THE NIXON CENTER

Asia's Role in the Middle East and the Indian Ocean:

Implications for the Region and the United States

April 6 – 10, 2010

The Rockefeller Foundation Bellagio Center

Bellagio, Italy

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Introduction

In April 2010, The Nixon Center organized a workshop on the growing Asian presence in the Middle East at the Rockefeller Foundation's Bellagio Conference Center. This was the third in a series, the first two being held in Dubai with the focus on India and China respectively. The purpose of the Bellagio meeting was to broaden the scope and to include discussion of Japan, Korea, Russia, Iran, Israel and Arab states. For this reason we selected a diverse group of specialists and held meetings over a period of four days. A summary of the meetings without attribution is contained at the end of this monograph. Five short papers were commissioned, and they are presented under their author's names on the following pages. The Rockefeller Foundation covered the local costs of the meeting. All other expenses for the event, including funds for the organization, the papers and participant travel came from an ongoing grant provided by the Carnegie Corporation of New York, which also funded our two meetings in Dubai. The summary report was prepared from notes by Indre Uselmann, Program Assistant at The Nixon Center. She was also responsible for overseeing the editing and production of the monograph as well as for organizing much of the conference itself. We hope that this report, together with our earlier work, provides added knowledge to the growing interest in the subject matter; it parallels the themes outlined in Geoffrey Kemp's new book *The East Moves West: India, China, and Asia's Growing Presence in the Middle East* (Brookings Institution, 2010).

Geoffrey Kemp Washington DC, September 2010

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The Israeli Perspective and the Asian Connection

Shlomo Brom

Historical background

Since its inception, Israel has chosen a Western orientation. That was only natural because Israel was established by Jewish immigrants that came mostly from Europe, and because in the post Second World War era the Western powers were the most important external actors in the Middle East. Europe was also the closest developed large economy and as such the most significant trade partner of Israel.

On the other hand, during the fifties and the sixties of the previous century, Israel had much interest in forming relationships with the newly formed states of the so-called third world. This was based on its wish to break through the wall of isolation established by the Arab boycott of Israel, and because of a certain sense of empathy of a new state with other new states. The motivations were purely political because there were no other real benefits to gain from these relations. Indeed, during this period Israel had some successes in building relationships with a number of states in Asia and in Africa.

That did not include the major Asian powers, China, India and Japan, with whom relations were very limited and constrained. The most important reason for this was the concern of these states that having good relations with Israel would cause the Arab and Muslim states to react harshly. Naturally, these two large blocks of states were perceived as much more significant politically and economically. Even a strong economical power such as Japan, an organic part of the Western block, preferred not to have a meaningful relationship with Israel and complied quite enthusiastically with the Arab economic boycott on Israel. Actually, until the end of the seventies, Israel was the only state outside the communist block in which one could not buy a Japanese car.

Difficulties in having relationships even with the smaller Asian nations grew further when the Non-Aligned Movement was formed in 1961. The Arab states led by President Nasser of Egypt played a major role in this organization, and the member states adopted in general clear anti-Israeli positions.

Relations with Asian states began to improve only with the appearance of the first cracks in the homogenous wall of Arab hostility, when a peace treaty with Egypt was concluded in 1979, but there were other changes that made Israel more important for some Asian nations. First, the alliance with the United States, which Israel succeeded in nourishing since the sixties created a perception that having a good relationship with Jerusalem is a way to get better access to Washington. Second, as indicated by the results of the wars in 1967, 1973 and 1982, Israel became a significant military power with advanced defense industries that can supply military technologies, which are usually available only to the great powers. In addition, Israel was usually able to do it cheaper and quicker. (The relations with Singapore, for example, evolved very much on this background.) Third, Israel became more significant as an economic power, a source of innovation and a good market.

The real breakthrough came with the culmination of two processes. The first was the collapse of the Soviet Union, which left the U.S. as the only super-power. That removed an obstacle to having a relationship with Israel and created new motivation for having good relations with a close ally of the U.S. The second was the renewal of the ME peace process in the nineties. That removed another obstacle to good relations with Israel, and that was the fear of Arab and Muslim reaction.

All that coincided with the growing importance of Asia, first as an economic player but also as a political player. Israel was quick to exploit the opportunities and develop its relations with the Asian powers, and mostly with the two largest ones, China and India.

The current general perception of the demise of the unipolar world in which the U.S. is the only super-power and the impression that the weakening of the U.S. is not a passing phenomenon have motivated the beginning of a discourse in Israel concerning the implications and repercussions of these changes and the steps Israel should take to deal with this challenge.

Israeli interests

Until recently, Israeli interests in Asia were limited mostly to two areas. The first one is economy. Asia is becoming a major trading partner for Israel. In 2008, imports from Asia made up 21 percent of Israel's total imports, and exports to Asia accounted for 16 percent of total exports"[1]. But the real value of these economic relations is even greater, because Israeli high tech companies, which are the main Israeli economic engine, are based in many cases on cooperation with Asian firms that participate in the production of components of the final product, which is then exported to all the other markets as well. Asia is also gradually becoming a source of investments in Israel albeit still in a limited way.

The other area is security and defense. There is some overlap with the economic interest because the interest in Asia is mostly as a market for the defense industries, but it is not a simple economic matter because defense contracts are concluded with governments and not private companies, and in many cases also include joint development of new weapon systems, thus enabling the continued survival of the Israeli defense industries,

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[1] Israel's Bureau of Statistics, Foreign Trade 2008.

as well as making it affordable for the Israeli Defense Force to develop critical weapon systems that are too expensive to develop on its own. Another important area of cooperation is counter-terrorism, which includes sharing of information and countermeasures. In these two areas Israel could have fruitful relations even with Muslim Asian states.

In comparison, the political interest in these relations with the Asian states has so far been limited because the Asian states were not considered significant political actors in the Middle East. However, there was always an interest in taking Asian states out of the block of states in the UN and other international organizations that votes automatically against Israel, and there is a continuous need to convince the Asian powers not to supply Iran and the Arab states with sensitive military technologies, mostly in the area of Weapons of Mass Destruction (WMD).

Israeli constraints

The first constraint is Israel's special relationship with the United States, which is one of the main strategic interests for Israel. When this interest clashes with an Israeli interest vis-à-vis an Asian nation, usually the need to protect the relationship with the U.S. dominates. A good example was an attempt that was made by Israel to form a better relationship with North Korea as a way to convince it to stop supplying sensitive military technologies to Israel's enemies. It was given up because of clear lack of enthusiasm on the part of the U.S. Another example is the cancellation of the sale of Falcon AEW systems to China because of U.S. opposition. This cancellation shattered the trust of China in Israel and caused much damage to Chinese-Israeli relations. Currently, the general perception in the U.S. is that China is its main super power competitor in the global arena. This is a strong constraint on Israel, and it interferes with its ability to develop its relationship with China.

The second constraint is the asymmetry between Israel and the large Arab and Muslim blocks of states in economic and political terms. Israel has had many disappointments with the Asian states when issues that pertain to the Arab-Israeli conflict were dealt with in the international community. The excellent bilateral relations Israel has enjoyed with these states did not express themselves when these states voted in international forums on the different policy issues that were of concern to Israel. The Asians continued to vote with Arabs and Muslims in these forums. They were also not willing to participate in pressuring Iran to stop its nuclear program etc. This behavior is an offshoot of mostly the economic interests of the Asian states but it is also out of appreciation for the political power of these blocks of states hostile to Israel. Energy security played a major role in the policies of the Asian states, which are highly dependent on oil imports from the Middle East.

The third constraint is resources. It is difficult for a small state such as Israel to have sufficient foreign policy resources to develop relations with Asia when there are so many other priorities.

Asian Interests

The most important interests for the majority of Asian states are economic interests. In this context a central interest is getting the necessary raw materials for their economies. Here they have to weigh the significance of Israel as a high-tech power, a conduit to the U.S., a source of innovation and a market, and the importance of the Arab and Muslim states as energy suppliers and markets. In addition it creates an interest in the stability of the Middle East because of concern that instability will curb the flow of oil.

The second major interest is domestic stability. Here they maneuver between the wish to cooperate with Israel on the fight against terrorism and the concern for public opinion especially of the Muslim groups in their societies. That is mostly relevant for states that are either Muslim like Pakistan, Malaysia and Indonesia, or have large Muslim minorities like India.

Two of the Asian powers, China and India, are developing quickly to become major actors on the global arena, which means that they are also developing interests of a super-power that wish to have broader spheres of influence, including in the Middle East.

Asian constraints

Most Asian states are too focused on their economic interests to be to be really engaged in other subjects of foreign policy. The best example is China, which is starting to have many attributes of a super power, but still is not really involved in global policies. In the Middle East, for example, China has shown some interest in the resolution of the Israeli-Arab conflict. It even nominated a special envoy for the Middle East peace process in 2002[2]. Nevertheless, it is quite passive and does not play any important role in this context. Another example is Japan, which is an important donor state among the states that support the Palestinian Authority, but other then that it is not really engaged politically in the Middle East. It does not seem that the major Asian powers have the will to play a significant and responsible role in other regions when it does not concern their very specific needs and interests.

The other strong constraint is of course the need to take into account the position of the Arab and Muslim states, and the Asian dependence on the flow of oil from the Middle East.

Conclusions

From Israel's point of view, the main question it has to address is whether the change in the global balance of power and the rise of the Asian nations justify a change of priorities in Israeli policies. It is quite evident that such a change is justified when it concerns the field of economy. Asia already has become an important trade partner and a preferred target for joint ventures. Will it also become a significant political and security player in the

[2] Currently China's special envoy is Ambassador WU Sike.

Middle East? Presently, it looks that even if eventually that would happen, it will be at the end of a very long and slow process. That means from the point of view of Israel that there is no need to introduce urgent or dramatic changes in priorities and Israel will have the time to adjust. It is important to develop as much as possible the relations with the Asian powers, but in the meantime the relationship with the U.S. will still continue to be of first priority for Israel into the foreseeable future complicating and limiting Israeli relations in Asia, especially with China.

Another subject that will continue to overshadow Israel's relations with Asian countries will be their reluctance to participate in the global effort to contain Iran's nuclear program as well as other elements of Iranian strives for power in the Middle East. Here the unwillingness of Asian states to risk their economic interests as well as the competition with the U.S. will make it difficult for them to participate in this effort, which touches on an essential interest of Israel.

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How India sees the Growing Asian Role in the Middle East

C. Uday Bhaskar

This working paper will focus on the strategic and security issues that are relevant to the Middle East and the Indian Ocean and dwell on the current U.S. perception and policy on some of these determinants – as also look at the implications that the related policies and initiatives of China and India will have on the region and its principal actors. The primary aim is to provide a framework for more detailed discussion.

For purposes of definition, while the Greater Middle East has been defined in an expansive manner to include the Arab world, Iran, Israel, and Turkey – as also the Horn of Africa, the Trans-Caucasus, western Central Asia, and South Asia[3] – this paper restricts the spread of the Middle East (ME) to the geographical region from Iran to Saudi Arabia.

The strategic relevance of physical geography is an abiding tenet of grand strategy and has a particular salience in relation to the ME and the Indian Ocean. Given that the world has only three navigable oceans, maritime choke points acquire a strategic profile that is immutable and the connectivity provided by the Suez Canal in 1869 linked Asia with Europe by sea. The strategic consequence of this maritime connectivity – which may be described as tectonic - has accorded the ME region an intrinsic ontological relevance that is distinctive. Furthermore, since the emergence of hydrocarbons (oil and gas) as a critical source of

[3] See Geoffrey Kemp and Robert Harkavy, "Strategic Geography and the Changing Middle East," Washington: Carnegie Endowment in Association with Brookings Institutions Press, 1997.

energy, the oil rich ME has acquired added salience in the grand strategy of major powers – whether Imperial Britain of the early 20th century, or the USA in a post World War II context - and now in the early 21st century – wherein all major hydrocarbon dependent economies perceive this region as being of strategic relevance to their respective national security. Thus specific to the ME, this paper would identify the reality of strategic geography and its maritime linkage as the foundational determinant to which may be grafted the hydrocarbon rich geological texture of the region – what had once been described as the 'wells of power' by Sir Olaf Caroe, a British civil servant and one of the pioneers of the interpretation of the Great Game in its modern context.

In his book on the subject,[4] Caroe notes about the ME and World War II: "The strategic movements of the Allies in Iraq and Persia in the Second World War were made possible from the Indian base….the importance of the (Persian) Gulf grows greater, not less, as the need for fuel expands, the world contracts and the shadows lengthen from the north. Its stability can be assured only by the close accord between the States which surround this Muslim lake, an accord underwritten by the Great Powers whose interests are engaged." [5]

It is instructive that many of the elements and trends identified in this 1951 observation coalesced in an unintended manner in 1979 – which may be identified as a year of enormous strategic import for the manner in which certain developments of those 12 months impacted the long term security and stability of the ME, the extended southern Asian region and finally at a global level. 1979 in many ways was the beginning of a slow motion politico-strategic tsunami that was catalyzed by the first oil shock of 1973 which fiscally empowered the ruling elite in the oil

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[4] Sir Olaf Caroe, "Wells of Power," Macmillan, London 1951

[5] Cited in Narendra Singh Sarila, "The Shadow of the Great Game," Constable, London 2006, pg. 21

producing states of the ME in an unprecedented manner, leading to expressions such as 'petro-dollars' and 'petro-Islam'.

Subsequently four significant events occurred in 1979 which – though deemed independent and unconnected when they occurred – triggered a series of non-linear developments that concurrently affected U.S. strategic interests, and impacted the security and stability of the ME and the larger regional and global grid, including the terrorist attack of 9-11 in New York and its subsequent fall-out.

These events included the overthrow of the Shah of Iran in the early part of the year; the Soviet occupation of Afghanistan on Christmas Day in December 1979; the attack by Islamist militants on the mosque on Mecca in November 1979; and the cessation of aid to Pakistan by the USA in April 1979 for Islamabad's nuclear transgression. Each of these individual events, and the responses they generated – both from state and non-state actors, I would argue – had deep implications for the security and strategic contours of the region and the security interests of the major powers in later decades.

