

# China's Economic Restructuring and Extension of China's Middle East Strategy

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**Abstract:** *Joint construction of “the Silk Road Economic Belt” and “the Maritime Silk Road of the 21st Century” is not only the objective requirement of China’s further economic development and its deepening reform and opening policy, especially its national strategy of “opening to the west”, but also a major historical opportunity for the development of the Asia-Europe countries particularly the Middle East countries. While Chinese economy achieved remarkable development, the economy of the Middle Eastern countries ploughed through the turmoil and fighting. From the point of view of the global economy, the economies of China and of the Middle East countries are at different stages of historical development. This kind of difference just reflected the complementarity in their economic cooperation. The two sides ought to grasp this historical opportunity, use complementary advantages and achieve win-win cooperation. With the status of the Middle East in China’s diplomacy being definitely rising, China’s Middle East strategy should grasp four points of emphasis, such as expansion of the international political space, strengthening of national security, promotion of trade and economic cooperation, and enhancing soft power.*

**Key Words:** *“One Belt and One Road” Strategy; China’s Economy;*

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*Middle East Economy; China's Middle East Strategy; the Silk Road*

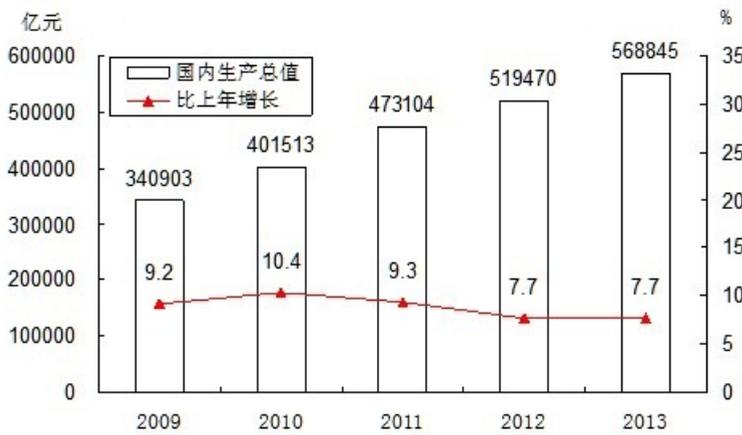
China has achieved remarkable economic growth in recent years. However, the Arab countries in the Middle East are still working on economic development in the midst of turmoil and chaos. This difference precisely reflects the complementarities in the two parties' economic cooperation, clarifying China's economic restructuring from a perspective of global economy and the status quo of Middle East countries' socio-economic development among different historical stages. The two parties should seize opportunities, take advantage of the comparative advantages, and carry out win-win cooperation.

## **I. The Remarkable Economy of China**

### **1) The Rapid Development of China's Economy**

Half a century after the founding of the People's Republic of China (PRC), Beijing has achieved a great economic growth, despite having gone through the blockade from imperialists, which was followed by a severe natural disaster and the impact of the Cultural Revolution. In particular, since the implementation of the Reform and Opening Up policy in the late 1970s, China's economy has maintained a high growth rate and achieved an unprecedented development. China is currently in a stage with sound economic stability, and will continue to maintain growth in a relatively long period of time (see figure below).

Figure 1: China's GDP and Its Growth Rate from 2009 to 2013



**Source:** National Bureau of Statistics, *National Economic and Social Development Statistics Report of the People's Republic of China 2013*, February 24, 2014.

With the Asian financial crises since the 20th century, the Latin American financial crisis at the beginning of this century, and the recent global financial crisis triggered by the US, China, as a rising economy, has achieved an outstanding performance which is universally recognized. China adequately proves that it has become a great power which has a significant impact on the global economy. Moreover, China's economic development is also exerting extensive and far-reaching influence on the world economy. In this way, China has become the "engine" of the world's economic growth.

