investments are likely to be in basic infrastructure, for which there plainly is a need today, especially in Dubai, that is likely to increase in the future. Qatar’s investment in education appears to be a wise move that should increase the productivity of its citizens generally and allow for creation of an economy that is less dependent on oil. Bahrain’s pragmatic attempt to focus on financial services also is a logical move and should see success despite competition from Abu Dhabi. Oman’s pursuit of a niche market helps set it apart from Abu Dhabi or Dubai, but its reliance on tourism generally leaves it vulnerable to a downturn. Dubai’s development ventures feature the highest risk-reward ratio on the basis of cost alone, and their huge scope makes them the most exposed to a decline in demand. In short, the megaprojects of the Gulf states have been predicated on a global boom economy. While fundamentals such as population growth and increased Asian, especially Chinese, demand for hydrocarbons will continue even in the face of the downturn, it is likely that the projects will be downsized now that the market has descended from its apex.

The infrastructure projects under way in the Gulf states and Asia will have a long-term impact on the future commercial and economic vitality of those regions. The Gulf states have recognised the need to diversify their economies and, using their oil wealth, have invested in their tourist, banking, and educational infrastructure. While the accomplishments of the Gulf states seem dramatic, they can be easily overstated. The drop in oil prices and the subsequent economic recession in 2008–09 could reduce their significance in the short term. The transnational transportation and energy infrastructure projects in Eurasia, if successful, could lead to significant economic rewards for Central Asia and eventually the Middle East and Southwest Asia. Furthermore, the development of new pipelines in the region will relieve some of China’s and India’s reliance on seaborne energy shipments – key because those shipments could easily come to a halt if the straits at Hormuz or Malacca are compromised by either a blockade or an attack. But once again, it is easy to overstate these accomplishments. Infrastructure development in Eurasia has been plagued by regional rivalries and could be
derailed in the future. Conflict in Afghanistan, political instability in numerous governments in the region, or a showdown between the United States and Iran could all impede the progress of planned developments. While all of the projects will have important impacts if successful, whether development will continue at the current pace is uncertain given the geopolitical and economic realities.

Security Issues and the Role of the United States

The preceding sections have focused on the growing ties between the Middle East and Asia, including economic developments and infrastructure projects that it is hoped will facilitate mutual access in the decades ahead. However, such access is not certain; one has to take into account not only the unpredictability of the global economy but also the prospects for continuing military conflict and confrontation throughout the region. Since most of the commerce between the Middle East and Asia goes by sea or air over long tracks of the Indian Ocean, the security of the maritime environment is a key factor in economic growth. As road, rail, and pipeline projects expand in Central Asia, the security of the land routes will become more important, but for the foreseeable future the bulk of energy supplies and consumer goods will be seaborne. Furthermore, most of the communications between Asia and the Middle East are increasingly dependent on undersea cable networks.

For the next two decades and probably longer the basic security of the Gulf and the Indian Ocean will depend on the United States. Since the United States replaced Britain in 1971 as the guardian of the Gulf and Indian Ocean, the US military presence ‘East of Suez’ has grown steadily. In the 1980s, US military relations with Saudi Arabia and the Gulf states intensified, leading to increased arms sales and the construction of huge new facilities, especially airbases. During the Iran-Iraq war, which lasted from 1980 until 1988, US forces were actively engaged in maritime combat against Iran to protect Kuwait’s fleet of oil tankers and to keep the strategic Strait of Hormuz open. It was expected that US relations with Iraq would strengthen with the end of the war; in fact, the reverse happened. In the fall of 1990, after Saddam’s reckless invasion of Kuwait in August, the United States deployed nearly half a million troops to Saudi Arabia. After the brief war to liberate Kuwait in early 1991, American and British forces maintained a no-fly zone over northern and southern Iraq. Although the United States reduced its forces in Saudi Arabia, it increased its presence in Kuwait and adjacent Gulf countries. The cost of sustaining the US presence in the region during the 1990s has been estimated to be about $60 billion a year although it is difficult to be precise since different accounting methods can be used to assign costs. After the terrorist attacks of September 11, 2001, and the war in Afghanistan, the United States invaded Iraq in 2003 to overthrow Saddam Hussein, leading to a second surge of US forces in the region. Today the United States maintains a major military presence in both Iraq and Afghanistan. In the case of Afghanistan, Pakistan has become the critical logistical route for supplies.