It is instructive that the post 9-11 security priorities of the U.S. include almost all the elements associated with the events of 1979. A quick survey of the *2010 Quadrennial Defense Review* and its predecessor indicate that current U.S. security challenges prioritize inter alia: the proliferation of WMD and the deep anxiety about revisionist agendas pursued by deviant regimes possessing such capability; religious radicalism and non-state virulence. This paper suggests that these elements or their triggers are differently embedded in the four events of 1979, and that U.S. policies specific to the ME and its periphery over the last three decades – while perhaps advancing short-term objectives - have served to adversely impact long-term U.S. interests and exacerbate certain de-stabilizing trends.

The trajectory from 1979 to end 2009 has been very animated for the ME and its periphery. The strategic contour and the brittle equipoise the world had acquired in the Cold War decades has undergone a dramatic change. The former Soviet Union's 1979 Afghan misadventure proved to be costly and is often seen to mark the beginning of the end of the Soviet Empire. One pole of the bipolar world imploded under its own contradictions and it appeared that the American unipolar moment was here to last for an extended period. Graveyard of empires is a phrase often used to describe modern Afghanistan and the current U.S. predicament that began with the surgical strikes in the immediate aftermath of 9/11 is illustrative of how the ME and its troubled periphery have impacted the regional and global strategic canvas.

The USA has seen its post Cold War position of pre-eminence in the global hierarchy being challenged by the rise of Asian powers – particularly China – and many projections suggest that over the next 25 to 30 years, the USA will not be the world's largest single-nation economy. It is instructive that a December 2009 CFR poll in the USA came to the following assessment: "In a reversal of opinion from the beginning of last year, 44% of the (U.S.) public now says China is the world's leading economic power, while just 27% name the United States. In February 2008, 41% said the U.S. was the top economic power while 30% said China."[6] Needless to add, this assessment is counter-factual – the USA is still the world's biggest economy – and almost three times that of China – but the gap is closing inexorably in China's favor.

And as far as the image of the USA in the extended ME is concerned, there is an inverse relationship between the governments and the street as it were. Saudi Arabia and Pakistan are examples where the respective governments are seen as being close allies of the USA but the post 9/11 view among the common people is far from favorable. According to an August 2009 Pew

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[6] CFR Poll, December 3, 2009, http://people-press.org/report/569/americas-place-in-the-world

survey, "64 % of Pakistanis view the U.S. as an enemy and only 9 % as a partner." [7]

While U.S. military preponderance across the spectrum in relation to the rest of the world is still overwhelming – and unlikely to be altered in the near future – the efficacy of this military power to address the post 9/11 security challenges is moot. Consequently, the rise of China, the geo-politics of the ME, the proliferation of WMD and the Iranian nettle, and the festering situation in the Af-Pak region, represent a swathe of issues that the U.S. is seeking to address near concurrently.

Each of these issues merits review in relation to its relevance to China and India and their respective orientation in relation to the U.S. interest and policy. Would the U.S. have embarked upon Desert Shield in August 1990 if Kuwait only grew carrots? Hydrocarbons as noted earlier accord the ME its strategic resource relevance and a recent report indicates that a very complex transmutation is taking place in the geo-politics of oil and Saudi Arabia. In 2009, "Saudi exports to the USA fell to 989,000 barrels a day – the lowest level in 22 years, from 1.5 million barrels a day the previous year."[8] Meanwhile Saudi sales to China surged above a million barrels a day in 2009 – nearly doubling from the previous year. India is also seeking to enhance its Saudi oil imports, and the recent visit of PM Manmohan Singh to Riyadh has advanced this goal. The Saudi dilemma about the evolving oil market is palpable - "all the growth comes from the east and all the security from the west."[9]

Saudi Arabia, Iraq and Iran are three major nations in the ME that have engaged U.S. strategic attention for the last four decades and more (in the case of Iran) – and the 1979 trapeze that links petro-dollars, militant Islam, and WMD may be differently related to each of these nations and their relevance to

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[7] Cited in 'Pakistan can't get nuke deal like India's'; Sunday Times of India, March 28, 2010; pg. 22

[8] 'China's Growth shifts the geo-politics of Oil,' New York Times, March 19, 2010.

[9] Ibid.

the U.S. interest. U.S. support to Pakistan, despite its nuclear transgressions and support to terrorist groups sustained by Islamist ideology, is in sharp contrast to U.S. policy towards Iraq under President Saddam Hussein as reflected in the military action of 2003 on one hand - and the continuing stand-off with Iran for the latter's nuclear opacity and lack of credible compliance with the IAEA on the other.

At the heart of the realpolitik contradiction is the manner in which U.S. policy – both past and current – seems to tacitly endorse deviant regimes in the ME when they serve short-term U.S. interests, even while severely penalizing – through application of sanctions and or military attacks – those regimes with WMD aspirations that are perceived to be 'rogue' or 'evil'. To frame it less elegantly – is the Hezbollah or Hamas with Iranian support more dangerous to the region than the Lashkar-e-Taiba that was nurtured by the Pakistani military? And the influence of these groups and their ability to motivate distant actors is tragically discernible in the recent Moscow Metro attacks where the Russian Foreign Minister has alleged that the perpetrators who resorted to suicide bombing may have linkages with the Af-Pak region.

Iran

Iran represents a major issue of contestation and divergence as far as the strategic and security interests of the USA on one hand – and China and India on the other – are concerned. As noted at the outset, 1979 is a critical year in U.S.-Iran relations, and over the last 30 years, Tehran has adopted a policy of confrontation not devoid of pragmatism in its dealings with Washington DC. This has been interpreted by one school as follows: "Since its founding, the Islamic Republic of Iran has developed a security–centred, two-layered foreign policy to expand and protect its interests as well as to neutralize the perceived threat posed by the United States, a threat Tehran has consistently regarded as existential. The foundation of this foreign policy is based on the pragmatic recognition of the existence of a colossal power differential, particularly in the military arena, between Iran and the U.S. Iran has persistently sought not to allow hostile bilateral relations to descend into a military confrontation between the two countries."[10]

The moot question in early 2010 is the degree to which Tehran will be able to resist the U.S. led effort to fetter Iran's nuclear plans – and the dissonance between the U.S., Russia and China in this matter. Within the UN Security Council, there has been a sharp divergence of opinion about how best to 'contain' Iran and it is evident that – in different ways – both Beijing and Moscow have their divergences with the U.S. and its principal allies over Tehran's nuclear transgressions. This paper argues that given this politico-diplomatic dissonance among the major powers, a USA which is seeking to consolidate its current military engagement in Iraq and Afghanistan cannot prudently embark upon another assertive military option in relation to Iran and its nuclear trajectory. In the last few months, it appears that Iran has enhanced its potential WMD profile with the announcement about having reached the 20percent enrichment level, as also the successful test of the Kavoshgar-3 space launcher. Seen in tandem, the implications for Iran's trans-border military efficacy are significant. Whether these initiatives will impel Israel to embark upon an independent military response remains moot – but China has cautioned the U.S. against imposing 'crippling sanctions' – much less resorting to the use of force. Mr. Yang Jiechi, Foreign Minister of China, was reported to have observed in Beijing in March: "As everyone knows, pressure and sanctions are not the fundamental way forward to resolving the Iran nuclear issue, and cannot fundamentally solve this issue."[11]

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[10] Mohsen M Milani, cited in Hilal Khashan, 'The Evolving Security Threat in the Middle East', in Sisodia and Kalyanaraman (eds.), "The Future of War and Peace in Asia," Magnum, Delhi, 2010, pg. 47

[11] China's Stance Boosts Iran," The Hindu, March 27, 2010, http://www.thehindu.com/2010/03/27/stories/2010032752341400.htm

China

China's rise, whether 'peaceful' or otherwise, is the subject of intense speculation and the manner in which U.S. President Obama was received on his first visit to Beijing in late 2009 is widely seen as the abiding image of an increasingly abrasive and assertive China. The top leadership in Beijing is not unaware of this perception about them and in a rare display of candor, the Chinese Prime Minister Wen Jiabao noted in March 2010 at the National People's Congress: "There are already views about China's arrogance, China's toughness and China's inevitable triumph…." and sought to assuage these misgivings.[12] However there is no precedent in recent history wherein the existing hegemon has either willingly or fatalistically accepted the emergence of the challenger to the top spot. Thus the many projections about the inevitability of the U.S. slipping to a number two position with China forging ahead warrants objective review and the ME will in all likelihood be the arena for this contestation.

Given the reality of the steady rise of the two Asian giants – China and India – and the status already acquired by Japan, the nature of the relationship between the three Asian states and their co-relation with the USA will determine the contours of regional and by extension- the global strategic architecture. Sino-Japanese relations are steeped in the bloody history of the 20th century and despite the change of the political baton in Tokyo from the LDP to the DPJ – it appears unlikely that the Japan-U.S. security relationship will be radically altered in Beijing's favor in the short term.

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[12] *Indian Express*, New Delhi, March 23, 2010, pg. 15, http://www.indianexpress.com/news/not-pointing-or-wagging-but-beckoning/594204/.

And in similar fashion, despite the rhetoric on the occasion of the 60th anniversary of the establishing of diplomatic ties between India and China on April 1st this year - the unresolved territorial and border dispute between the two Asian giants precludes the possibility of any close relationship between Delhi and Beijing. It may be recalled that in October 2009, relations between the dragon and the elephant reached an all-time low and commentators recalled the brief October 1962 war – and indignant nationalism was stoked on both sides in the public domain. This was preceded in August 2009 by the circulation of an article on the internet by a Chinese author using an anonymous name, 'Zhong Guo Zhuan Le Gag' (translates as 'Chinese strategist') which called for China to 'break up' the 'Hindu Religious State'.[13] While it later transpired that this article had little or no official sanction, the latent anti-China sentiment in India was visibly stoked.

The wary distance that these three Asian nations maintain between each other is completed by the India-Japan relationship, which despite sincere attempts by both sides to deepen existing ties is limited by the intensely held view in Tokyo over the nuclear issue – notwithstanding the exceptional status accorded to India in late 2008. Furthermore, it is my personal view that India's inherent disorder and socio-economic inadequacies are too complex and cacophonous for an inherently insular Japan to navigate. In summary, it is unlikely that the existing strategic orientation with the U.S.-Japan alliance on one hand – and a palpable U.S.-China prickliness on the other is likely to change in any significant manner in the near future.

India with its non-aligned inheritance of the Cold War decades and its proven liberal-democratic pedigree could be a swing state of some significance but is likely to be constrained by

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[13] "Does Beijing really want to "break up" India?", *The Hindu*, August 17, 2009, pg. 11, http://www.hindu.com/2009/08/17/stories/2009081751020900.htm.

its own diffidence and reactive strategic culture. Despite the 1998 nuclear tests that accorded India a de facto nuclear weapon status – Delhi is reticent about grappling with macro-military power and is most comfortable with a UN Peacekeeping beret. India's penchant to remain a status quo power that prefers protracted dialogue over any feckless revisionism has been proven on many occasions and it may be averred that the manner in which the Beijing-Delhi relationship ultimately plays out will influence the U.S. profile and strategic options in Asia.

Indian Ocean

The last area that I would like to dwell on briefly is the Indian Ocean Region (IOR) and the manner in which this domain can impact the interest of the principal interlocutors in the maritime extension of the ME – namely the USA, India and China. Given its overwhelming naval superiority, the USA remains the lead presence in the IOR and will seek to retain its advantage in the navigable oceans of the world. China which is the rising power of the early 21st century is driven by the same logic of great powers that preceded it – the inviolable tenet that a major power with global aspirations must be able to straddle two of the three navigable oceans of the world.

The strategic maritime focus of the world has inexorably shifted from the Atlantic–Pacific of the Cold War to the Pacific-Indian Ocean combine in the post 9-11 system, and Beijing is investing in the IOR in a very determined manner. 'String of Pearls' is a phrase often invoked to describe the PRC's investment in ports in Pakistan, Sri Lanka, Myanmar – and now Bangladesh. This investment is ostensibly triggered by China's "Malacca Dilemma" – first voiced by President Hu Jintao – and the certitude in Beijing that the Hormuz-Malacca oceanic arc is concurrently both the new silk route and the Achilles heel for the rise of China. The maritime vulnerability of all major economies dependent on hydrocarbon imports through the oceanic route is axiomatic – but who can threaten this attribute in a significant manner? Not the ubiquitous pirate – whether off Somalia or the Malacca – but the determined action of a state with credible blue water naval capability.

The USA, China, India and Japan are naval powers of varying capability and Beijing's deepest fear is the possibility of long-term triangular maritime co-operation with strategic overtones among the three democracies. Consequently China has been making a concerted attempt to legitimize and enhance its IOR presence and the Somalia piracy issue has enabled this initiative. In late March, ships of the PLA Navy arrived in Abu Dhabi – the first such visit by Chinese naval units – after a 100 day anti-piracy deployment in the IOR; this has been interpreted as the beginning of a long-term Chinese presence in the region. Not so veiled references by a PLAN Admiral and a well-known Chinese academic about the need for China to maintain a presence in the IOR and have overseas bases have only strengthened the view that Beijing plans to stay in the IOR for the long haul – along with the USA.[14]

Will China contribute to the 'common good' in a status quo manner or detract from it through determined revisionism that seeks to either weaken or hobble the USA? This is the core question, the answers to which will shape the contours of the Middle East that were animated by the disparate events of 1979.