## 2) Changes in the Economic Structure

In the early 1950s, China was still a traditional agricultural country. Agricultural output accounted for more than half of the national economic output. There was barely any substantial industry, let alone an independent and complete national industrial system. Moreover, China even had to rely on imports for many industrial and household items. Chinese people may still have a fresh memory on the so-called "western fire", "western nails" and "western oil" which refer to matches, nails, and kerosene, which were all from the western countries. This may sound unreasonable for a country with one-fifth of the world's population. However, it does precisely reflect the actual

level of China's industrial development at that time. Nevertheless, fortunately, after decades of hard work and development, China has successfully established a complete modern industrial system. China not only succeeded in the industries of mining equipment, metallurgical equipment, power generation equipment, oil refining equipment, high-precision machine tools, automobiles, ships, aircraft and other traditional industry in various categories, but also built a new industry system, including industries of petrochemical, electronics, atomic energy, aerospace and so on. By the late 1990s, China's productions of steel, coal, clothing, cement, televisions, digital program-controlled switches as well as cereals, cotton, fruit and meat production had been ranked the first in the world. China has only 10% of the world's arable land, but successfully feed up to 22% of the world's population. Accordingly, the industrial structure in this economy has undergone significant changes. In 1952, the share of agriculture, industry and services in total GDP were 50.5%, 20.9% and 28.6% respectively. Agriculture dominated China's national economy at that time. In 1970, the proportion of agriculture, industry and services were 35.2%, 40.5% and 24.3%, respectively. In other words, since the 1970s, the industrial output value has exceeded agricultural output value, and industry sector has gradually become the dominant economic sector. In recent years, industrial output has accounted for more than 50% of total output all the time. In 2003, the proportion of industry output in GDP reached 52.9%, while agriculture and services sector accounted for 14.7% and 32.3% in GDP, respectively. After the adjustment and transformation of economic growth mode in recent years, agriculture accounted for 10% of the GDP in 2013, industry for 43.9%, and services for 46.1%.<sup>①</sup> After decades of development, China has evolved from an agricultural society to an industrial society in

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<sup>①</sup> The above data are primarily drawn from 1) *National Economic and Social Development Statistics Report of the People's Republic of China 2013*, 2) *National Economic and Social Development Statistics Report of the People's Republic of China 2003*, 3) *National Economic and Social Development Statistics Report of the People's Republic of China 2002*, etc. Accessed via [http://www.stats.gov.cn/tjsj/zxfb/201402/t20140224\\_514970.html](http://www.stats.gov.cn/tjsj/zxfb/201402/t20140224_514970.html) and <http://www.xinhuanet.com/xhzt/>.

interim, and is currently in the “First Stage of Modernization”. Meanwhile, many important factors of the “Second Stage of Modernization” have also been rooted in China.<sup>①</sup> Currently, China has formed an economic structure combined with industrialization and computerization, as well as coexistence of the first stage and the second stage of modernization.

### 3) The High-Tech Industry of the World’s Advanced Level

In order to accelerate the applications of scientific and technological achievements and promote the development of high-tech industries, China has not only established a complete modern industrial system, but also adopted a series of policies to encourage and stimulate the development of high-tech enterprises. This results in the establishment of high-tech industries represented by microelectronics, optoelectronics, communications, computers and software, biomedical, advanced manufacturing technology, new energy and new materials, etc. Space technology is an important component of the contemporary high-tech industry, and is a measure of the modernization in the national economy, represents the level of national science and technology, and is an important indicator of comprehensive national power. Since April 1970, when the first artificial Earth satellite was launched, China has launched more than 100 satellites. Manned spaceflight is the most challenging area in the contemporary high technology industry. In November 2010, China’s Shenzhou 8 and Tiangong 1 docked successfully. In December 2013, China successfully placed Change 3 into the designed orbit, and the lunar rover “Jade Rabbit” successfully landed on the moon. Currently, the Beidou satellite navigation system has started to provide services, indicating that China’s space technology has reached the world’s advanced level. At present, China has developed six series of satellites,

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<sup>①</sup> The First Stage of Modernization refers to the development of a modern industrial economy, which is characterized by the process of transformation from the agricultural era to the industrial era, and from an agricultural society to an industrial society; The Second Stage of Modernization means the development of the knowledge economy, which is characterized by the process of the transformation from the industrial age to the information era, and from industrial society to a knowledge and information dominated society.

including remote-sensing satellites, communications and broadcasting satellites, meteorological satellites, scientific and technological experiment satellites, Earth resources satellites and navigation and positioning satellites, forming a small production capacity. China has built a high level and well-functioning system of spacecraft design, development, production, and testing and technology development, with sound research capabilities on all kinds of space crafts.