Outside the war zones, the United States has military facilities in the British-Indian Ocean Territory (Diego Garcia), Djibouti, Egypt, Oman, Qatar, Saudi Arabia, Kuwait, and the UAE. It is anticipated that with the drawdown of US forces in Iraq the US presence will be strengthened in some of those countries, especially in the smaller Arab Gulf states. The cost of sustaining that presence will likely be at least as high as it was in the 1990s. If fighting intensifies in Afghanistan, the cost will be much higher. While the United States may regard its military presence as benign and protective, adversaries, especially Iran, regard it as hostile. In their worst-case scenarios, some Chinese strategists point to the fact that while the United States may protect the sea lines of communications in peace time to everyone’s benefit, it can also close
them down in wartime. Thus if China and the United States ever entered into war over Taiwan, the United States would have strong levers over China’s energy and raw material supplies as well as its vital export trade. Although India today is relaxed about the US presence and is cooperating with the US military establishment, that was not always the case. In the 1970s India regarded the United States as a threat, especially after the Nixon administration sent US carriers into the Indian Ocean during the 1971 Indo-Pakistan war in what was regarded as a provocative ‘tilt’ in favour of Pakistan. Nevertheless, for many years to come US maritime power will be crucial to ensuring stability and keeping sea lanes open for international commerce. The reality is that the United States is providing a service to the world’s trading nations, which, if withheld, would either create a more dangerous environment or force other powers to take responsibility for securing sea lanes, straits, and ports. Unless one assumes that another global superpower (for example, a future China) takes over from the United States, it is likely that a new group of powers, each with greater regional responsibility but not as dominant as the United States had been, would be charged with enforcement.

Here it is important to distinguish between the future security of the Persian Gulf and its immediate surroundings and the wider swaths of the Indian Ocean that stretch from East Africa to the Indonesian archipelago. The Gulf is a relatively small, narrow body of water along whose shores vast economic investments derived from the energy industry have resulted in an extraordinary concentration of wealth, trade, and migrant populations. It also is a region of extreme vulnerability and sensitivity to political and military developments between the littoral states. The United States is the dominant military partner in the Gulf, challenged by Iran, an aspiring Gulf partner in its own right. It is unlikely that any of the major Asian powers that are expanding their naval capabilities have any interest in moving into this small, crowded, and dangerous area. The nearby Asian countries, especially India and Pakistan, have increased their military cooperation with the Gulf states, but that is hardly a substitute for US power.

The Indian Ocean is a different environment and warrants a different approach. In this vast region, the predominant role of the United States may come under scrutiny in the years ahead, because of three realities. First, the costs of sustaining the US presence are huge, especially if the US economy is in turmoil and the United States is conducting wars in several theatres, like in both Iraq and Afghanistan, which through 2009 were commanding major defence commitments. Second, assuming that world trade eventually resumes its expansion, the region will become more prosperous and protection of sea lanes will become more important and more costly. Third, in different ways both India and China are expanding their maritime reach and both have reasons to be concerned about each other’s long-term strategic objectives. Japan’s future maritime role also could be an important factor in the emerging Asian balance of power.

Some American writers have argued that the US navy will face a decline in its influence, both relative and absolute, in the coming half-century.¹⁸ That decline will be based on the rise of naval power in Asia, especially China; the growing sophistication and therefore cost of naval hardware; and, crucially, the fact that an increase in US defence spending is unlikely due to the current demands of expeditionary warfare and public discontent with both defence spending in general and spending related to the current conflict in Afghanistan. Others argue that the United States will dominate the seas of the world for the next 50 years, while China might achieve local dominance, but only with a crash programme.¹⁹ While US forces have greatly decreased in number, they have orders of magnitude more capability due to guided munitions and the revolution in military affairs (RMA). US maritime power is most vividly displayed in its use of sea-based air and missile strikes against hostile targets. Sea control missions – those to
exert hegemonic dominance - are equally important. They rarely garner publicity because they take place primarily in peace time, when it is assumed that their mere occurrence deters would-be aggressors from interfering with seaborne commerce. The Obama administration’s formal pronouncement of a ‘rebalancing’ of its military forces towards East Asia has yet to be fully developed and may fall short of expectations. While the aircraft carriers and advanced submarines of the United States will ensure that Washington retains the ability to exert sea control in the long term, the modernisation plans of the Indian and Chinese navies could lead to a multipolar balance of power in the Indian Ocean. Both the Indian and Chinese navies are conducting exchange and outreach programmes beyond their normal areas of operation. Chinese forces have worked with Pakistan in the Arabian Sea, and India has joined in exercises as far away as the Sea of Japan. Despite historical parallels to the rising naval powers of the early twentieth century, this combination of rising naval powers with overlapping areas of interest will not necessarily lead to conflict.