C. Uday Bhaskar is Director of the National Maritime Foundation in New Delhi.

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[14] The first proposal was made by Rear Admiral Yin Zhuo, a senior researcher at the PLAN's Equipment Research Center. See Reuters, Beijing, "Chinese admiral floats idea of overseas naval bases," 30 December 2009, http://www.reuters.com/article/idUSTRE5BT0P020091230. The Chinese transcript with English translation is available at http://www.accn.com/?actionviewthread-tid-214672); and Shen Dingli, "Don't shun the idea of setting up overseas military bases," 28 January 2010, http://www.china.org.cn/opinion/2010-1/28/content_19324522.htm.

Asia's Role in the Middle East: Implications for Russia

Vitaly Naumkin

The topic of my presentation is twofold because Russia is both a subject and an object in this equation. On the one hand, Russia, given its nature as a Eurasian state with a vast part of its territory stretching over the Asian continent, can be regarded as an Asian actor in the Middle Eastern theater. On the other hand, Russia, just as the U.S. and Europe, is challenged by the growing role of Asian actors in this region, actors who are newcomers in comparison with the "family" of the old players. A strange mixture of competition and cooperation, coinciding and acutely colliding interests brings together and divides various external actors for whom their presence in the Middle East became not only an economically, politically, militarily and strategically motivated necessity but also a matter of national prestige.

In analyzing this topic, one has to consider two extra circumstances. First, Russia has in recent years (starting from Putin's first term in office) steadily been raising the degree of its foreign policy activity and its attention to the Middle Eastern region. Second, departing from its former Yeltsin-era Western-centric orientation, it regards its partnership with the leading Asian powers as one of the pivotal points of its foreign policy strategy. Due to these and some other circumstances, which include economic interests, Russia's historical responsibility for major global political projects (for instance, the Middle East Quartet), the factor of close neighborhood (China, Iran, Turkey, Afghanistan), the factor of human proximity (the Israeli "Russians"), and confessional ties (Russian and foreign Muslims – 20 million in Russia, nearly half a billion in the Middle

East, a hundred and a fifty million in India, and about 20 million in China), Russia is far from indifferent towards the activity of major Asian powers in the Middle Eastern region.

My presentation shall focus upon China, which for a number of reasons holds a specific place among the "Asian tigers of the Middle East." First, China is a member of the UN Security Council and due to this mere circumstance it shares in international decision-making on the most substantive problems of the region in question (Middle East settlement, the Iranian nuclear dossier, the Darfur crisis and so on). The possibility of China using its veto power was a constraining factor when resolutions stipulating sanctions against a number of Middle Eastern states were championed in the Security Council.

Second, China is a country which since 1993 is gradually becoming one of the largest consumers and importers of energy resources. Today it already ranks second in the world in oil consumption, and by 2030, according to IEA projections, it will match the USA by volume of oil imports, though it ranks fifth in the world in its production. According to the same projections, in 2020 China will import 70 percent of crude oil and 50 percent of gas. Naturally, the Middle East, where almost two thirds of world oil reserves are concentrated (the share in the world oil production of the Persian Gulf countries alone may reach 35 percent by 2020), is a region of prime significance for Beijing. Whereas by early 2004 the share of Middle Eastern states constituted about 60 percent in the volume of oil imported by China, by 2015 it is expected to reach 70 percent. The main suppliers of oil to the Chinese market were Saudi Arabia, Iran and Oman.

Third, as distinct from India and Japan, China itself has certain problems in relations with the United States and the West in general. This manifests itself with particular clarity today, when China ever more boldly asserts itself as one of the chief actors of world politics and ever more imperatively demands from others to take its national interests – such issues as the rate of the *Yuan*, relations with Taiwan, the situation in Tibet, and so forth – into consideration. Generally speaking, these issues do not cloud the PRC's fruitful cooperation with the West, especially in the financial, trade and economic sphere, nonetheless Beijing's Middle Eastern policies and its "Middle Eastern resource" in this context can be regarded as a sort of political instrument.

Although China had never been engaged in a "zero-sum game," it "picked up" from the Soviet Union, which had become a thing of history (not only geographically but also ideationally and politically), a strategy of working with countries having problematic relations with the West. However, in contrast to the former superpower, it pursues predominantly pragmatic, economic aims in doing so. Relations with Iran, Sudan, Libya and Syria, among others, afforded Beijing a possibility of deep penetration into the Middle Eastern energy market, virtually the whole of which had until then been occupied by the US, Japan and European countries.

It is with particular swiftness and confidence that Beijing, with its economic might allowing it not to worry about the consequences, enters territory stricken by American sanctions. In doing so, in markets of high political risk, it offers goods other partners cannot offer (not to speak of substituting the "boycottists.") The most glaring example is Sudan where China managed to all but monopolize the energy market. By the scale of China's foreign economic activity in the region, Sudan holds second place after the Persian Gulf. That country was also used as a bridgehead for Beijing's economic operations in neighboring African countries. The purchase of shares of enterprises, their construction and modernization, the obtaining of a concession on deposits, investment and credits – these and other actions form part of the arsenal of China's foreign economic activity in Sudan and many other countries. Many analysts believe that Beijing's economic activity in Africa also has a military-political dimension. Iran is an important partner for China in the energy sphere. Let us recall that China has been a long-time supplier of arms to Tehran.

A significant achievement for China is that it is also working very successfully in countries sustaining friendly relations with the West and even those considered Western and above all U.S. fiefdoms. A case in point is first and foremost Saudi Arabia, a country with which China announced the establishment of "strategic relations" in the energy domain was as far back as 1999. Let us recall the plans which existed in the recent past on the delivery of Chinese ballistic missiles with a range of 5,500 km to that nation.

Russia is not an importer of energy resources from countries of the Middle East and moreover views China as a historically friendly state. Since Russia and China are sustaining relations at the level of strategic partnership, Beijing's economic activity in the above-mentioned area is not in itself a competitive, let alone conflict-prone, factor for Moscow. However, the large-scale purchase of assets by China, the energetic exploitation of resources in the countries of the region, etc., create for Beijing such powerful levers of impact upon the political situation and such strong starting positions for successful competition in those realms of cooperation which interest Russia (for instance, military technical cooperation), that this cannot fail to be an object of close attention on Moscow's part.

The Russian leadership is well aware that – in terms of financial and commercial potential – neither Russia nor many other states of the world can challenge China. Nor does it envisage such an objective, just as it does not plan to act to displace the USA from positions of the leading player in the region, although the fact that Washington solely has trump cards in the Middle East cannot be to anyone's liking. It may only be said that the increasing activity of China and other new Asian players (India and Japan), just as the traditionally strong actions of the West, impel Moscow to step up its activity in this region, which is strategically important for Russia. Therefore, if we again take Sudan as an example, it was not fortuitous that Chairman of the Committee on International Affairs of the Russian "Senate" Mikhail Margelov was appointed special representative of Russia's president for Sudan – a very unorthodox move for Russian diplomatic practice.

Russia is not worried by the American-Chinese energy competition in the Middle East, which does not directly affect its interests and can even to some degree be of advantage to it. Russian analysts believe that there are no objective reasons for an outbreak of conflict between the United States and China over Middle Eastern energy resources, in the first place because the USA satisfies only 25 percent of its requirements by using Middle Eastern oil. However, the essence of contention lies deeper. Let us refer to a statement by Sun Bigan, former China's special envoy for the Middle East, who recently wrote in *Asia & Africa Review*: "The US has always sought to control the faucet of global oil supplies. There is cooperation between China and the U.S., but there is also struggle, and the US has always seen us as a potential foe."

Russia has always successfully coordinated with China, also in the UN, its political actions involving the Middle East. But if as early as in Soviet times Moscow often acted in the role of initiator of particular positions, while China preferred to display caution and not to spoil relations with anyone, unwilling to risk its fundamental interests and waste resources on political conflict, the situation seems to have changed. For example, on the Iranian issue Beijing seems to have taken a rather strong position and does not yield to pressure being exerted upon it. It is Moscow that will more likely have to make a choice.

The Iranian case is generally the most illustrative in the context of the question examined in our workshop. That country is now the focus of attention of leading global actors and it may still exert a serious impact on relations among them. I shall touch upon Iran's importance for Russia. Although Iran's share in the Russian foreign trade turnover is small – less than 1 percent (0.5-0.6 percent in 2008, $3.7 billion) – it presents a prospective interest for Russia, first and foremost as a partner in the gas sector, in military technical cooperation as well as in the matter of Russia's contribution to further development of Iranian nuclear energy. The latter two avenues are facing an extremely negative attitude on the part of the USA and some other countries. Moreover, statements by the Iranian side on programs for developing nuclear energy (up to 20 nuclear power plants) can hardly be regarded as realistic, at least in the short, and even middle term.

The situation involving the deliveries to Iran of S-300s (under the contract signed in 2007 and due to take effect from 2008), which were frozen in October 2009, has been extremely tense since then. As the Iranian side had partially paid for the deliveries, it is entitled to demand penal sanctions ($300-400 million). Discontent by the Iranian side over Russia's position on the IAEA report (Russia sided with the majority of countries which passed a no-confidence motion against Iran), in addition to the postponement of S-300 shipments (which was assessed in Iran as Russia's concession to Israel), has led to an anti-Russian campaign in the Iranian mass media. Anti-Russian demonstrations by the opposition in November and December 2009 were explained by its leaders' conviction that Russia unconditionally supported the last election campaign of Iran's President Ahmadinejad.

Iran was apparently so convinced of Russia's support at the IAEA session that, on the eve of that session, it purported to win over to its side in a still greater degree first and foremost China, in which Iran now feels the highest interest in comparison with other countries. More specifically, China was offered contracts in petrochemistry worth almost $7 billion.

After the resolution of the IAEA Council of Managers on 27 November 2009 and on the eve of the UN Security Council session, Iran stepped up its ties with Russia in the gas sector. In early December 2009, negotiations were held with Gazprom on the construction of the Peace Pipeline along the Iran-Pakistan-India route. These negotiations had been held since 1995, but only in 2009 were agreements signed between the National Iranian Oil Company and Gazprom on the creation of two joint companies to develop gas deposits in Southern Pars and Kish. Gazprom also signed memoranda of intent with Iran, India and Pakistan, and by early 2010 a consortium was to be set up where shares of the parties would be determined, with India's participation viewed as least likely at the time. In the event of disruption of the signing of the agreement, Iran intended to launch its Persian Gas Pipeline, having proposed to Turkey a development of three phases of Southern Pars. It was seen by Iran as a real alternative to the South Stream. The construction of the Peace Pipeline would decrease the likelihood of Iran's accession to Nabucco and raise the chances of the South Stream to be filled by Caspian gas. Moscow believed that the election in December 2009 of Russia's representative Leonid Bokhanovsky as a Secretary General of the Gas Exporting Countries Forum might promote a consolidation of Russia's positions in the world gas market.

As of the end of 2009, there still remained an unsettled problem of commissioning of the Bushehr NPP (among other things due to the positions of Russian banks slowing down settlements). However, not only did Moscow not slow down the commissioning of the NPP, but it was highly interested in completing the project, first and foremost, to keep up its repute in the world market of NPP construction and relax tensions in relations with Iran. Russia's foreign minister Sergei Lavrov has stated that the Bushehr plant will be put into operation at the end of 2010.

Due to the world crisis and chiefly due to sanctions against Iran, one might expect a sharp decrease in the inflow of foreign investment to Iran. However, contrary to predictions, this decrease did not take place. As estimated by the IMF, the accumulated foreign investment in 2008 amounted to $20.8 billion. Still the sum of $12.1 billion allegedly invested into the Iranian economy in 2008 causes doubt despite contracts concluded in 2008 with China ($3.4 billion) and other countries (France, Turkey). An estimate of accumulated direct foreign investment made by the CIA – $7.8 billion as of the end of 2009 – looks more realistic. Perhaps it is precisely due to sanctions, which have required Iranian business to function better, that conditions for its conduct have improved, and according to the ratings of ”Doing Business” Iran has shifted from the 142nd place in 2009 to the 137th place by 2010 (out of 183 countries).

One may say that in 2009 Iran managed to largely overcome the consequences of the world economic crisis. However, there are many problems inside the country. These are the problems of repayment of bank credits, particularly in industry and construction, inflation, unemployment, and the need to reduce imports. Regarding the banking system, measures were taken in 2009 to refinance the banks, and a program of bank privatization got started at last. All this was creating fresh possibilities for Asian players in the Iranian market.

A sore spot of the Iranian economy is its dependence upon the imports of goods and services. The food problem in the country has been practically settled, though crop yields are strongly dependent on weather conditions and can also be a cause for social tensions in the cities. Dependence on gasoline imports (20 million liters a day), despite some reduction (to 30 percent of consumption) as a result of modernization of existing plants, remains a soft spot in the economy pending the commissioning of major privately-owned oil refineries like Setareye Khalije Fars with a capacity of 35 million liters a day (until 2012). A limitation of gasoline supplies to Iran, if it happens, will certainly exert a negative influence on the social situation, but within Iran itself this will tighten control over the illegal exports of cheap Iranian gasoline to the neighboring countries, especially to Pakistan and Afghanistan, expedite measures to put new oil refineries into operation, while the price rise will make oil refining profitable for private investors. One also cannot exclude the growth of gasoline supplies to Iran via the UAE, as there is great interest in the Iranian market, in the context where many oil refineries in various countries are forced to practically stop working for lack of demand for oil products.

The most vulnerable point is the import of equipment and semi-finished products for industry, making up 80 percent of total imports. Any decrease in the supply of spare parts due to the reduction of hard currency reserves in the banks leads to a dramatic slump in industrial production, then to a recession in trade and other services sectors. From the standpoint of possible sanctions, the reduction of these supplies will in no small part affect the interests of importers, namely the countries of Europe and Japan.