4) Although Chinese Economy Has achieved Great Development, There are Still Some Problems to Be Solved

Due to a large population base, the current per capita GDP of China is only over \$6,000 (in 2012, China's per capita GDP was \$ 6,091) (World Bank). There is a large imbalance in national economic development, namely, the imbalance in economic development between the southeast coastal areas and the northwest regions, as well as between major cities and outlying areas, which have affected the overall growth rate of the national economy. Furthermore, China's industrial structure is not quite rational. Labor-intensive industries still occupy a large proportion of the entire business, particularly in the northwest China and the outlying areas. This calls for an urgent adjustment to achieve further development. China's intellectual property rights have a relatively small share in the high-tech industry, which requires further investments and efforts in research and development<sup>①</sup>, in order to gain a comparative advantage in the globalization. Energy issues have become a bottleneck that put constraints over further development of the entire economy.

## **II. Economic Development in the Middle East Amidst Turmoil**

From the perspective of social development processes, the Middle East is still in a transitional stage from a traditional to a modern society. It has some basic features: Although many countries have

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<sup>①</sup> Current investment in R & D expenditure is about 1 trillion Yuan per year, which accounts for 2% of total GDP. However, the amount has reached 1.1906 trillion Yuan in 2013.

gotten rid of colonialism and established nationalist regimes, the traditional political phenomenon still exists; in the economic field, although some Middle East countries have realized a high level of development in certain economic sectors, their social and economic structures are still not modernized. Compared with other countries and regions in the world, the economic development in the Middle East countries is accompanied with long-term instability and turmoil, and is particularly difficult to achieve.

Due to the variation in social and historical conditions, resources, and economic fundamentals, the Middle East countries have chosen different paths of development in the process of modernization. These paths can be divided into the following categories:

1) Import Substitution Strategy or Inward-Looking Model of Development

This mode mainly represents countries such as Turkey, Egypt, Algeria, Syria and Iraq. These countries have had certain level of the industrial fundamentals, and are relatively populous with a large consumer market. They are more suitable for the import substitution economy. Among them, Turkey and Egypt, the two “early birds”, have achieved great success. From the 1950s to the 1960s, the Middle East countries implemented the strategy of import substitution industrialization and gave priority to the national industrial development, usually through states’ control over the economy. Despite the fact that some countries encountered setbacks and made mistakes during the implementation of the import substitution strategy, this economic development and modernization strategy is still an important exploration for the Third World countries to realize national independence and achieve social and economic development goals, under certain historical conditions.

2) The Oil-Dependent Mode of Modernization

This pattern mainly works for the Gulf oil producers, including Saudi Arabia, Kuwait, Bahrain, Qatar, Oman and the United Arab Emirates. Libya in North Africa can also be classified into this group. These countries lack resources, except oil. They have small populations, and thus suffer from labor shortages, and their main

traditional industry is agriculture. The six Gulf oil-producing countries, along with Libya, have large shares in the world oil industry in terms of oil reserves, production and exports. In 1972, the seven countries had crude oil production of about 59.4 million barrels, accounting for around 31% of the global crude oil production. In the same year, these countries' crude oil exports were up to 53.6 billion barrels, accounting for 53% of world oil exports (OPEC, 1982: 13). Substantial petrodollars income drives the oil-producing countries to increase investment, make plans on large-scale economic developments, and accelerate the process of modernization. For these countries, on one hand, oil is the force for economic development, but on the other hand, oil is also a restricting factor. For example, fluctuations in oil prices in the international market not only affect the balance of payments of these countries, but also have an impact on their industrial structures and the pace of their economic development.

### 3) Depending On Primary Products Exports or Alternative Development Model

This mode represents some countries of relatively poor economic conditions, such as Jordan, Tunisia, Morocco, Sudan and Yemen. These countries have relatively weak economic foundations, small population, and poor natural conditions. In their history, these countries mainly relied on exports of a few kinds of primary minerals and agricultural products to maintain the national economy. For instance, Tunisia exports phosphate mines; and Sudan, Afghanistan and Yemen export cotton. After their national independence, these countries have implemented a series of nationalization policies. However, due to the limited resources and the poor foundation of domestic industrial production, they were not able to carry out the import substitution strategy as the first group of countries did. Neither could they have the advantage in oil resources as the Gulf States had. Therefore, these countries have established an export-oriented economy. They inevitably have to rely on exports of raw materials and primary agricultural products, as well as continuous efforts of expanding export range, in exchange for the necessary industrial

products.

