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From Soft Power to Hard Power: China in the Arabian Gulf

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Abstract

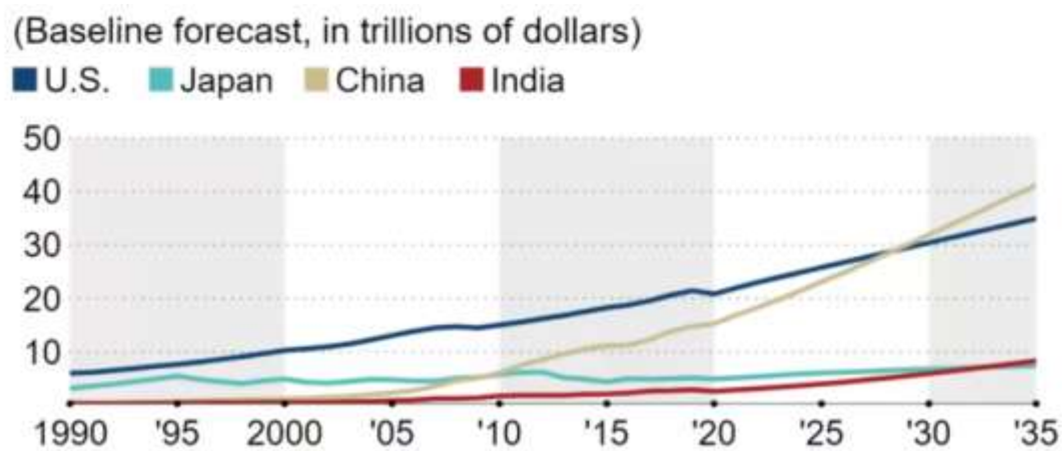
During the Cold War, the Gulf countries and China were on different pacts. Although China began to establish relations with the West after 1978, the Gulf remained cold to China for ideological, political, historical, and possibly religious reasons. Following the discovery that these differences do not impede West's economic relations with China, the Gulf began to establish economic relations with China in the last two decades. All Gulf states have military agreements with the UK and the US. However, negative developments between the Gulf and the West, such as decreasing demand for Gulf oil, OPEC+ refusing oil production in order to increase demand, the European Parliament's suspending GCC-EU institutional relations, human rights, and political critics from Euro-Atlantic zone countries, have pushed Gulf countries to the awaiting China. Over the last decade, China has been economically rising in the Arabian Gulf through FDIs, investments, economic agreements, and China's massive demand for Gulf oil, industrial goods, and military industry with the Gulf being the world's largest importing region. These economic ties help China and the Arabian Gulf establish international, security, and political ties. Today, China is a soft power in the Gulf, challenging the US as the world's hegemon power, at least economically, but it is clear that through the Belt and Road Initiative (BRI), China-Pakistan Economic Corridor (CPEC), security agreements, and projected military bases in the region, it will soon become a hard power. The major point is how the US will react to it. Will the US take aggressive measures against the challenger China, or will it implement some captivating projects for the Arabian Gulf countries, or let the China and the Arabian Gulf to expand their relations?

Keywords: Arabian Gulf-China Relations, Economic Security, Gulf Studies, CPEC, Chinese Political Economy, US-China Competition, Gulf Security.

1- Introduction: Economic and Military Rivalry of the US and China in the World Stage

Today international system without a doubt is a unipolar system and the United States is the declining sole hegemon power and the leader of it (at the moment). In rhetoric, hegemon power's hard (economy, military, county size, population, and natural resources) and soft power (Governmental skills, diplomatic skills, national morale, and dominant culture) components should be equal or higher than the following challenger (great) powers and its allies and bandwagons' cumulative combination. Therefore, the US economy, military, population, etc. is not higher than Russia and China. That is why; the US now is called "declining" hegemon power, but still hegemon power. Hegemon power should reach everywhere militarily and economically which is going on today. In theory, "challenger" to the hegemon power too, within the international system should reach any part of the world by all meanings of hard and soft power components. In addition to that, trends, and figures should also show that the challenger power would catch the hegemon power's capacities and capabilities in the recent future. Current data shows that China is going to catch the American economy, when we look at the growth rates, in 2032. According to almost all Asian scholars, the Chinese economy is likely to surpass that of the US in either 2028 or 2029 a new study by the Japan Center for Economic Research shows.