Iran's need in foreign investment, technologies and goods, a sufficiently receptive consumer and manufacturing market (with a per capita GDP expressed in PPP terms of more than $11,000) makes the country attractive for cooperation with Asian states. The oil and gas sphere is the most important. However, US sanctions force many companies to leave the Iranian market. This particularly pertains to Russia's oil companies having their interests in the USA. More promising is the participation in gas projects. For Russia, no less important than trade with Iran is the possibility of redistributing gas flows, so as not to become competitors. In this regard, the most promising is the participation of Gazprom in the project for the Peace Pipeline along which gas is planned to be delivered from Iran to Pakistan and India. On the one hand, this project will not provoke particular objections on the part of the United States, as it is aimed at supplying gas to countries enjoying U.S. political support. On the other hand, it is advantageous to Russia, both as one of the operators of the project and because the routing of Iranian gas to the East will make more realistic the projects to bring gas to the West through Southern Europe, lobbied by Russia. Besides, for Russia, which now finds it most acceptable to use Turkmen gas to fill the Caspian Project and the South Stream, no less promising may be its own entrenchment (in the absence of competitors) in the Iranian market and joint use of Iranian gas in the aforementioned projects.

Iran is extremely interested in export routes, since nearly a third of extracted gas is pumped into wells, a part is burned and the gas is used mostly for internal consumption. Gas pipelines built to Turkey and Armenia have failed to solve export problems.

Now that the world is debating the question of new sanctions against Iran, the realization of programs involving the modernization of the military industrial complex, the construction of oil refineries, and the modernization of transport infrastructure have acquired utmost relevance there. These are the most promising avenues of cooperation. The main hindrance is not the state of Iran's economy or economic policy, but risks involved in the political situation inside the country and its foreign policy course.

In examining the role of Asian powers in the Middle East and the possible consequences of its enhancement for Russia, one cannot fail to note another significant component of this question. This is the BRIC factor. Cooperation of four powers in this format cannot but influence their entire foreign policy. As is known, the BRIC countries contain 40 percent of the world's population, 25.9 percent of the world's territory and 40 percent of the world's GDP, constitute 15 percent of the world economy and manage approximately 40 percent of world financial reserves. These countries (perhaps with the exception of Russia) are weathering the world financial crisis with smaller losses than the whole world financial system and, in the opinion of Indian analysts, being an important motive force of development of the present-day international economy, are helping it to emerge from the crisis.

As the economy of these countries was further strengthened in the context of global economic processes, the BRIC countries were gradually working out common approaches to the principal problems of world development, defining the spheres of convergence or divergence of their interests, analyzing the possibility of their joint action to tackle economic and financial problems amid the world crisis. The prospects for the development of bilateral relations between the BRIC countries were likewise shaping up. The BRIC format lent an impetus to alleviating those antagonisms which still exist between countries belonging to this group.

For instance, such problems linger in relations between India and China. This is first the unsettled nature of the frozen territorial problem. Thanks to the observance of confidence-building measures during the last decade, the situation along the Indian-Chinese border has remained calm. Nonetheless, China from time to time lays claims on territories India considers as its own – and these are a total of about 134,000 square kilometers in the Aksai Chin area in Ladakh and the territory of the Indian state of Arunachal Pradesh, which, as the Chinese side occasionally reminds, belongs to China. In the territorial dispute with China, India believes itself to be the aggrieved side and continues to maintain a standpoint that China seized a portion of its territory. However, it is hardly worth expecting a voluntary return of these territories by Beijing. Therefore, in the nearest future, it may be a question of keeping the status quo along the border, and the understandings reached by the two sides on confidence-building measures along the line of factual control create the necessary conditions for this.

The Tibetan problem continues to remain a serious irritant in relations between India and China. India is concerned over the active construction in the territory of Tibet of roads linking Lhasa with the inner regions of China, deployment of troops and weapons, and the creation of new settlements for ethnic *Han* Chinese in the areas adjoining the ceasefire line. India invariably confirms its recognition of Tibet as an inalienable part of China. It views the Dalai Lama as the religious leader of the Tibetans and allows him to be engaged in India's territory only in such activity that corresponds to this role.

China's continued military political cooperation with Pakistan arouses much greater concern in Delhi. The Chinese leadership claims that this cooperation cannot be assessed as one aimed against the interests of India, that the "Indian factor" is excluded from Pakistani-Chinese relations and China develops its relations with India and Pakistan parallel to, and independently of each other. Nevertheless, India is very touchy on the subject of Pakistani-Chinese cooperation. Therefore the normalization of Indian-Chinese relations is only possible on condition of limitation of Pakistani-Chinese ties, first and foremost, in the field of nuclear missile technologies. However, in the future, the influence of the BRIC countries upon the activity of world financial and political institutions will probably intensify, while their economy, as testified by reality and forecasts, will occupy an ever greater place in the world GDP, and as a result their political clout will only strengthen.

Although under the existing circumstances Russia cannot get involved in the affairs of the Middle East on an equal footing not only with the West but in some areas with China, the development potential of its bilateral relations with regional powers, just as the mutual interest in contacts and consultations at state level, clearly have not been lost. But the fact that Russia's foreign policy is not buttressed by a weighty economic and military presence can make Russia’s relations with the countries of the region insufficiently resilient to the impact of short-term factors.

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Europe, the Middle East and Asia

Claire Spencer

The European Union as foreign policy actor

Europe faces a number of challenges, both structural and conceptual, in adjusting to the changes that the increasing influence of Asian interests brings to the Middle East. While perceived in some circles as posing a new set of strategic and commercial threats, in others, the Middle East engagement of China, above all, has been welcomed: in June 2009 British Petroleum won a joint tendering agreement with CNPC to explore and develop the Rumaila oilfield in southern Iraq, the first Chinese-British private joint hydrocarbon venture of its kind.[15]

The picture from the European perspective is thus mixed. Indeed, there are many ways of depicting European responses to a variety of developments in the Middle East, even prior to considering how these mesh with the added dimension of the Asian presence. At the official level, one needs first to distinguish between the bilateral and multilateral relations of key European governments (primarily Britain, France, Germany, and to a lesser extent Italy and Spain) and the overall policy positions and actions of the European Union of 27 members (EU-27). They are not, and in practice, have rarely been the same thing, which is why the Treaty of Lisbon

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[15] See BP Press Release, 3 November 2009: http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7057650 and the subsequent issuing of $500 million new drilling contracts at the end of March 2010: http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7061109

adopted at the end of 2009 was in part intended to resolve this weakness at the heart of EU-27 foreign-policy making. Just like perennial official assurances over greater internal democracy within EU structures, the adoption of the Lisbon Treaty has served instead to highlight trends already apparent since the last stage of EU-enlargement in 2007, if not before.

A 'multi-speed Europe' has long been a reality in European foreign-policy making – as opposed to the EU's external relations, which encompass a wider set of trade and aid relations, represented (inter alia) by the 'soft policy' funding lines managed and disbursed by the European Commission and related agencies. The two terms – 'foreign policy' and 'external relations' – serve in some measure to distinguish between the 'hard power' of Europe (military action, sanctions, national security and defence, legal enforcement) and its 'soft power' (aid, financial incentives, customs agreements, soft loans, democracy promotion, and cultural and educational exchanges). In the selective interpretation and exercise of political affairs, individual member states continue to pursue their respective national interest, whatever 'Common Positions' or 'Common Actions' may have been collectively agreed at EU-27 level. That some have the capacity to do this more than others accounts for the 'multi-speed' designation employed above. The political weight of the EU is most effective when the three key EU actors, France, Germany and Britain act together, as in their coordination (as 'EU-3') of policy towards Iran and the nuclear dossier since 2004-05. Even here, if the key interlocutor is the US, this triad approach can only support, but not supplant, the kind of assurances, guarantees or concessions sought from the US by a regional actor such as Iran. To succeed, this approach also needs to manage the sensibilities of other European actors (such as Italy, which sought to join the EU-3), by presenting itself as 'streamline approach' in representing and acting on positions agreed by the EU-27. On less pressing issues, or where EU-member states are commercially in competition with one another (as in the Gulf, over defence contracts and other commercial agreements) the European imperative for action in the international sphere remains nationally-driven and bilateral in character.

Before considering this aspect in more detail, and especially how Asian actors may be now be influencing how Europeans engage with the Middle East, it is worth dwelling briefly on why the EU-27 has failed, and is likely to continue to fail, to meet its own and others' expectations to defend its foreign policy objectives on to a wider international stage. This is largely a structural problem, but is also conceptual insofar as the whole notion of agreeing a common EU position, then acting on it may be out of synch with what is possible and indeed, desirable in a region like the Middle East. In essence, the problem arises from the EU's inability to keep pace in its external sphere with its internal successes in aligning, harmonising, and (at best) integrating, the social, commercial and legal/regulatory frameworks of 27 inter-linked free market democracies.

That the internal consensus of the EU has recently come under the strains of resolving the Greek financial and public debt crisis, and may still have to confront those of other member states, does not bode well for the collective focusing of attention on foreign policy concerns in the short- to medium-term. The Treaty of Lisbon foresees the creation of a European External Action Service (EEAS), but this has yet to have been approved or set in place. In the short period since the key new foreign policy chief (Baroness Ashton, the EU's High Representative for Foreign Affairs and Security Policy) and the President of the European Council (Herman Van Rompuy) have been appointed, the lack of experience of Baroness Ashton in foreign affairs, combined with her having no more than a skeleton staff at her disposal, have accentuated the short-term confusion, turf battles and competition over competences pre-dating the adoption of the Lisbon Treaty[16]. This includes the rotating, six-monthly, nationally-led EU presidencies, currently held by Spain, which has continued to convene EU-level summits and conferences and take the lead on a number of policy discussions with third parties (above all its nearest external neighbour, Morocco).

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[16] Stephen Castle 'Lisbon Pact Failing to Lift the EU on Global Stage', *New York Times* February 23 2010

More time is obviously needed for the EEAS to be formed and diplomats from all EU-27 member states to be delegated and appointed to serve in it. The lack of a diplomatic corps is not, however, the essence of the problem. Rather, it is that amalgamating 27 national positions over political issues to which 27 governments necessarily attach different levels of political importance is virtually impossible to translate into a policy that Baroness Ashton, or even her experienced predecessor Javier Solana, could ever convey with weight to a third party. This role, and the instruments required to put political policy into effect, remain in the hands of individual states, and primarily the heads of government of each state. One paradoxical outcome of the adoption of the Lisbon Treaty is that European Foreign Ministers are no longer convened on a regular basis at the European Council, thus reinforcing the centrality of the role of European heads of state and government (above all of the 'EU-3' states described above) in EU foreign policy-making. As suggested above, this trend is highly unlikely to strengthen the EU as an international actor, so much as the role of its main protagonists (namely, France, Germany, Britain, with Italy and Spain close behind) in their national capacity.

European assessments of Asia in the Middle East

The preceding discussion was intended to allay any suspicions or illusions that the EU has any coherent policy responses to offer to the challenge that the greater activism of Asian actors in the Middle East undoubtedly presents to Europe's influence in and over the region. There are other structural constraints to the EU reacting to Asian influence in the Middle East on more than a case-by-case basis, the main one being that the EU has a fragmented approach to the Middle East as a whole. Essentially, the region is divided into two 'blocs', with gaps for Iraq and Iran (and now Yemen) which are managed separately. The Mediterranean region to the EU's south and south-east has the most set of inter-linking policy frameworks in the Euro-Mediterranean Partnership (EMP) initiative from 1995, now superseded by the still-nascent Union for the Mediterranean

(UfM)) and supplemented by this region's inclusion in the European Neighbourhood policy (ENP). A second, and less developed framework is that of EU-Gulf Cooperation Council (GCC) relations. The greater inter-relationship between Gulf and Mediterranean affairs, especially in the increased levels of Gulf investment and construction in North Africa is a sign of some advance being made towards the 'horizontal integration' of the region that the EU has long promoted. This is now led not only to calls for the EU to review it's own 'centre-periphery' style of relations with the Middle East to create a more comprehensive approach to the 'broader' Middle East, combined with appeals from within the region for the Middle East to establish its own 'West Asian' network along the lines of the EU itself, the African Union or ASEAN[17].

Despite the prevailing popularity of regional networks, it is no accident that the key political and geostrategic issues to confront the EU are not subject to the 'common framework' approach, but are rather managed through the adoption of common positions with no necessary actions, or agreed interpretation or timetable for actions attendant on them.

The classic case is that of the EU's long-standing, and indeed pioneering, common position in support of a two-state solution for the Israel-Palestine conflict. If one accepts the Venice Declaration of 1980 to have laid the groundwork for this agreed position, successive EU leaderships have now promoted it for 30 years with no significant advance towards its realisation. With bilateral negotiations in abeyance, it has largely been left to individual EU governments to restate the agreed position in visits to the region and elsewhere, but to interpret their particular relations with Israel and the Palestinians in terms of their own national (including commercial and domestically-driven) imperatives.

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[17] Edward Burke, Ana Echague, Richard Youngs 'Why the European Union needs a broader Middle East policy' , FRIDE, Madrid, February 2010 http://www.fride.org/publication/724/why-the-european-union-needs-a-broader-middle-east-policy
Sam Sasan Shoamanesh & Hirad Abtahi 'Not a "*New Middle East", but a unified West Asia'* March 26 2010, www.huffingtonpost.com

The shortcomings of this have been amply noted elsewhere; reference to Israel-Palestine is included here because of the disproportionate time the question absorbs on the EU's Middle East agendas, relative to the contextual changes that the new activism of Asians, and indeed Turkey and Russia too, has been exerting over the options open to actors involved in the conflict. The regional climate is now much less responsive to the EU's propensity to rely on normative actions (namely, diplomatic persuasion, the defence of human rights and democratisation) and is more open to business being done without the imposition of preconditions that seek to change the behaviours of regional actors.

At the conceptual level, the EU appears not yet to have absorbed how its own 'soft power' style has been overtaken by the newer mercantile 'condition-free soft power' of China and other Asian investors (India and Malaysia amongst them). This draws on the principle of the respect of the sovereignty of states and the inadmissibility of interfering with the domestic affairs of third parties. While often presented as a pragmatic or opportunistic approach to pursuing what is essentially national (and largely commercial) interest in the Middle East, it is worth reflecting on the extent to which EU policy, and indeed US policy as another normative power, has adopted a similar approach, and differs across the Middle East according to the relative importance of the assets and advantages the Middle East possesses. In short, the Gulf region, Libya, Algeria and Iraq are strategically and commercially important for their hydrocarbon resources and increasingly, since the financial crisis of 2007-8, for their financial liquidity and expanding markets. The rest of the region is perceived largely in terms of the need to secure and promote stability and development and counter the growth of terrorism.