With these three models, the Middle East Arab countries achieved certain levels of modernization since their national independence and until the 1970s. Although their paths of development vary, the basic common goal is to develop national economy, enhance national power, and narrow the gap with the developed countries. Due to the over-anxiousness and policy failures, some countries suffered a number of problems, such as national development imbalances, overinvestment, and large debts. In the 1980s, most Middle Eastern countries made some adjustments on their economic and social development strategies.

Currently, the Middle East countries are still relatively underdeveloped. Following the law of uneven economic development, especially due to the long-term instability and wars, the Middle East countries are trapped in a lower level of development. These countries can be divided into several groups: A) some individual countries have achieved a relatively high level of industrialization, and their science and technology are relatively well developed; B) a small number of countries already have a good foundation of industrialization, and their manufacturing sector is able to meet the countries' needs to a certain extent. However, compared to the developed countries, they still lag behind. They have some fundamentals in science and technology, but still lack innovation; C) In some countries, industrialization has just started, and the whole country is still underdeveloped; D) the "modernization" is purchased with petrodollars. These countries still rely on the exports of raw materials (oil or gas) in exchange for petrodollars. The first group mainly consists of non- Arab countries, such as Israel, Turkey and Iran. Arab countries generally belong to the remaining three categories. Overall, Arab countries are still in a relatively undeveloped stage and in the "fringe" of the global economy, compared to other countries and other regions. Nevertheless, with the impact of globalization, they may be further marginalized. As a result, some countries may become poorer. The gap between the developed countries will widen, and so does the gap among countries in the Middle.

According to the World Bank statistics, per capita GDP of the Arab countries is about \$6000 (close to China's per capita GDP). Certainly, a small number of oil-exporting countries have already joined the club of rich states, with per capita GDP of about \$30,000 to \$40,000. Qatar's per capita GDP is up to \$ 89,736 (in 2011) (World Bank). However, even these countries fail to get rid of the reliance on resource exporting.

### **III. Recognize the Historic Opportunity of Economic Development**

Half a century after World War II, countries which gained independence and liberation started the pursuit of economic revitalization and marched on the path of development and national self-reliance. They struggled in trials and errors, but few gained success. In particular, under the impact of the wave of globalization, the gap between developed countries and the majority of developing countries widened further. In contrast, 60 years after the founding of the PRC, China not only solved the problem of feeding 1.3 billion people, but also quickly established a complete national economic system. Moreover, it has also built a technological innovation system, and has achieved unprecedented economic development on its way to modernization. China has caught world attention by quickly narrowing the gap with the developed countries. In 2010, China became the world's second largest economy. Nowadays, the United States is powerful, China is attractive, and the Soviet model has become history. Moreover, China has a unique prospect. In particular, during the global financial crisis triggered by the US, China not only maintained its rapid growth, but also made important contributions to the world economy. In general, China has entered a new stage of development and is restructuring its economic growth model. However, China also faces imbalances in regional development. To solve this problem, China is working on the "western development program", the "Silk Road economic belt" program, the "Eurasian Continental Bridge Plan", and the revitalization program of the

“Marine Silk Road”. The success of western development program weighs as much as the creation of a new economy, as it has doubled the national output and truly realized the “China Dream”.

Despite the fact that the political crisis in the Middle East is not over yet, with some countries still facing long-term turmoil (Afghanistan , Iraq, Libya , Syria, Egypt are still in a relatively large scale of turmoil , and some countries are even still at war ), Middle East countries are currently in a social transition when the conflicts outbreak. However, from the perspective of Middle East social and historical development, they are also in the midst of a development process that ranges from chaos to stability. There is no doubt that the Middle East countries will step out of the political crises which have led to unrest, get rid of the shadow of wars as well as their negative effects, and gradually move towards democracy, the rule of law and stable societies. Certainly, this process should take a relatively long period of time. But we must be aware that both China and the Middle East countries are in a stage of historical development with challenges, risks and opportunities. Many countries around the world have benefited from China’s economic development in varying degrees. How can the Middle East and the Arab countries seize the opportunity that comes along with China’s development, especially development opportunities from China’s economic restructuring in recent years, to promote their own economic development? We wish that when we realize the “China Dream”, the Arab countries will not only be happy for us, but will also achieve their own “Arab Dream”, and the two sides can work together on making more contribution to world peace.