Rather, their overlapping interests could lead to further cooperation between navies on low-intensity security issues. The Indian Ocean itself presents a conundrum – it carries more than one-third of the world’s seaborne trade, but is also beset by a variety of maritime conflicts and potential low-end-of-the-spectrum challenges such as piracy, maritime terrorism, and disasters requiring humanitarian relief. The combination of the high value of goods traveling through the region and low-intensity challenges - especially piracy - invite, if not require, cooperation among naval powers operating in the region. Yet the combination of the strategic value of the trade involved and existing political dynamics means that the main naval powers of the Indian and western Pacific oceans often are pursuing similar ends independent of each other.

Japan, India, and China have taken a number of security-related actions that demonstrate a willingness to take very small steps towards direct involvement in regional security, including arms transfers, peacekeeping efforts, and support of military operations in Afghanistan, but much more needs to be done. Peacekeeping operations have been an avenue for increased Asian military interaction. In particular, China and India have deployed units to UNFIL forces in Lebanon. China also provides observers to the United Nations Truce Supervision Organisation (UNTSO) in the Middle East and previously contributed observers to the United Nations Iraq-Kuwait Observation Mission (UNIKOM). Historically, India has been one of the largest contributors of troops to UN peacekeeping missions and the third largest, behind Pakistan and Bangladesh, since 2006. In fact, India’s peacekeeping role in the Middle East dates back to 1956, with the establishment of the United Nations Emergency Force. Japan has played a naval role in supporting US military operations in Afghanistan – the first time the Japanese naval force has participated in combat operations since 1945. In contrast, North Korea has played a more negative role in the Middle East, by sharing technical and intellectual know-how for the development of nuclear weapons programmes with Syria and Iran.

Conclusion

The littoral states of the Arabian Gulf and Indian Ocean as well as China, Japan, and the United States have many common interests that should encourage greater security cooperation among them. Threats from piracy, terrorism, and nuclear arms proliferation encourage consensus among the major powers, as does the overriding need to ensure the security of energy supplies from the Gulf to the rest of the world. However, no matter how rational and logical it is to talk about mutual cooperation and common interests among major powers that have interests in the stability of the Middle East and the Indian Ocean region, nationalism and historic resentment are still alive and strong in Asia. Intensifying competition among China,
Pakistan, and India and growing US concerns over China’s military build-up mean that the chances for miscalculation and accidental confrontation are higher than before. For that reason, caution is necessary when advocating grandiose schemes for regional security. Perhaps the best way to ensure regional security is for the Gulf states to encourage a balance of power wherein no one power has complete hegemony, no power is excluded, and all have a deep interest in maintaining the status quo. However, as long as Asia itself remains a source of interstate conflict and as long as the key powers, especially China, retain deep suspicion of US motives regarding cooperation, the possibility exists that conflict between the United States and key Asian countries or conflict among the Asian powers themselves could influence the geopolitics of the Middle East and the stability of the region. The biggest challenge in the Indian Ocean is to balance the need for greater cooperation on threats such as piracy, which requires the presence of many Asian navies, against the fear that Sino-Indian-Japanese maritime rivalry could become a significant reality, especially if the United States reduces its presence.

It is not easy to determine in any systematic fashion how potential inter-Asian and US decisionmakers are perceived by the Gulf countries since all of them, including Iran, have gone out of their way not to become directly embroiled in the quarrels outlined above. Iran would be too proud to look to China or India to be a guardian of the Gulf because it thinks that the job should be left to the Gulf states themselves and that Iran should be their leader. The Arab Gulf states are far too dependent on the United States for protection to side with any Asian state against the United States. But there are voices in the Gulf that raise the question in a more indirect way and speculate about alternatives if the United States itself were to decide to reduce its responsibilities. Under those circumstances India and Pakistan are more frequently mentioned as defence collaborators than China, although over the years that could change. Much, of course, will depend upon how the global economic, political, and strategic environment evolves. A number of alternative scenarios driven by a number of ‘wild card’ developments can be envisioned, making it difficult to predict the future. What is clear is that a great deal will depend on the development and behaviour of India and China and how those two giants interact with Japan and, most important, the United States. On the face of it, with the booming Gulf and booming economies of Asia, an optimistic scenario of the future can be drawn and talk of the Asian century has become commonplace. However, there remain a number of serious challenges that have to be addressed, and which may, if events go in the wrong direction, could set the region back dramatically.