The Asian way of doing business (a gross generalisation, but pertinent to discussions on whether under the pressures of the intensely political atmosphere of the Middle East this approach may be forced to adapt and change) is perceived as desiring predictability and stability, but not direct involvement in instructing the Middle East on how to resolve its own internal problems. The EU's response to key Asian players in the region, above all China, has been to appeal and attempt to persuade their various interlocutors to assume collective responsibility for policies largely devised, in some cases over years, by the US and EU. The weakness now in the EU's (and US's) normative approach, which actors like China and to some extent Russia have been able to exploit across the region, is its inconsistency. The conundrum of preaching a nuclear-free region without tackling all nuclear powers in the region (namely, Israel as well as Iran) is frequently pointed to by regional actors, even those who are not *a priori* sympathetic to the current Iranian regime. The promotion of regional democracy is also patchy, and has to a large degree been the greatest casualty of the more pragmatic approaches adopted by the current US administration, and by association, the EU.

The rise of Islamist movements in the region, towards which the EU and US are ambivalent in terms of providing alternatives to the generally authoritarian nature of current regional leaderships, has also presented the normative approach to regional policy with a set of challenges not faced by Asian pragmatists. Relying on incentives to allies in the region has also demonstrated the weakness of the EU's (and US's) powers of persuasion, especially where political and economic support to both Israelis and Palestinians, for example, have consistently failed to shift the direction of events. Where Hamas representatives are officially excluded from official contacts with the EU and US, they are free to visit Beijing and Moscow, despite Russia being a member of the Quartet (with the US, EU and UN) which has expressly sought to exclude links with Hamas pending the latter's recognition of Israel. Even though a principled stand, the EU has hitherto avoided weighing up the costs of abandoning or curtailing its vision of the world against being weakened as an actor with critical influence. The immediate situation appears to be one in which the EU, like the US, is caught in the middle of a shift towards 'realpolitik' in the Middle East that threatens the longer term promotion of core values that, paradoxically, many in the region still wish to see both promoted and defended, but on their own terms.

Although seeking no direct political role in the Israel-Palestine conflict, Chinese declarations on the conflict have been vocally supportive of Palestinians, including Hamas, and critical of Israel's actions in Gaza and the West Bank. This did not prevent Israel being the second largest (after Russia) arms supplier to China until the US stepped in to prevent further such transactions in 2005[18]. That such incidents have not significantly harmed Chinese-Israeli relations, especially in the commercial sphere, is telling, relative to the reactions that Europeans provoke when criticising Israel or other regional actors. It has also left China free, until US pressure intervened, to supply the whole region with its own arms. In the words of Wen-Sheng Chen of the National University of Kaohsiung: "China has trafficked arms to Iran and Iraq, cooperated with Israel to develop its F-10 fighter aircraft, sold Saudi Arabia CSS-2 intermediate range ballistic missiles, and engaged in discussions with Syria and Libya about the sale of M-9 ballistic missiles."[19].

In tacit response to the failure of collective action to close loopholes such as this, the EU has also stepped back from devising jointly-agreed commercial strategies in the region, in favour of individual EU member states preferring to pursue bilateral commercial and strategic engagement. Most newsworthy in this regard has been the increased French engagement in the UAE – with contracts in 2008 to set up a French naval base in Abu Dhabi and provide reactors for the generation of civilian nuclear power – but others (such as Italy with respect of Libya, Spain in Morocco, and the UK across the Arab Gulf states) have not been slow to act in pursuing national commercial goals. On one level this could be seen as a reaction to the increased demands on the region's resources by China, which overtook the US as the main export market for Saudi oil exports in 2009. In a recessionary era, however, it is less competition with China (and to a lesser extent India) over access to oil (demand for which has dropped in

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[18] Edward Cody 'China Scolds US for Blocking Israeli Arms Sales' *The Washington Post,* June 28 2005 http://www.washingtonpost.com/wp-dyn/content/article/2005/06/27/AR2005062700351.html

[19] Wen-Sheng Chen 'China's Oils Strategy: 'Going Out' to Iran" in *Asia Politics & Policy,* Volume 2, No. 1, p. 51, Jan-March 2010

Europe since 2007-8) that concerns Europeans, than competition over access to Middle Eastern markets, and securing oil exploration, defence and construction contracts, in which Malaysia now also features large[20].

European private sector interests are less squeamish than their official counterparts about pairing up with the Chinese to do business, as the BP-CNPC joint development agreement in Iraq demonstrates. Both bring different skills and assets to the table, and share the risk of large-scale, 20 year-long investments as envisaged for the Rumaila oilfield. Some regional competition might even be deemed healthy, as European actors have had to 'up their game' in areas where Asian contractors have threatened traditional markets, or the presumed *chasse guardees* of European influence in the Middle East. The impact of Chinese global trade dominance is nevertheless more evident in Europe's domestic economies than in new and establishment investments in Middle East. Of peripheral concern is the widespread use by Chinese contractors of their own workforce in countries of high unemployment. In Algeria, local riots broke out in the summer of 2009 between Algerians and Chinese in Algiers, where 50,000 Chinese are now resident workers employed in major infrastructure projects[21].

These developments may also herald a permanent change in the style and choices open to local actors. Individual Middle Eastern states –especially the oil and gas exporters – can now chose their own partners, and on terms that are less susceptible to European and indeed US pressures. While this does not, nor is likely in the foreseeable future to affect the US's security and defence relationships in the Gulf, the region's diversification away from established relationships is not necessarily a zero sum game. Rather, it is an outcome –perhaps unforeseen by the instigators of greater globalisation – of the growing regional autonomy of the Middle East as a whole. The challenge facing both the EU and US is

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[20] Abdul Muin Majid 'Malaysia pushing for more Middle East construction projects' , March 29 2010, http://www.bernama.com/bernama/v5/newsindex.php?id=486065.

[21] 'Algeria: Xenophobia on the rise against Chinese workers in Africa', 5 August 2009, Afrik.com http://en.afrik.com/article16008.html.

the extent to which they can continue to enforce the rules-based assumptions on which global free trade has been hitherto been based, or whether, as in the sphere of global climate change, more pressure can and will be exerted on Asian partners to assume their share of burdens and responsibility in addressing issues of governance reform and security in the Middle East.

Key Issues

Apart from Israel-Palestine, over which Asian actors in the Middle East only have marginal influence, the three areas of concern for EU diplomatic action with regard to China and India in the Middle East are respectively: Iran, Iraq and Gulf security. The most pressing issue, namely, Chinese policy towards Iran, both directly and indirectly influences the other two. As a permanent member of the UN Security Council, the immediate question is whether China will really support a further tranche of sanctions and monitor the supply of dual purpose spare parts to Iran. The most recent discussions between President Obama and Chinese President Hu Jintao coincided with the visit of Iran's chief nuclear negotiator, Saeed Jalili, to Beijing which suggests that China's continues to be reticent to commit fully to either. What may be possible to secure is China's abstention at the UN in the next round of sanctions currently under discussion.

The positions and objectives of the US and EU are identical in respect of attempting to stop Iran achieving weapons in the nuclear field, and only concerted international action is likely to have any impact on Chinese concerns about the risks of continuing to do business with Iran. With Russia now largely on side, the focus will necessarily shift to how China will manage its overall relationship with Iran. As its second most important supplier of foreign oil and a growing source of imported gas, Chinese companies have signed a number of Memoranda of Understanding (MOUs) with Iran for the development of the Iranian gas sector, few of which have come to fruition over the short –term. Key European International Oil Companies (IOCs) such as France's Total have been constrained by the sanctions regime not to engage further with Iran, thus adding to the commercial as well as diplomatic pressures that China may likely feel over coming months. The sense that the risks may eventually be too high is also reflected in China's diversification strategy, with the new focus on investments in Iraq and closer cooperation with Saudi Arabia, for example[22].

The suspicion remains in Europe, however, as in the US, that the longer term strategy of China is to counter the influence of US and Europe in the Middle East by courting Iran as an alternative regional trading partner, a suspicion backed up by the admission of Iran as an observer to the Shanghai Cooperation Council (SCC) in 2005. Comprising China, Russia and the Central Asian republics, energy security as well as the geopolitics of energy feature large on the SCC's agenda. For any alternative Middle East-focused strategy including Iran to succeed, however, China and Russia need to work more closely together, at a time when the US's relations with Russia appear to have been improving (over the START agreement, for example), while those with China have been subject to stresses (over Taiwan, the Dali Lama and the exchange currency issue). In this, the EU can act only as a bystander and supporter of core US positions. Its own relations with both China and Russia continue to be subject to internal divisions, and beyond the EU's outline joint positions on Israel-Palestine and Iran, there is little consensus on how to act jointly, at EU-level, to influence China and Russia in the direction of supporting them.

On Gulf security, the presence of 2 Chinese warships in support of anti-piracy in the region is perceived to be a deliberately low-key attempt to demonstrate some military back-up for the security of its commercial ships and oil tankers. For Europeans, the tensions over the disproportionate role played by the US Navy in securing shipping routes does not have much resonance, largely because European is also a beneficiary of the US military presence in the Gulf, in addition to the security guarantees and defensive shields provided by the US to Gulf states. Beyond facilitating Europe's internal as well as external competition over its own arms sales to the region, hard security is

[22] See Wen-Sheng Chen, *art.cit*

not an issue Europeans directly wish to draw attention to, much less contribute to.[23]

On Iraq, the development of the much-vaunted capacity of Iraq's oilfields to overtaken Saudi production over the next decade or so, the cooperation of China has been welcomed in Europe rather negatively interpreted, not least since investment risks remain high and are best shared. However, Iraq's future as a major oil supplier will depend on the kind of long-term stability that the US in particular has been investing in, and the shadow of Iran's influence in Iraq still looms over its future, as indeed proxy competition between Saudi Arabia and Iran there. As partners of both the latter, Chinese oil interests may feel safer joining forces with European IOCs, but as an experimental relationship, the BP-CNCP agreement has still to be tried and tested.

Conclusions and (Preliminary) Implications for U.S. Policy and the Region

Many of Europe's concerns over the role of Asian powers in the Middle East parallel, if not replicate, those of the US. The EU consistently underestimates its ability to affect developments through the use of its 'soft power' instruments, and continues, even under the new provisions of the Lisbon Treaty, to devolve political and diplomatic initiatives and most actions deriving from these to individual member states, above all France, Germany and the UK. If used well, as in the EU-3 model over Iran, US-EU diplomatic resources can be deployed in unison to influence the direction of both regional and international policy. Increasingly, however, the interests of other parties (Russia as well as the Asian powers) are becoming less susceptible to falling into line with policy prescriptions pre-formulated by the US and EU. In the same way that the balance of influence in energy markets has

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[23] An interesting aside to this debate is the argument that Russia should now be invited to join NATO, on the grounds that it would make the difficulty Europeans face in balancing conflicting Chinese-Russian interests to have Russia inside, rather than outside the alliance. See Fudyor Lukanov 'Will Russia join NATO?', *Daily Telegraph*, 1st April (NB!) 2010 http://www.telegraph.co.uk/sponsored/russianow/opinion/7545783/Will-Russia-join-Nato.html

shifted east, so the diplomatic leeway of other actors, including those in the region itself, has diversified in this direction.

The EU and the U.S. now face the choice of relying in the short term on realpolitik prescriptions – not least because of the urgency of resolving the Iran nuclear issue – or reasserting its normative and international legal approaches that have both suffered in effectiveness and credibility in recent years. To decide – and the outcome may well be a mixture of the two as it appears to be now – a closer assessment of what has fundamentally, as opposed to temporarily, changed in the Middle East will be needed, above all in respect of the new opportunities afforded to local actors by the varied Asian presence there. In this brief outline, India's influence has been considered much less than China's, but what many see as the revival of centuries' old Indian Ocean-Gulf trading relationships, and the growing influence of Indian trading houses in the UAE and beyond may well be a trend that continues to be consolidated. What Europeans need most, then is to reflect on and act with the times: an easy prescription when the resources required to develop, define and act on a more flexible set of policy approaches to the Middle East may take five years to be fully functional (in the case of EEAS) and may not be fully funded in the face of the budgetary pressures facing EU states over the same period.

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U.S. Policy and the Confluence of Asia(s): East, South, and Southwest Asia Converge

Jerrold Green

Introduction

As Geoff Kemp demonstrates in his forthcoming book *The East Moves West: India, China, and Asia's Growing Presence in the Middle East* (Brookings Institution Press, forthcoming)* the pace and degree to which the nations of East and South Asia have penetrated the Middle East, especially the Gulf and Indian Ocean regions, is nothing short of astounding. In terms of trade, the export of labor, technical assistance, energy, investment in countless sectors including and beyond energy, tourism, and even higher education, ties between and among these different "Asia's" have been extraordinary. The only thing that is surprising about this profound upswing in intra-continental integration is the degree of surprise that has accompanied this surge. As Kemp and others point out, these different corners of Asia have been episodically and at times deeply engaged with one another for centuries. Yet what is new, and what we are currently witnessing, is the resurgence and redefinition of relational patterns that have always existed, albeit in dramatically different and expanded degrees, forms, and configurations. Even the discomfort, uncertainty, and concern of those who fear or feel threatened by these intraregional relationships retrofitted for the 21st Century, do so from a somewhat time worn and obsolete perspective.