There is no doubt that China is much ahead compared to many Middle Eastern countries along the world economic and industrial chain. Their differences in economic development levels, industrial structure and resources result in the complementarity in the economic cooperation between China and Middle East countries. The both sides need each other. This has become an important condition for China and the Middle East countries to further develop mutually beneficial and win-win economic cooperation. Currently, China is restructuring its economic growth mode, replacing previous non-environmentally

friendly, high energy consuming and low-tech industries with more environmentally friendly, energy-saving, and high-tech industries. This is another historical opportunity for win-win cooperation. Therefore, Chinese enterprises should accelerate their implementation of the “going out” policy. Meanwhile, Middle Eastern countries should create a more secure environment, seize the historic opportunity resulting from China’s transformation of its economic development pattern, upgrade the economic, scientific and technological cooperation with China, gradually improve their own industrial development and the level of science and technology standards, and increase cooperation in the financial sector. China’s implementation of the western development strategy, as well as its transformation of economic growth pattern, is an opportunity for Middle East countries, providing a tremendous market. At the same time, Chinese capital can flow into the Middle East markets timely and increasingly, promoting the financial cooperation between the two sides. The two can also deepen their cooperation in the energy sector, including oil exploration and refining, as well as other upstream or downstream fields. Its significance lies not only in improving the security of energy cooperation between the two sides, but also in bringing large amount of money to the Middle East countries. Thus, the Middle East countries can have the capacity, as well as a more favorable cost-benefit balance, to improve their industrial structures, increase employment opportunities, and enhance their overall economic power and to further promote sustainable social and economic development.

China is a big country, but has yet to be a great power. Many outlying areas of China have poor economic developments, and some areas have not completely eradicated poverty, which is undesirable. There is a gap between China and the developed countries in both the level of industrial modernization and the level of science and technology. Nevertheless, China and the Middle East states and Arab countries have made remarkable achievements in their previous cooperation and exchanges. In contrast, Western countries left a more painful legacy than benefits to the Middle East

countries: In the history of the West-Middle East exchanges, Western colonialism used slavery and exerted oppression on the local people. Currently, the Western states are using subversion and interference in Middle East and Arab countries (through Afghanistan war, Iraq war, Libya war, and the interference in Syria, etc.); moreover, the so-called economic aid also usually comes with a variety of political constraints. Therefore, there is no reason that the Middle East and Arab countries not cooperate with China.

#### **IV. Middle East in the Strategic Position in China's Diplomacy**

China and Middle Eastern countries share a long history of exchanges and currently maintain friendly partner relations of mutual support and mutual benefit. During the process of integrating into the world, the Middle East countries are China's important partners. The Middle East is also an important arena for China to demonstrate its power, and an important factor for China's rise and relations with other states in the great powers game. The pattern of cooperation between China and Middle East countries has broken the "rules of the game" established by the Western countries. A harmonious world will be the "China Model" in dealing with international issues.

1) The Middle East Is an Important Region in China's Relations with Great Powers and in the Great Power Game

After the end of the Cold War, China's relations with the United States and other Western countries have greatly improved. Nevertheless, the United States and other Western countries are still wary of China. Furthermore, it will still be difficult to eliminate their containment of China in the foreseeable future. China's rise is not only facing an unfavorable external environment, but is also facing a very serious challenge. The Middle East is China's "extended peripheral areas" and recently, this concept has evolved into the "Grand surrounding areas". China has crucial political interests, energy and trade interests, security interests (fighting ethnic separatism, religious

extremism, and terrorism) in the Middle East. China and Middle Eastern countries have maintained long-term friendly and cooperative relations - including the frequent high-level visits to the Middle East countries, the establishment of ministerial consultation mechanisms, and the establishment of strategic partnerships from one point to the whole area with the Middle East countries. China has also maintained good "connections" in the Middle East - including cooperation in the economy, trade, energy and many other areas, and Chinese aid and its popular medical team to the Middle East, as well as cultural exchanges and cooperation. These are the important political and diplomatic resources we have in this region. When the United States and other Western countries exert pressure on and containment of China, the political and diplomatic resources in the Middle East become extremely important. Friendship and the cooperative relations between China and Middle Eastern countries have eliminated the pressure exerted by the United States and other Western countries to some extent. Developing relations with Middle East countries is not only in line with China's interests in this region, but also an important tool for China to balance against other big powers, especially the US.. China can contain the United States on issues related to the Middle East, as well as cooperate with the United States and other major powers on some common interests (such as counter-terrorism, combating piracy, etc.).