First, at the strategic level, from the Eastern Mediterranean to Kashmir, you have what is probably the most dangerous region in the world. With the exception of North Korea, all of the major conflicts in the world that involve fighting and possibly nuclear weapons, are to be found in the countries stretching from the Mediterranean coast to the mountains of the Himalayas. The Iran-Israel crisis could at any time trigger a new major war, and the Arab uprisings are not over, and no one knows for certain what the stability of Egypt, and perhaps more importantly Syria and Iraq, are going to be. States like Jordan and Lebanon are under unique pressure, as are the small countries of the Gulf, although, they have more capital and are able to ‘buy’ their way out of a lot of trouble. Furthermore, this most dangerous region, literally straddles the great deposits of petroleum and natural gas so essential for the world economy. It is for this reason that the United States is not talking in any way about departure from the Gulf. Its decision to review its Asian policy and to rebalance in South and East Asia is a result of the draw downs in Iraq and Afghanistan rather than any reassessment of its strategic commitments to the Gulf. There is no one else, at this point in time, who could replace the United States as the policeman of the Gulf, or for that matter, the Indian Ocean. China’s strategic reach is limited to its own local waters, and while this reach is undoubtedly going to
expand over the years, it is going to be a long, long time before it can be considered to be a
global, or even a major regional, power, if we talk about a Chinese presence in the Indian
Ocean.

The second factor that has to be taken into account concerns the unresolved inter-Asian
quarrels, some of which have been around for many years, but most of which stem from
unresolved questions of decolonisation and World War II. Perhaps the most outstanding
difficulties are the continued rivalry between India and Pakistan and Pakistan’s perpetual fear
that India poses an existential threat. While there has been some improvement in relations in
recent years, this can all go for naught if there are more terrorist incidents perpetrated by
Pakistani operatives in India. Even more challenging is the legacy of World War II, which after
all began in the 1930s with Japan’s invasion of Manchuria and China. Unlike Germany in
Europe, the Japanese have never atoned fully for what they did in World War II, and hence,
the bitterness in the relationship between Japan and China, and other countries that were
occupied, such as Korea and Southeast Asia, remains to this day. While there are challenges
for all of the region to offshore claims by China and other countries over potential oil and gas
and fish supplies, a lot of the antagonism goes back to the fact that there is not a regional
institution like the European Union or NATO to monitor and nullify outstanding conflicts.
This poses a serious threat to a cohesive strategy to minimise the prospects for war and
maximise the cooperation necessary to sustain economic growth. A third factor that has to be
taken into account is the many unresolved ethnic and religious quarrels within the major
countries and with China and India having very serious succession questions with a threatened
central authority, with the claims by other people of the independence of Tibet and Kashmir
demonstrate.

The question then is what is the likely prospect for continued economic growth in a peaceful
environment in the world’s largest region containing the world’s largest population? Prospects
are not particularly good, in part because the US is going to be able to do much less than it will
be asked, it is no longer as strong economically or militarily as it once was, and secondly, new
concerns about climate change and rising sea levels and desperate need for freshwater in a
region where the demand is going through the roof while the supply is being diminished thanks
to lower precipitation in the mountains, dam construction and irrigation along the rivers, and
rising sea salt water coming from the oceans, leading to unpredictable weather conditions, all
point to a region that will be beset with trouble in the future. To take the one example, the
number of walls and barriers being built along the borders of Asian countries reflects this
concern that mass migration due to poverty, war, and climate change is quite possible. India is
building a wall along the border with Bangladesh nominally to stop smuggling and illegal
immigration, but really to guard against rising sea levels that could force 20 million
Bangladeshis from their homes and the Indians fear they will come west. To the extent that the
Asians actually have hopes for success will depend very much on how China and India handle
their massive domestic problems and how the US plays its role without antagonising on the one
hand the major powers of the region, particularly China, without becoming the guardian or
babysitter for smaller countries that may drag the United States into their own quarrels. No one
knows what the future will bring, but it is fair to say that much more attention will have to be
paid for the foreseeable future by both the United States and Europe to the strategic and
economic dynamics of Asia and the growing fluidity of commerce and labour of this vastly
important region.
Notes

1 A number of organisations, including the UN and the Indian and Chinese foreign policy establishments, regard the term ‘Middle East’ as Eurocentric and instead refer to the region as West Asia. The term ‘Middle East’ is usually attributed to American strategist Alfred Thayer Mahan, who was one of the key geopolitical thinkers of the nineteenth century. At that time British diplomats presiding over their huge empire distinguished the Near East from the Far East. Mahan suggested the term ‘Middle East’ to refer to the Persian Gulf, the region in between. Today the term is used to cover a wider area, although some debate just what its parameters are. For a more detailed discussion, see Geoffrey Kemp and Robert E. Harkavy, Strategic Geography and the Changing Middle East (Washington, DC: Brookings, 1997).