* *The book has since been published (Ed.)*

That is, just as the United Kingdom informally but unambiguously laid claim to much of the Gulf region as a British sphere of influence in much of the second and third quarters of the last century, one can assume that some U.S. policymakers share similar concerns as they witness *their* Gulf monopoly gradually being eroded just as their British predecessors bore witness to a similar decline. Monopolies can be quite attractive to those lucky enough to have them, but as South Korea handily beat out the United States for a decade long nuclear power project in the United Arab Emirates said to be worth in excess of $40 billion, it has become increasingly evident that the Gulf is in a transitional stage in which more and new players are now entering the game for the first time, just as in other cases they may be returning to the table in different ways and after extended absences. What should be emphasized here is that not all of these are *new* players, as in some instances they are merely players who have quietly been in the game all along. What is especially noteworthy however, is how the scale of involvement has been dramatically expanded, the rules of engagement have been altered, and the name and the rules of the game have been changed and updated. Whereas Dubai in the 1950's was primarily comprised of the Creek, a staging area for *dhows* smuggling gold into India, it is today a much expanded entity where, next to the local Ministry of Education, we now find the regional headquarters of the Manipal Group, an Indian for-profit education provider with growing business interests throughout the Gulf region. Such new forms of East and South Asian engagement are ubiquitous. And in the last 5 years alone we have seen Dubai rise to the most rarified heights of global finance, then crash and burn more quickly than anyone could ever have anticipated, and more recently crawl out of the rubble to again achieve a more modest level of stability and equilibrium, financial and otherwise. While Dubai may never resume its putative and self-arrogated role as a global finance center, entrepot, and harbinger of an emerging brave "new Arab world," we can be certain that its important ties to Abu Dhabi, Iran, and elsewhere will make certain that it will not disappear all together from the world stage. Dubai has been rebooted and it will be interesting to see what new form it will take. One of the lessons we have learned from the Dubai experience is that change in a part of the world, which we once associated with things moving at a glacial pace, can now happen far more quickly and on a scale once deemed unimaginable. And it is this little corner of southwest Asia that in many ways will continue to function as a virtual magnet to aspiring co-Asian powers far to the east. It is in this rather small but uniquely important corner of the world that the United States is trying to compete and to maintain a competitive edge that in reality it could never truly fully claim in the first place. Yet despite the arrival of other competing interests, America is by no means washed up either in the Gulf or in the broader Middle East. Nonetheless, the era in which Washington could take this region for granted may be coming to an end. The wake up call has been issued loud and clear – it is now the time for the United States to demonstrate that it has heard the call and that in its wake it is capable of formulating an appropriate and realistic response.

Policy Concerns in Washington

While some members of the U.S. based policy community undoubtedly recognize the inevitability of the above trends and would move quickly to address them, there are certainly others for whom news of all sorts travels slowly. In his excellent study of these developments, Geoff Kemp talks about what he calls America's "burden of hegemony." By this he refers to decades of largely unchallenged U.S. preeminence, especially in the Gulf region. The reality is that the U.S. never truly enjoyed hegemony in the Gulf or anywhere else for that matter in the Middle East. Rather it **sought** hegemony, read unchallenged dominance. And although Washington may have been largely unchallenged, especially in the Gulf over the past few decades, positioned within the U.S. operated geopolitical bubble is a region that was and remains largely dysfunctional. Put differently, America's reach exceeded its grasp and despite the fact that it may have been the "only game in town," a review of American policy over the past few decades reveals that Washington won many skirmishes but by no stretch of the imagination waltzed away with the gold medal. In part, this has been because of the internal dynamics of America's partners and rivals in the region and in even larger part because of America's own congenital inability to make the right choices in the region. America's legion failures in the Middle East subsume both Democratic and Republican Presidential administrations and were due to a confluence of reasons, including poor judgment (the invasion of Iraq), inattention and ignorance (the U.S. bungling of the Iranian Revolution), political timidity and weakness (the still festering Israel-Palestine dispute), lack of focus and commitment to the long term (Afghanistan), limited access, resources, or patience (Somalia and Yemen), and the like. Put differently, hegemonic *aspirations* do not equal hegemony. And indeed, having more power than anyone else, as did the U.S. in the Gulf region, may perhaps be best and most charitably described as hegemony-light. For if we push the concept hard enough, it reveals an extraordinarily weak base of influence and power insufficient to exercise any significant and sustained long term influence over regional developments. Put differently, the United States has always had enough power in the Middle East to maintain the status quo and at times to make things worse, rarely has it had the ability to make them much better. What is important to consider here is the significance to the Gulf and neighboring areas of the further dilution of U.S. hegemony-light as a consequence of the introduction of newer players and the return of players from a previous age into the region.

When we talk of the entry or re-entry of numerous Asian players into southwest Asia, what we are generally referring to are economic and financial interactions. And to be even more specific, in the Gulf, these financial interactions have more to do with access to energy supplies than anything else. It is for this reason that this analysis is primarily aimed at the Gulf rather than other corners of the Middle East such as Egypt. Having said that, although the Gulf is not considered to be at the core or the heartland of the Arab world, it is part of the Arab world nonetheless. Thus issues relating to broader Arab world concerns such as Palestine, developments in the Islamic world in general such as Afghanistan, Iran (which is indeed "local" politics), deeply conflicted views of the United States, etc. are all important. And it is here that we find economic and financial issues quickly bumping up against more traditional geopolitical ones. That is, although the most immediate gradual erosion of the U.S. monopoly is occurring primarily in the economic and the financial realm, there is certain to be a geopolitical corollary to this to which U.S. policymakers must be attentive. The question that Washington and its closest supporters must ask is what are the implications and opportunities that will emerge as a consequence of the United States no longer being the "only game in town." And here, other then unrepentant "monopolists," there may emerge an appreciation that less is more. Put differently, the good news here is that in light of the inability of the United States to "get it right" in many of its Middle Eastern policy interactions, an influx of new players might broaden and diversify the playing field in a fashion that no longer necessitates the U.S. going it alone. What some in Washington may view as bad news could in fact be quite positive for the United States. For U.S. interests in the region might be better served by having partners with whom Washington could collaborate and in a fashion that might make some of the thorniest and most intractable challenges more rather than less amenable to resolution than if the U.S. had to go it alone. Even the United States can use help on occasion.

Although having the Gulf largely to itself may have seemed appealing to Washington, given the inevitability of the regional score card showing more and new players, the United States should resist the temptation to oppose a trend that it can't resist anyway while considering how to turn these developments to its own advantage as well as to that of its friends and supporters in the region. Among the areas where Washington could undoubtedly use a hand are the following.

Iran

Perhaps the most complex issue and the one with the most moving parts that is currently challenging the U.S. is found in its impasse with the Islamic Republic of Iran. Although some measure of understanding between Tehran and Washington is not completely inconceivable, the current decline in the already contentious relationship between the two countries makes any type of reconciliation or even mutual understanding less rather than more likely. In large part this reflects fluctuating tensions within Iran itself as a result of its Presidential election. U.S.-Iranian tensions are further exacerbated by Tehran's single-minded pursuit of a nuclear capability to the growing and obvious concern not only of the United States and Israel but also other significant regional actors such as Egypt, Jordan, the GCC states, and others. At this moment "ties" between the U.S. and Iran are so contentious and dominated by a mutual obsession with face saving and defensiveness that the likelihood of any positive movement is virtually nil. And thus the introduction of new voices, be they emanating from Beijing, Delhi, or elsewhere, could prove quite helpful. In the hyper-heated environment of today's Iran the identity of the messenger approaching it is as or even more important than the content of the message itself. Thus, if other significant powers were to engage Iran, they might enjoy success where the U.S. would undoubtedly fail simply because it is the U.S. Fellow Asian states, be they acting individually or in concert, might be able to help Iran get out of the box that it has put itself into although this would require great care on the parts of all involved. And the precise interests that these external powers have in Iran may vary in ways that create enhanced rather than diminished tensions vis-à-vis U.S. expectations of Iran.

Palestine-Israel

The United States is thought to have so much influence over Israel that in fact it is somewhat jarring when we realize that Washington appears to have virtually none at all (or perhaps none that is able or willing to exercise). The most recent example of this was the pall cast over Vice President Biden's visit to Israel and the expressed U.S. outrage that was symbolic rather than tangible (e.g. not taking photographs during Prime Minister Netanyahu's visit to the White House). Although analysis of the dynamics of the now well-known asymmetrical relationship between Israel and the United States goes beyond the scope of this brief paper, the ability and willingness of the government of Israel to largely ignore U.S. policy preferences - in part by going around the Executive branch of the U.S. Government and playing directly to friends in Congress and elsewhere – highlight the bankrupt position in which the U.S. finds itself vis-à-vis its inability to meaningfully influence Israeli-Palestinian "peace-making." And indeed, the entry of new players into this crucible of failure and impotence should be eagerly encouraged rather than reluctantly tolerated.

The State of Israel deeply prizes its relationships with India, China, and countless other states throughout Asia. And in fact it is hard to imagine that adding these states to the diplomatic mix could make things any worse. At the same time, from a broader Arab perspective where support for Palestine and peace making with Israel is largely aspirational and theoretical rather than genuine and transactional, perhaps a meaningful broadening of the diplomatic playing field might actually achieve something. Put in simple terms, the United States, as well as those limited numbers of people in both Israel and the Arab world that wish to promote a fair and peaceful resolution of this timeless dispute, should seek support wherever they can find it – perhaps this support could come from half of the BRIC countries as well as others. Certainly worth a shot.

Iraq and Afghanistan

In both Iraq and Afghanistan the United States has found itself involved in the extremely challenging business of nation building for others – hardly an ideal spot to be in, given the situation on the ground in these two countries, their geographical distance from the United States, the growing fatigue of the American people with both missions, and their proximity to other regional political dynamics over which the United States has limited influence and control. Although Iraq and Afghanistan differ markedly from one another, the commonality they do share is the challenge that they pose to the United States. In the Afghan case the United States is the dominant player in a broader NATO coalition. And indeed, the very international quality of this effort is an attribute deeply prized by and touted by the U.S. (as it should be). For a variety of commercial/economic, geopolitical, national security and other reasons, it is not difficult to imagine a broader array of East/South Asian countries being more deeply involved in these two emerging areas especially in light of the imminent draw down of U.S. forces in Iraq, as well as an inevitable but more delayed drawdown by the United States from Afghanistan. Certainly India's involvement in Afghanistan has already and will continue to be complicated by Pakistan's sensitivities about such involvement. Yet it is precisely Pakistan's interest in Afghanistan that has drawn India in, and in a fashion not unlike that of China, whose involvement in Pakistan has as much to do with its desire for a regional footprint as it does in the inherent attractions of Pakistan itself.

Indian Ocean Security

As Somali based pirates continue to broaden their area of operations and to expand their reach to the northeast, the vast expanse of water within which they are able to operate continues to elude the ability of any nation or even group of nations to guarantee security. In a sense, the symbolism of and opportunity offered by these pirates can be almost welcomed as they serve as a generic threat whose actions are sanctioned by none and are opposed by all. They are reminiscent of a recurring challenge to Hollywood that tries to create a universal "bad guy" and usually fails. From this perspective, the Somali pirates have unwittingly provided a rare and useful pretext for all regional and extra-regional actors to band together, to support one another, and to share a common mission. In fact, the experience of the Somali pirates, a phenomenon that is likely to be comparatively short lived as eventually they will either be bought off or extirpated, serve a useful *kumbaya* purpose as all states not only oppose them but feel good in supporting other states by trying to rid the seas of this irritating menace. It is dynamics of this sort, all too rare unfortunately, that can permit states with differing interests to work together thus setting precedents for collaboration in areas where there may be less collective agreement.

Conclusions

The above all highlight areas in which some Asian states could potentially support U.S. regional policies and indeed could possibly help the U.S. to achieve its goals. There is of course an obverse to this and one that is probably more likely. Here, these extra-Middle Eastern actors assert their own interests which may well be in opposition to those of Washington. Over the years examples of such behaviors have included support for assorted Palestinian groups not "approved" by Washington, alignments with regional governments not in sync with Washington's expectations of them such as Iran with its nuclear program, covert and overt support for Syria, the Sudan, Libya, and the like. Yet the deeper and more intense involvement of these states in the region is neither inevitable nor automatically calibrated merely to challenge the U.S. Indeed, attempts by a monopolist external power to keep other external actors at bay frequently leads these actors to force their way in, often by acting as a counterbalance to the pre-eminent monopolist power. Thus, a dominant external actor, merely by seeking to preserve its dominance, can unwittingly alienate regional states opposed to its monopoly while at the same time attracting external actors eager to provide an alternative to the monopolist external state. Rather than forcing these external actors to push themselves in, the United States might well consider promoting opportunities for collective action, the Somali pirate scenario serving as a rare but illustrative example. As highlighted above, the U.S. has significant problems and challenges across the board both in the Gulf region and beyond. Given that it is impossible to keep a collection of Asian states with a growing appetite for regional involvement out, Washington might be better advised to find ways to actually bring these states in and in a fashion that supports and advances its regional interests rather than impeding them.

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Summary Report

On April 6 – 9, 2010, The Nixon Center hosted a workshop on *Asia's Role in the Middle East and the Indian Ocean: Implications for the Region and the U.S.* It was the third in a workshop series on the growing Asian footprint in the Middle East. Participants were from the U.S., Europe, India, China, Japan, Israel, the Gulf, and Russia. The workshop was held at the Rockefeller Foundation's Bellagio Conference Center in Bellagio, Italy. It was supported by a grant from the Carnegie Corporation of New York.

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The first session focused on *Middle East Perspectives and the Asian Connection*. Shlomo Brom of the Institute for National Security Studies in Tel Aviv opened the session with the presentation of his paper "The Israeli Perspective and the Asian Connection." Israel, he explained, had traditionally had a Western orientation, but had also early on reached out to African and Asian countries in the so-called "Third World" in an effort to break out of the isolation caused by the hostility of neighboring Arab countries. However, relations with some of the most important Asian powers, China, India and Japan remained very limited through the 1970s, as these countries feared economic and political backlash from a close relationship with Israel. Eventually, closer ties between Israel and the United States, the peace treaty with Egypt and Israel's growing military and economic importance began to make it a more interesting partner for the major Asian powers. Then in the 1990s, the collapse of the Soviet Union (with the U.S. remaining the sole superpower) and the renewal of Middle East peace talks removed more political "obstacles" for the Asians to seek good relations with Israel. These developments coincided with the rapid growth of Asian economies, in turn increasing Israel's interest in closer ties with these countries.