## 2) The Middle East Is an Arena for China to Show Its Power and Expand Its Influence

Over one hundred years since the Opium War, China has been a big but weak country, and was highly vulnerable to the outside world. Since the mid-20th century (after the founding of the PRC in 1949) this situation has gradually improved. After the late 20th century, particularly in the beginning of the 21st century, China's passive role in international relations is changing rapidly (or has even completely changed). China will be increasingly proactive in influencing the surrounding areas and the world. The Middle East serves as an important place for China to expand its international influence and show its capability as a great power. The world needs China, so China

should play a greater role and have more influence in the world. In particular, when developing countries in the Third World are striving to find a way of development, China serves as a model for the least developed countries in terms of social and economic development, and even political developments (although due to social, historical, and political particularities, this mode of development is not easy to imitate, but the model itself is a contribution to the development of human beings).

### 3) China Should Play a Greater Role in Middle Eastern Affairs

China has maintained a good relationship with Middle East countries for a long time and has accumulated rich political and diplomatic capital in the Middle East. China should play a greater role in addressing major issues such as the Syrian war, the Arab-Israeli conflicts, the Iraq issue, and the Iranian nuclear issue, Afghanistan issues, and so on. These issues are complex and cannot be solved in the short term. This requires China to play a role in the Middle East. Beijing should not only keep a low profile, but also make a difference. If China fails to effectively use the political and diplomatic resources, it will have to face a continued loss of resources, and it will become farther away from “making a difference”. Coordinating good relations with Middle Eastern countries will help China further expand its diplomatic resources and better serve domestic economic construction. In its cooperation with countries in the Middle East and Africa, China has never attached any political conditions. This practice has deeply impressed China’s partners, winning respect and trust of the Middle East and African countries, and contributing to further development of bilateral relationship. In fact, the Chinese way of cooperation with the Middle Eastern and African countries has broken the “rules of the game” set by United States and other Western countries, and is an effort to establish a new world order .

## **V. Main Points in Expanding China’s Middle East Strategy**

Given the importance of the Middle East in world politics, economy and military affairs and China’s critical interests in the

Middle East, China should have a systematic strategy in the Middle East. The systematic strategy we are talking about is not a rigid "model", but instead, is the establishment of a "relatively open strategic system". The so-called relatively "open" means when the basic strategic objectives are identified, adjustments and revisions can be made to the strategy system, according to the changes in the global situation. In this way, our Middle East policy can not only adapt to meet the practical needs of developments at home and abroad, but also serving as the strategic plans in the long run. This includes:

First, from the aspect of international politics:

1) The development of relations with Middle East countries is conducive to China's needs for a peaceful external environment for further development.

The external environment for China's rise is not optimistic. United States and other Western countries attached almost every issue to the "China threat" theory. The Middle East is an extensive region of China's surrounding area; therefore, the development of friendship with Middle East countries, to some extent, can help eliminate the negative impact from the United States and other Western countries. After World War II, China and Middle East countries cooperated and supported each other in the struggle for national independence and liberation, as well as socio-economic development. This has laid a good foundation for cooperative relationship, which is an important political resource of great use.

2) To show power and expand influence in the Middle East

China will be increasingly active in expanding its influence on the surrounding areas and the world. The Middle East is an important stage for China to expand its international influence as well as show its capability as a great power.

3) Connection with the Middle East is also an important means of regulating China's relations with great powers

Since the end of the Cold War, China's relations with the United States and other Western countries have greatly improved. Nevertheless, the United States and other Western countries are still wary of China and it will still be difficult to thwart their containment

of China in the foreseeable future. US long-term policy toward China in the future will still be the “4 C” policy, which is Cooperation, Competition, Containment, and Control. Therefore, hot and major issues regarding the Middle East should be an important chance for China to manage the relations with major powers. The great powers also need China to play a role.