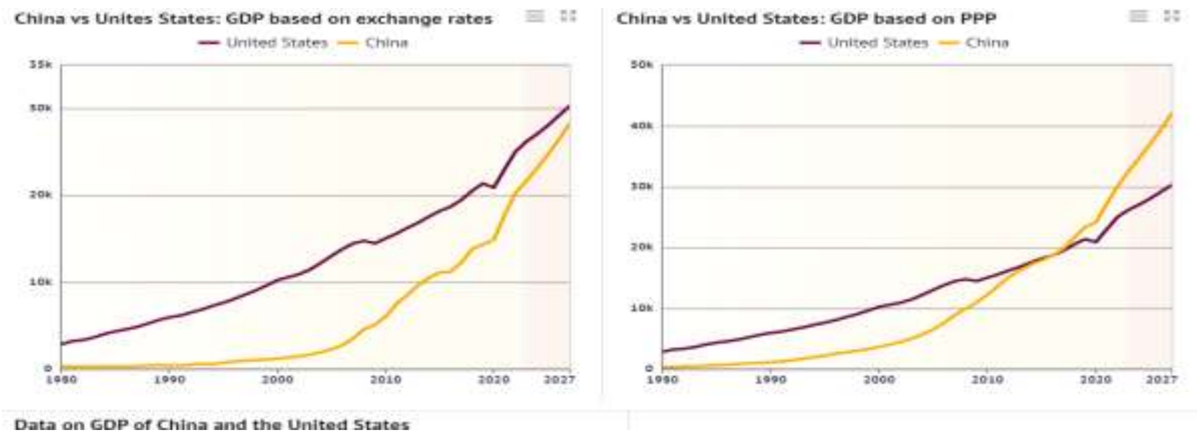
Figure 1: Nominal GDP of Selected Countries, 1995-2035.



Source: Uehara, (2020); Japan Center for Economic Research (2020)

As seen above figure, Chinese nominal GDP catches the American GDP in 2028 with the level of 29. The other followers in Asia, India and Japan are in competition in low level comparatively to two giants. Some other scholars with the different calculation technique, based on the exchange rates, find the same year of catching the Chinese growth to the US. For example, Knoema also calculates that China will catch the US in 2028 in the following figure.

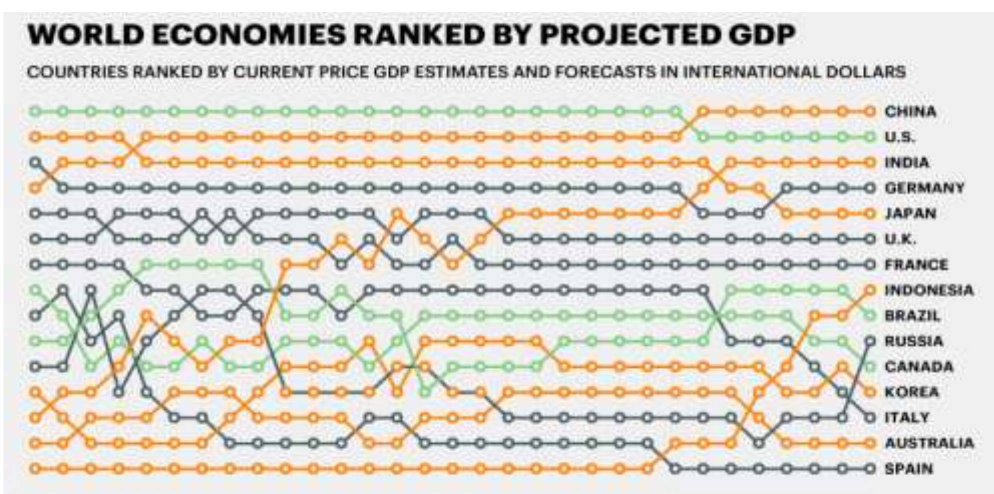
Figure 2: GDP Based on the Exchange Rates Comparison (1980-2027)