Currently, the most important connection between Israel and Asia is economic. In 2008, Asian products accounted for 21% of Israel's imports, while 16% of Israel's exports went to Asia. There is substantial cooperation between high tech companies, a major economic motor for the Israeli as well as several Asian economies. The other area of cooperation is security, counterterrorism, and defense. (At times there is an overlap with economic interests where Asian countries provide a market for arms sales.)

Political cooperation has thus far taken second place to economic interests on the part of Asian countries and strategic considerations on the part of Israel. Israel sees itself constrained in seeking closer ties with Asia by both its special relationship with the United States and the unwillingness of the major Asian countries to take a clear stand on matters vital to Israel, e.g. the Iran nuclear program. Asian countries with fast growing economies are mostly interested in securing energy resources; some Asian countries also have to take into consideration their Muslim populations in evaluating their ties to Israel.

From an Israeli standpoint it is important to further develop relationships with the Asian powers for both economic and strategic reasons. Even if these countries are not willing to take a decidedly pro-Israeli position, it is important for Israel to keep them engaged. The importance of Asia will also continue to grow, and eventually Asian countries might well become close strategic and political partners for Israel. However, in the near future, Israel sees its interests best served by continuing to focus on its relationship with the United States. Giving that relationship priority will continue to limit the development of closer ties with Asia, but it will be a long and slow process for Asian players to emerge as major political players in the region. For the foreseeable future, and despite growing economic ties with Asia, the U.S. will remain Israel's most valuable strategic partner.

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Workshop participants also discussed Gulf Arab and Iranian perspectives during this first session. Much like Israel, the Arab Gulf states see the United States as the only security provider in the region, at least for the foreseeable future. The Gulf has an enormous economic interest in the emerging Asian powers, but – again, much like Israel – doesn't feel that they are either willing or capable of providing security. Economic relations with Asia however are strong and growing. More than half of Gulf Cooperation Council (GCC) trade last year was with Asia (roughly $400 billion out of $785 billion total). In comparison, trade with the United States in the same period was roughly $100 billion. The economic ties are complemented by a significant human factor. About 70% of the 17 million expatriates in the GCC states are from Asia, mostly from India and Pakistan. Despite these close ties, the strategic dimension in the relationship with India and other major Asian powers is missing. There is doubt whether either India or China will ever emerge as significant political and strategic players in the region. Some considered China as a potentially more capable future provider of security, while others argued that India, which is both physically and historically closer to the Gulf, is a better candidate. However, the Gulf region continues to be firmly attached to the idea of the United States as the only reliable provider of security in the Gulf. This remains true despite ongoing disagreements over U.S. policy in the Middle East, such as the handling of the Israeli-Palestinian conflict or the 2003 invasion of Iraq, as well as a level of distrust between the U.S. and the Middle East since 9/11. The advantage, though, is that U.S. positions are well known and it is therefore perceived as a predictable and reliable partner. The U.S. is also both willing and militarily capable of keeping Iran, currently seen as the biggest threat to the Arab countries in the Gulf, in check, whereas neither India nor China could be moved to take a firm stand on the issue. The United States may therefore not be the seen as the ideal partner, but for now appears to be the only viable option.

There is little doubt that in the medium to long term, the U.S. will withdraw some of its forces. The result could be a cooperative security effort with other countries or, as one participant suggested, an approach of "internal balancing," where the U.S. may partially withdraw and not be replaced in every capacity by another outside power. However, the U.S. is likely to remain a "uniquely important contributor" to security in that region. Most participants agreed that any changes in the security dynamic of the Gulf would be a slow process, "an evolution rather than a revolution," as one participant remarked. The Gulf states therefore don't feel that they have to make any changes at this point to their current orientation to the U.S. for security while focusing most of their economic activity on Asia.

The discussion then turned to Iran, its nuclear program, and its role in a more Asia-oriented Middle East. Traditionally, Iran has looked to the West as a cultural and educational point of reference. The country has had some relations with Asian countries since the 1970s, but these have only gradually taken on greater importance. With deterioration of the Islamic Republic's relations with the West, Iran is presenting itself not only as a supplier of oil and natural gas for the rapidly growing Asian economies but also as a potential political partner. Iran would like to use the Asian countries to neutralize Western pressure, but these countries have interests in the other (Arab) Gulf states as well and are not willing to choose sides. If the political climate between Iran and the West improves, Iran may look to the West for trade in certain high quality goods again, but in either case, there has been a permanent shift in favor of Asian countries in Iran's trade relations.

Iran's political future is largely unknowable. If the country goes nuclear this would obviously change the dynamic, but there was some agreement among participants that no dramatic change in the nature of the regime can be expected in the near term.

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The second session of the day discussed *The View from India.* C. Uday Bhaskar, Director of the National Maritime Foundation in New Delhi and former Indian Navy officer, opened the session with the presentation of his paper "How India sees the growing Asian role in the Middle East," focusing his analysis on the weakening U.S. position in the Middle East and the implications of this development for Asia and the Indian Ocean region.

On Iran, India as well as China and Russia disagree with the U.S. over how to achieve containment, even on the degree to which the development of Iran's nuclear program is problematic. India, despite having voted against Iran in IAEA resolutions, does not favor the kind of sanctions proposed by the United States, and the U.S. is in no position, especially militarily, to go it alone. The rise of China, "peaceful or otherwise," constitutes another major challenge for the United States. China is steadily encroaching on U.S. interests and the U.S. position of the world's leading superpower and Bhaskar sees the Middle East as the "arena for this contestation." India's relationship with China is also complex. The two countries recently celebrated 60 years of diplomatic relations, yet unresolved territorial and border disputes remain, and the increasing competition for resources complicates the relationship. Additionally, China has very close ties with India's nemesis Pakistan. Another factor in the region is the close U.S. ally Japan, which has a historically strained relationship with China. India-Japan relations on the other hand are generally good. There have been strong disagreements over India's nuclear program in1990s, but relations have since improved again. However, strong differences in political and social culture will prevent closer ties. The complexities of the relationships among these three Asian powers and the United States play a significant role in the Indian Ocean Region (IOR) to which "the strategic maritime focus of the world has […] shifted." China may or may not be constructing a "string of pearls", but it certainly has strong interest in protecting its interests in the region, specifically in protecting energy supply routes. But China fears that the three powerful democratic actors in the IOR, the U.S., India, and Japan could form a "long-term triangular maritime cooperation with strategic overtones." It is therefore seeking legitimacy in the IOR by cooperating on combating piracy operations. However, it will not be pirate attacks – as problematic and widespread as they may be – which pose a severe threat to energy supplies and oceanic trade routes, but the "determined action of a state with credible blue water naval capability." In the midst of all these uncertainties, India is playing for time. It is trying for the moment to hold on to the remnants of its traditional non-aligned orientation and is not interested in "grappling with macro-military power." Despite its status as a nuclear state India prefers to act as a regional player only in a multilateral, i.e. United Nations, setting.

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The session ended with a discussion on "wild cards" that could change the Indian position on taking unilateral action in the greater Middle East. One scenario discussed was instability in the UAE or other Gulf states, were frictions to escalate between millions of often oppressed Indian workers and local security forces. Most participants agreed that India would be able and willing to evacuate its expat population as well as provide humanitarian help; however, a scenario where the Indian Navy would engage in military operations is extremely unlikely. There was a sense that India is slowly reading itself to become more assertive, with a view towards becoming more active in regional organizations, such as the *Shanghai Cooperation Organisation* (*SCO*) where it currently holds observer status. Several discussants voiced confidence that India would act if its interests were seriously threatened. However, no specific scenario for such action was mentioned.

Some felt that it is Afghanistan which will prove a "test case" for India's future role in the region. Pakistan has traditionally considered Afghanistan as being in its sphere of influence and India's heavy involvement there has angered Pakistan. India is trying to establish itself as a counterweight to Pakistan in the region, counteract Islamist terrorism, and gain and access route for Central Asian energy. Whether these interests will prove strong enough for India to abandon its multilateral stance remains to be seen.

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The second day began with a session on *The View from China*, examining a time frame of 10 years. In the coming decade, little will change in China's foreign policy. The country will remain focused on domestic challenges. China's economy is certain to see continued growth, but it will still be a developing country, with an estimated per capita GDP of only $3,000 in 2020. China is seeking to play a greater role in the Middle East and develop a more comprehensive relationship. The region is no longer just a provider of fossil fuels; it is also a large potential market for manufactured goods as well as services (e.g. construction). There is a mutual benefit to an expanded relationship with the region: China sustained high economic growth and dependence on Middle Eastern oil ensures a stabile market for the regions' petro-products. However, despite China's intended expansion of involvement in the Middle East, there is no doubt that the United States will continue to be the dominant power in the region, despite a relative decline. Likewise, China sees little change occurring within the Middle East in the coming decade, although Iraq is somewhat of an unknown. China sees some uncertainty after the U.S. troop drawdown. Iran will not experience regime change or undergo any other major developments. Similarly, the Israeli-Palestinian conflict will go unresolved. The two-state solution, favored by many including China, cannot come about with the Western end-result oriented approach. China favors a process oriented policy of small steps in this conflict, but does not feel its voice is being heard. China sees its interests in the Middle East as largely congruent with those of other countries: It seeks stability in the region and aims to safeguard energy supplies. However, as in regards to the Israeli-Palestinian conflict, China disagrees with the West on how to achieve these goals. The guiding principles for China's Middle East policies are the resolution of issues in a multilateral framework and its commitment to respecting national sovereignty (versus a perceived U.S. "meddling" in other countries' affairs). Several participants raised the issue of China's "free riding" on U.S. security guarantees in the region, with many others pointing out that China currently did not necessarily have policy alternatives. This is partly due to a lack of trust and predictability, leaving the U.S. concerned about involving China too much. China was for example excluded from the Middle East Quartet and responded by sending its own special envoy. China is not in a position to challenge U.S. dominance in the region and will not seek to do so in the foreseeable future. It may benefit from this dominance of the U.S. as a security provider, but it has also paid a price for this "free-riding", e.g. instability in the region following the U.S. invasion of Iraq and the influence of U.S. actions on oil prices.

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The second session of the day focused on *Japanese and Korean Perspectives*. Japan is the world's 4th largest energy consumer. The country has no virtually domestic energy resources; it is the world's second largest net oil importer and the largest importer of natural gas. However, China and India are projected to overtake Japan on oil imports within a few years and continue to increase their dependence on Middle Eastern oil (and gas). At the same time, energy consumption in the major exporting countries, especially the Gulf Cooperation Council (GCC) states, which is already disproportionately high, is projected to increase considerably, creating additional competition for the region's resources. Meanwhile, Japan's consumption of fossil fuels is likely to decrease. The country is instead focusing on improving energy efficiency, developing new car technology, and using alternatives to fossil fuels. Nuclear power consumption has increased, but the development of solar power is also a priority. Japan was the world's largest producer of solar cells until 2005, but use fell sharply when the government ended a subsidy program. However, in 2008, the government announced a renewed focus on solar power.

Although about 90% of Japan's oil imports are currently from the Middle East, Japan does not have a strategic relationship with the region. It is also taking a decidedly non-confrontational approach to the increasing competition for energy resources, and the country's foreign policy is restricted by its constitution. Japan instead emphasizes energy cooperation within Asia.

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When it comes to Korea, there are of course two perspectives to consider, North and South Korea. However, very little is known about North Korea and its relations with Middle Eastern countries. It is likely that these relations are limited to arms sales, including nuclear technology – the only way for the politically isolated North Korea to generate hard cash.

South Korea (Republic of Korea) on the other hand has a more substantive and certainly more open relationship with the Middle East. However, this relationship is mainly commercial and largely limited to oil and construction. South Korea is highly dependent on oil from the region (Middle East oil makes up about 70% of total imports, mainly from Saudi Arabia and other Persian Gulf countries). On the other hand, the Middle East is a huge market for the Korean construction industry. Over 80% of South Korea's overseas construction projects took place in the Middle East. In the past 40 years, South Korea has won about $54 billion in construction projects in Saudi Arabia alone. Like other Asian countries, South Korea does not attach conditions to its commercial relationships, which makes it a desirable partner for many Middle Eastern countries, e.g. the GCC states. Some suggested this was a major factor when in late 2009 a Korean led consortium won a $20 billion contract to build four nuclear reactors in the United Arab Emirates.

There is some interest in South Korea in broadening the relationship with the Middle East, but most of the outreach initiative is coming from the private sector. Any interest on the part of the South Korean government in expanding the relationship with the Middle East beyond commercial ties is weighed against the Republic's primary interest – stable relations with its most important ally, the United States. South Korea's foreign policy, including its Middle East policy has to be seen in this context. For example, the fact that the country sent troops to both Iraq and Afghanistan did not so much indicate a strategic involvement in the region but rather an effort to strengthen Korean-U.S. relations. Korea sees room for growth in this relationship. Therefore, despite expanding ties to the Middle East, the relationship with the region is likely to remain largely commercial.