4) To play a greater role in the Middle East

Political and diplomatic resources are different from other resources. If properly utilized, they will increase in value, rather than depreciating. In contrast, if improperly used or miss the right time, it will be lost and devalued. China should play a greater role on major issues such as the Syrian civil war, the Arab-Israeli conflict, Iraq issue, the Iranian nuclear issue, Afghanistan issues and so on. China should not only keep a low profile, but also make a difference. If China fails to effectively use the political and diplomatic resources, it will have to face a continued loss of resources, and it will become farther away from “making a difference”.

Second, in terms of national security:

1) To ensure China’s security interests by fighting the “three evil forces”.

Over a long period in the future, religious extremism and ethnic separatism will still have great influence in the Middle East. They may even turn into the “spiritual power” of the “three forces” directly. Terrorism, like the spread of malignant tumor, will be a “threat” to the security interests of our country, especially their noticeable influence in the west of China. The threat I am talking about is neither how powerful it would be, nor how serious situations it may result in. Instead, it is a factor of security risk and uncertainties, especially the direct and indirect negative effects of terrorism, which deserve our attention.

2) China will need support from the Middle East countries on the Taiwan issue.

In recent years, the “Taiwan independence” protagonists took a variety of means and did their best to implement “jurisprudential independence of Taiwan”, “money diplomacy”, and “De-Sinicization”.

Most countries in the world hold the stance of “one China”, including some Western states (even though they also engage in some diversionary tricks). Overall, on the Taiwan issue, the Middle East countries support the “one China” policy.

3) China should clarify its national security interests and set up a “security red line”.

On security issues, friendly Middle East countries and the world should be allowed to have a clear understanding of China's core interests. China should even establish clear “red lines”, emphasizing that our security interests and core interests are inviolable. Both governments and think tanks should be informed of this by all means, for example, through declaration of foreign policy, diplomatic channels of communication, and public speech of Chinese scholars. China should switch from remedy (after the damage is done) to proactive prevention. Under the premise of understanding and being clear about China's security interests, countries in the Middle East that are friendly to China can meet the requirements, or at least not to support the “three evil forces”.

4) Appropriate military trade is an important step to deepen relations with Middle East countries.

Pioneering the field of military cooperation and trade between China and the Middle East countries should be an integral part of security cooperation. Expanding cooperation in military trade will also contribute to cooperation in other security areas. Objectively speaking, due to the long-term instability in the Middle East, to strengthen security and to improve the safety factors are the practical needs of the Middle East countries. In the past, military trade was dominated by United States and other Western countries. However, we believe that China may have the opportunity to break this monopoly. This can be an extension and supplement to the trade and economic cooperation, as well as an important channel for the Middle East countries to further understand China and an important way to present China's science and technology achievements. Meanwhile, it also helps to reduce Middle East countries' reliance on Western countries, weakening the influence of Western countries.

Third, in terms of enhancing economic and financial cooperation

1) To development win-win economic cooperation.

China should expand overseas markets and improve its science and technology capability, in order to lay the foundation for the transformation of economic development model and the upgrade of industrial technology, and meanwhile, bring benefits in economic development to partners and consolidate China's political influence in the Middle East. Different levels of economic development and industrial structures have resulted in the complementarities in the economic and trade cooperation between China and Middle East countries. The two sides need each other. This situation becomes an important condition for a win-win economic cooperation between China and the Middle East countries. Therefore, the two parties have a very promising future in economic and trade cooperation. With the market barriers of the developed countries in place, the Middle East market could even be said to be "invaluable".

2) To attract investment from the Middle East countries.

Arab foreign investments are estimated to be about \$1.3 trillion, of which around 80% are from investors in the Gulf countries (The Middle East, 2004: 55). The subtle changes in US relations with Arab countries after the 9/11 have led to outflows of Arab foreign assets from the US market (estimated at nearly \$ 200 billion). These property owners are looking for a better and more secure investment destination. China's Western Development Strategy is an opportunity, as well as a huge market, for the Middle East countries. China's northwestern region has a similar geographical environment to Middle Eastern countries, and also a place where Chinese Muslims live. This region used to connect Middle East countries and China. Also, the two parties made exchanges frequently in the history. This offers exceptional conditions for Middle East countries to participate in China's Western Development Program and realize win-win cooperation.