2 As the financial crisis of 2008–09 demonstrates, there is nothing inevitable about such projections: natural or man-made disasters, including prolonged global recession or internal upheavals, could derail China and India’s march to power and wealth. As late as 1993, a flurry of books and articles appeared in the United States warning of Japan’s unstoppable growth. Yet at that very moment, Japan’s bubble economy was entering into a recession from which it has still to fully emerge.


5 Ibid, p. 353.


11 For more details on how China’s Middle East relations impact on US policy, see: John Alterman and John W. Garver, The Vital Triangle: China, the United States, and the Middle East (Washington, DC: CSIS 2008).


* Awareness of the need for greater security cooperation between the Gulf countries and Asia can be seen in the success of the Manama Dialogue, initiated in 2003 and organised every December by the International Institute for Strategic Studies (IISS) with direct support from the government of Bahrain. This occasion brings together high-level defence and foreign policy officials including defence ministers and experts from the Gulf, Asia, Europe and the US to discuss common security concerns. The Dialogue is modeled on the IISS Shangri-La Dialogue.
(Asian security summit) which has been held since 2002 in Singapore and is focused on security issues in the Asia-Pacific.


Ibid.
The ‘al-Sabah Programme’

The ‘al-Sabah Programme’ has been established to enable cutting-edge interdisciplinary research which aims to improve understanding of the security of sovereign nations, in particular the smaller and more vulnerable states in the Middle East and beyond. It aims to identify those factors which can lead to insecurity within a country or region, to anticipate when aggression between or within states may occur, and to identify and learn how external powers and bodies such as the United Nations Security Council should respond appropriately. Research into such matters within the Programme at the University will yield immense benefit to state actors and non-state organisations alike on the world stage. The Programme aims to have an important, dynamic and lasting effect on decision making with respect to governance and the security of nations worldwide.

The Programme is led by the Sheikh Nasser al-Mohammad al-Sabah Chair who drives the research agenda of the Programme. The Programme also provides dedicated support for postgraduate and doctoral students in the area of international and regional security; organises international conferences and symposia; and aims, through its publication series, to disseminate the best new and innovative research and analysis on regional politics and related security matters.
HH Sheikh Nasser al-Mohammad al -Sabah
Publication Series

Number 1: November 2011
Egypt After Mubarak: the Challenges Ahead, Robert Bowker
URL: http://www.dur.ac.uk/alsabah/publications/insights/no1bowker/

Number 2: June 2012
China-Saudi Arabia Relations: Economic Partnership or Strategic Alliance?, Naser al-Tamimi
URL: http://www.dur.ac.uk/alsabah/publications/insights/no2tamimi/

Number 3: October 2012
Small States with a Big Role: Qatar and the United Arab Emirates in the Wake of the Arab Spring, Kristian Coates Ulrichsen
URL: http://www.dur.ac.uk/alsabah/publications/insights/no3ulrichsen/

Number 4: December 2012
Exploring Causal Relationship between Security of Demand for Crude Oil and Economic Well-Being: the Case of Five MENA Oil Exporting Countries, Neeladri Chatterjee
URL: http://www.dur.ac.uk/alsabah/publications/insights/no4chatterjee/

Number 5: January 2013
Lebanon’s Arab Spring: Exploring Identity, Security, and Change, Dima Smayra
URL: http://www.dur.ac.uk/alsabah/publications/insights/no5smayra/

Number 6: February 2013
Asia: East moves West, Geoffrey Kemp
URL: http://www.dur.ac.uk/alsabah/publications/insights/no6kemp
The al-Sabah Programme
https://www.dur.ac.uk/alsabah/

Contact information:
Lorraine Holmes
lorraine.holmes@durham.ac.uk
The Al-Qasimi Building
Elvet Hill Road
Durham
DH1 3TU