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Vitaly Naumkin, Director of the Institute of Oriental Studies in Moscow opened the day's final session, *Perspectives from Russia and Europe,* with the presentation of his paper "Asia's

Role in the Middle East: Implications for Russia." In the discussion on Asia's presence in the Middle East, Russia is in a special position. Not only is a substantial part of its territory on the Asian continent while the country's orientation has long been Euro-centric; Russia is also connected to the Middle East through a significant Muslim minority population. And, like the largest Asian actor in the Middle East China, Russia is a permanent member of the U.N. Security Council. From a Russian viewpoint, China is the most important Asian actor in the Middle East, while Iran is the most valuable regional actor. Russia's main interest in Iran is as a partner in developing the natural gas sector, but there is also interest in military technical and nuclear energy cooperation. Naturally this has put Russia at odds with the West, specifically the U.S. which wishes for Russia (and China) to go along with strict sanctions against Iran. The U.S. has been trying to halt Russian cooperation on the Iran–Pakistan–India gas pipeline and has also caused Russia to delay delivery of S-300 air defense missile systems to Iran. However, Russia's economic interest in these projects is strong, and it is not willing to give up these lucrative deals. Additionally, Russia simply does not share the Western assessment of Iran as a highly dangerous and destabilizing factor in the Middle East.

Another factor for Russia in its approach to the Middle East is the cooperation with its fellow BRIC countries Brazil, India and China. Unfortunately, an alignment of foreign policy among these countries is hampered by antagonisms within the BRIC bloc, e.g. India's concern over close relations between China and Pakistan and territorial disputes between India and China. Still, there is room not only for economic growth in the BRIC countries but eventually greater cooperation on the political stage. For now however, China is of distinct interest to Russia. The country is expected to soon import about 70% of its oil from the Middle East and because it attaches no conditions to economic relations, it has reached a "deep penetration into the Middle Eastern energy market." Russia is not in direct competition with China over Middle Eastern energy resources, and the two countries have historically had friendly relations. Likewise, Russia is not concerned about a conflict between China and the United States over energy resources; some competition between the two countries may even be to Russia's advantage. But China has dramatically stepped up its activity in the Middle East and become much more assertive – a role reversal of sorts since the days of the Soviet Union. This increase of Chinese and other Asian activity in the Middle East creates the need for Russia to reassess its own role and potentially boost its own activity in the region. However, the Russian desire to play a larger role in the region is curtailed by spending limitations.

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Claire Spencer, Director of the Middle East and North Africa Program at the Royal Institute of International Affairs in London, followed with the presentation of her paper "Europe, The Middle East and Asia," discussing the foreign policy of the European Union and its limitations. These limitations are especially apparent when it comes to not only finding foreign policy positions supported by all 27 member states of the EU, but *acting* on these common positions or even agreeing on time frames. One problem is that the EU-3 (Britain, France and Germany) and to a lesser extent Italy and Spain, carry significantly more weight than other European states, and thus the political influence of the entire EU depends highly on the position of these key EU governments. At the end of the day national interests still outweigh the desire for EU-wide implementation of foreign policy goals, especially where there is commercial competition between member states (e.g. in the Gulf). Where the European Union has been successful in aligning commerce and law within its borders and has also found common ground in what is referred to as "external relations" (i.e. soft power tools like aid programs, customs agreements, cultural exchanges etc.), a common foreign policy is virtually non-existent. The Lisbon Treaty of 2009, which aimed to integrate foreign policy approaches within the European Union, is unlikely to change this situation, and there is little reason to believe that the EU will speak with one voice anytime soon in matters of foreign policy.

When it comes to Europe's relations with the Middle East, the closest cooperation can be found with the neighboring Mediterranean region, but the EU is also pursuing closer ties with the countries of the Gulf Cooperation Council (GCC). Middle Eastern countries outside these two frameworks are all dealt with as separate entities, despite calls for a more comprehensive policy approach to the Middle East as a whole. The Iranian nuclear program is currently the most urgent issue to the EU, and one where it not only seeks common ground and action among its own member states, but looks to Russia and Asia, specifically China in its capacity as a permanent U.N. Security Council member, for cooperation. However, the EU can act only as a supporter of U.S. positions; it does not itself bring enough political weight to the table.

The growing Asian influence in the Middle East as an issue that warrants a common framework approach is not yet receiving the attention it deserves on the EU's Middle East agenda. However, the Asian model of engaging the Middle East on a purely mercantilist basis, with no political conditions attached, has influenced the European's approach to the region. Countries of great economic or strategic importance are dealt with on a more pragmatic rather than normative level, undermining the traditional value-based soft power policies of the EU. Competition with Asian countries in the Middle East over access to oil is not currently a major European concern; it is rather the EU states and private companies in these countries which are competing amongst themselves, e.g. in the development of oil fields. In order to maintain some relevance as a political actor in the region, the European Union needs "a closer assessment of what has fundamentally, as opposed to temporarily, changed in the Middle East." As a second step, the EU needs to devise a more comprehensive policy towards the Middle East, taking into account the realities of a growing Asian influence in the region, and deciding between a renewed focus on its traditional normative policy approach, which has been undermined in both effectiveness and credibility, or continue the current trend of a new mercantilist realpolitik.

The subsequent discussion expanded on the divergent EU and Russian positions and assessments of Asia's growing footprint in the region and of the issue of Iran's nuclear program. The EU is struggling to define its role in an increasingly Asian dominated Middle East; it may not even recognize the extent of Asian involvement. There is an assumption that Asia is only the second best option for Middle Eastern countries and that as long as ties with the EU remain commercial and are not politicized too much, Middle Eastern countries will choose Europe over Asia.

Regarding Iran, there is certainly a sense of urgency on the part of the European Union, whereas from a Russian perspective, the Islamic Republic does not appear as the major threat and regional destabilizing force that the EU and U.S. see in it. Iran always respected Russia's sphere of interests in Central Asia, and in regards to its nuclear capabilities it may simply be "bluffing." Some participants suggested that Russia's assessment of the Iran nuclear program might be driven by a desire to "play the Iran card" for leverage against the West, a notion emphatically rejected by others. Supporting sanctions against Iran are an option for Russia, just not to the extent that the West is pursuing. One participant pointed out that when it comes to sanctions against Iran, Russia is seeking to keep them as *mild* as possible, whereas Germany and other EU states would like to make them as *universal* as possible, both approaches "watering down" the extent of sanctions. The reason for a universal approach as favored by Germany is twofold: German companies have significant commercial relations with Iran, and only widely supported sanctions will assure that Germany does not lose this business while another country steps in. Secondly, a united stand on sanctions would render less credible Iranian claims of sanctions as the work of "a few Western imperialists."

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The last day of the workshop began with a discussion on *Maritime Security and the Indian Ocean*, focusing on the threat environment over the next two decades. With the emergence of several strong Asian actors, rapidly growing trade via sea routes and a predicted decline in U.S. military presence around the world, maritime security, especially in the Indian Ocean region is becoming an increasingly relevant concern. Maritime Security encompasses a wide range of issues, which can be divided into 'ordinary' and 'extraordinary' threats: Ordinary threats include piracy, smuggling, natural resource management, and environmental concerns, whereas extraordinary threats include three functional and three geopolitical challenges. The first functional challenge is the emergence of neo-mercantilist efforts to provide energy security, e.g. China seeking security through "private channels" with privileged access. This leads to the need for protection and in turn to the building of military capabilities to protect privileged areas. Second, there is an integration of littoral/maritime areas of the Indian Ocean and the deep continental hinterland. Examples of this would be China's development of Gwadar, or India's investment in the Iranian port of Chabahar, with the intent to gain trading access to Afghanistan. The third functional issue is the shift from global access to the seas to the control of internal waters, made possible by the U.N. Law of the Sea, Part III. The extension of national sovereignty is enclosing water ways, and the question now is how to protect them.

There are also three geopolitical challenges. The Indian Ocean will become a theater of competition between India and China. For China, the Indian Ocean is a transit problem, for India the Indian Ocean is an existential question. China will have stronger military forces throughout the region, except in the Indian Ocean where India will dominate. India is investing in the islands in the Indian Ocean to keep China out. A second factor is that Western Pacific is emerging as a new theater of competition between the U.S. and China. China will try to make it a "keep-out zone" with relation to its problems with Taiwan. This will put constraints on the U.S. Navy's capability to swing into the Indian Ocean through the South China Sea. Third, the Indian Ocean and Pacific will no longer be separate theaters; there will be an Indo-Pacific theater due primarily to the rise of China, and the fact that China and Japan have rivalries and that India and China also have rivalries. In light of these competitive issues, southeast Asian countries are inviting Japan and India to offset China. All these challenges would be more manageable if there were confidence in sustained U.S. presence in the maritime arena.

However, realistically, U.S. naval presence will decline due to budgetary constraints, which necessitates an approach of 'rebalancing' and 'reform', referring to both a better use of existing resources and re-evaluating current commitments. Over the next two decades, the U.S. Navy may shrink as much as 30%. There needs to be a new focus on maritime security partnerships. The U.S. government has introduced the concept of "Maritime Domain Awareness," an interagency and international maritime security effort. But so far maritime cooperative efforts are being hampered by the lack of transparency and information sharing as well as perceived legitimacy issues. Maritime policy is also being made by different agencies in different countries, which increases integration efforts. One participant noted that the traditional concept of maritime power is still that of the 19^{th} century. Today it is no longer just countries with deep sea navies that have maritime interests, but the littoral states, too, are stake holders in the maritime arena. Another outdated concept is that of navies as representatives of nation states; rather they should be considered 'hybrid actors' in today's maritime arenas.

The best chance of success for cooperation in the maritime arena would be found in homegrown, sub-regional initiatives like MALSINDO (a trilateral anti-piracy patrol force between Indonesia, Malaysia and Singapore). Track II diplomacy involving Pakistan and India could also help diffuse some of the maritime conflicts that could arise between these two major powers. However, engagement alone is not enough to achieve hard security. This security context is still set by the U.S.

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The final session of the workshop focused on *U.S. Foreign Policy and the Asia-Middle East Connection*. Dr. Jerrold Green, President and CEO of the Pacific Council on International Policy presented his paper "U.S. Policy and the Confluence of Asia(s): East, South, and Southwest Asia Converge." The U.S. is facing the end of its position of dominance in the Gulf and the Middle East. Despite having remained largely unchallenged for decades, especially in the Gulf, the U.S. never held a position of true hegemony; its aspirations resulted at best in a "hegemony-light." A number of Asian players are gradually eroding the U.S. monopoly in the region. Their activities are largely economic, but with time may expand to the political realm. While the perspective that the U.S. might loose its position of dominance in the region may concern some, it should be welcomed – to an extent – as a chance for burden sharing. The U.S. with its overstretched military and increasing budgetary constraints could use all the help it can get.

There are four areas where burden sharing between the U.S. and a number of Asian countries should be considered: Iran, the Israeli-Palestinian conflict, Iraq and Afghanistan, and the Indian Ocean, with Iran being perhaps the most complex and risky arena for such burden sharing. The U.S. - Iranian relationship has been so contentious, even hostile, for so long, with the conflict over the Iranian nuclear program bringing it to a new low point, that any message or offer conveyed by the U.S. will be rejected by Iran. Since the major Asian players with their extensive commercial ties to Iran and the entire region are perceived as having no political or ideological agenda, they are perhaps in a position to successfully negotiate with Iran a proposal which would be rejected if coming from the U.S. However, the risk of involving Asian countries on a political level in Iran should not be underestimated. Their interests may only partially overlap with those of the United States, and the outcome of negotiations may not correspond to U.S. expectations. Iraq and Afghanistan are other areas where the United States has to weigh the extent to which involving Asian players would be beneficial to its interests. A drawdown of U.S. troops in both countries is inevitable, and this might happen before they are fully stable. Especially Afghanistan is of great interest to both India and Pakistan, so that an increased involvement of these two players here is quite possible. However, there is also a risk of renewed tensions between the two countries over influence in Afghanistan.

An area where involvement from Asian or any non-Western countries should be "eagerly encouraged" is the Israeli-Palestinian conflict. The supposed influence of the United States on Israeli policies has brought no success in solving or even easing the ongoing conflict. The situation seems so hopelessly gridlocked that the introduction of new players should be welcomed. Israel has good relations with the emerging Asian powers China and India, two increasingly influential countries which would bring no historical or ideological baggage to the negotiating table. Indian Ocean security, and more specifically the fight against piracy in the region, is another area where burden sharing between the United States and various Asian countries is not only necessary but a good opportunity for successful cooperation. Combating piracy is in every country's interest; cooperation is therefore relatively easy to achieve, and the common goal and positive experience could lead to cooperation in other areas. In other areas the increased involvement of major Asian powers might not be in accordance with U.S. interests as these powers assert there own interests, but the U.S. would be ill-advised to attempt to keep these players out as such display of monopolist conduct "frequently leads these actors to force their way in, often by acting as a counterbalance to the pre-eminent monopolist power." Rather, the United States needs to look for ways to include the Asian powers and try to advance its regional interests in this manner.

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In the discussion following this presentation most agreed that a relative decline of U.S. presence in the Middle East, including the Gulf region, is inevitable. However, within the Middle East, the Persian Gulf will likely remain the most relevant subregion for the United States, and the U.S. will keep a presence there to ensure the unobstructed flow of energy. The U.S. needs a benign Gulf region, but not necessarily one without tension. And it will "not loose any sleep over the nature of governments in the Gulf." One discussant suggested that there may not be anyone to replace the kind of security presence the U.S. now has in the Gulf, and that perhaps a full replacement through another external player will not even be necessary. Some suggested 'wild cards' which might delay or reverse the decrease of U.S. engagement in the region, such as a long-term peacekeeping mission in Palestine, even internal U.S. factors, e.g. a strong economic rebound which would allow for a sustained presence. However, most participants agreed that the next decade or two would see a substantial drawdown of U.S. presence and that there is an increasing sense of acceptance of a redistribution of power under the current U.S. administration.

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Finally, participants made suggestions for follow-on meetings. Several proposed to more closely examine other Asian actors, e.g. S. Korea, Indonesia and Malaysia. Others suggested to focus more on specific issues ranging from maritime security to energy technology and to bring in experts, e.g. on maritime law, or businessmen from the region, rather than limiting the participants to scholars and analysts. The lively discussions and numerous and diverse suggestions for topics needing further exploration illustrate the timeliness and relevance of the workshop and the great potential for successful and informative meetings in the future.