3) To deepen cooperation in energy

Previous cooperation between China and Middle East countries in the energy sector focused on crude oil import and export. However,

oil exploration, refining and other upstream and downstream areas were seldom covered. China and Middle East countries should strengthen cooperation in these fields when deepening cooperation in the energy sector. Its significance lies in improving the security of energy cooperation between the two sides: When China imports a large amount of oil, the Middle East oil-producing countries also need to maintain a stable supply relationship with China to ensure that oil is sold and they receive lucrative oil revenues. If oil producers in the Middle East expand cooperation with Chinese enterprises in upstream and downstream industries, they can break the monopoly of the Western countries and reduce their reliance on the western states, thus enhance their energy security. Moreover, oil refining and other deep-processing industries can not only generate higher added value, but also improve the industrial structure, increase employment and ease the pressure from local unemployed people.

4) Chinese enterprises should accelerate their “going-out” strategy. Given long-term good relations between China and Middle East countries and their win-win cooperation which both have been consistently adhering to, the Middle East countries should create a more secure environment, seize the historic opportunity resulted from China’s transformation of its economic development pattern, enhance economic cooperation with China, especially in the industrial manufacturing sector, and gradually improve the country’s industrial development and the level of science and technology. Chinese enterprises should also be taking a bigger step to “go out”, helping the Middle East countries on one hand, and improving themselves in the international market through trials and errors.

Fourth, improving soft power

1) To use various forms to promote and expand China’s influence

Many countries have recognized, accepted and are following the “China model”, which is an opportunity that China can take advantage of, in order to further promote the “China model” timely, accurately and effectively. The Confucius Institutes over the world, Chinese food, Chinese medicine and “Chinese Kung Fu”, which are popular in the Middle East and Africa, are all useful resources that

China can use to increase its soft power.

Regarding foreign policy, China should adhere to its “principles of independence”, and pay attention to the distance with the hegemonic behavior of the United States and Western countries. On major issues related to the Middle East, such as the Syrian civil war, the Palestinian-Israeli conflicts, the Iraq and the Iranian nuclear issues, China should insist on independent foreign policy, highlighting its image of a responsible country. Recently, China launched several Arabic TV programs. This provides a good platform to expand exchanges with Middle East countries and popularize Chinese culture, diplomatic, and political philosophy. At the same time, we should also pay attention to improve our “operating skills”. These programs should be the ones welcomed by the Middle East audience. We should avoid leaving the impression of “rigid propaganda” to the audience. How to serve more “public goods” to the international community is a major practical issue that needs to be addressed urgently.

2) To build a harmonious world with the China model

The fact that Middle East countries emphasize developing relations with China fully explains the rapid increase in China’s influence. As a result, China should and can play a greater role in the Middle East. China, as a responsible great power, should contribute more public goods to the world. This does not limit in the field of industrial production of “Made in China. We are pleased to see that in recent years, public goods from China to the international community have gradually increased, of which the most important is the diplomatic philosophy on building a “harmonious world”. A harmonious world is an ultimate goal of human beings. To be specific, peace is just a basic objective, namely the elimination of war, conflict and disputes. Building a harmonious society is a pursuit of a higher level, i.e., a better society.

Beyond the proposing the “Chinese philosophy”, China as well as the international community should work together on turning it from philosophy to consensus and real actions. As mentioned earlier, the United States has the world’s most powerful military capabilities, but is still caught in the “Middle East dilemma”. In contrast, the “peace

diplomacy" has more durable and lingering power with more vitality. Therefore, when the international community named the rapid development of China as the "China model", we should adhere to the diplomatic philosophy of "harmonious world", thus making it a "China Model" on the issues of international relations.

3) To strengthen self-discipline, and establish a good international image and reputation

China should enhance its management and self-discipline on the way to globalization. This not only means to pay attention to the reality and the immediate benefits in international trade activities, but also indicates that there should be a long-term strategic goal and a plan. China should not "exploit" its resources and trade its future welfare for present profits. Otherwise, it will lose significant markets and long-term interests, as well as destroy its good image and reputation in the international arena. As a result, China should establish rules, and even legislation, to establish an effective monitoring system and mechanisms to protect the long-term interests of legal and law-abiding enterprises. In this way, China can maintain a positive image and a good reputation in the world.

## Reference

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