Source: Knoema, 2022

Perhaps even more notable is that total GDP is predicted to then double to $200 trillion by 2035. In part, the current surge reflects how effectively the world's biggest economies have adjusted to the pandemic. However, rising inflation, particularly in the US, is playing an even bigger role in driving up GDP right now than true organic growth. According to Fortune, China is expected to pass the U.S. as the world's largest economy in 2030 (Rapp and O'Keefe, 2022). Especially realist scholars claim that the US will not watch China taking its seat from itself and will take necessary actions to prevent it.

Figure 3: World Economies Ranked by Projected GDP (1990-2040)



Source: Center for Economics and Business Research, 2022; Fortune, 2022.

As seen in the above figure, Indonesia and Russia make the biggest jump in GDP, while an enormous drop is seen by Italy. China and the US change their ranks in the last eight steps, which are

2030, according to the Center for Economics and Business Research. This study was published in Fortune in January 2022.

When we look at the two last decades, 2002 and 2022, it is seen that China duplicated its share of global GDP (PPP, US Dollars). 20 years before, China was less than half of the US with 8.1 % of the world GDP but caught and passed the US and the 27 countries of the European Union (EU) by rising 10.7% despite the pandemic. While the US had 19.8% of the world share, it decreased to 15.8% in 2022 while the EU dropped from 19.9% to 14.8% in the last decade.

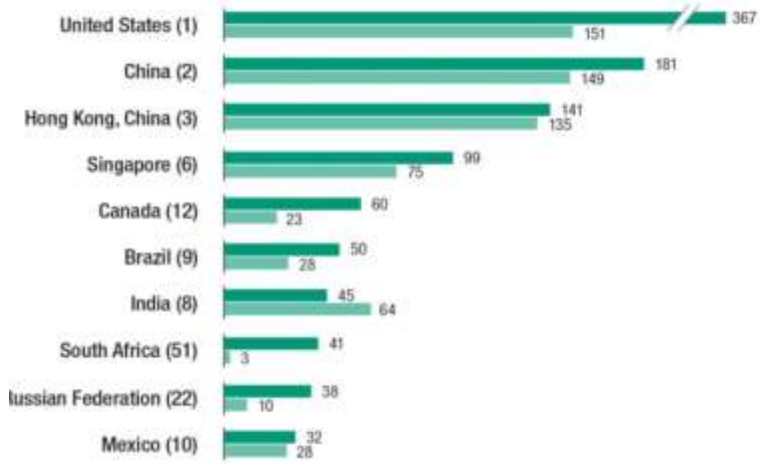
Figure 4: China, US, EU: Share of Global GDP 2002-2022 (PPP, Current USD)

Source: Richter (2022); Statista and IMF (2022)

So, although the EU, was the world leader in GDP global share 20 years before, it became the biggest loser in comparison with the US and China, with its 27 members after Brexit. The US is the second loser with its 4% drop and still has 15.8% shares of the world. But the winner of the 20 years is China with its vast population and vivid economy.

When it comes to Foreign Direct Investment (FDI), as seen in the following figure, the coronavirus pandemic majorly upset the flows of FDI in 2020 – with the result of China‘s big jump as the second largest recipient. While the annual inflow of FDI around the globe decreased by 42% compared with 2019, developed countries were hit hardest, seeing a decline of 69%. When we take look at the FDI Inflows, it is seen again as a hegemon power the US is taking the first rank and China comes right after it as a challenger power of the international system as seen in the following figure.

Figure 5: FDI Inflows Top-10 Countries, 2022 (billions of USD) [2021-2022]



Source: UNCTAD, World Intestment Report, 2022

When it is investigated total outflows of the world US comes again as the top FDI source to the world. İt is a normal result of being a hegemon power of the international system. Hegemon power should reach anywhere in the world and benefit from the world at a reciprocal level of its allies and its national and hegemon interest. Germany comes a second and it explains explicitly the 5+1 (+1) mentality of the other great powers to join world decisions. And also it shows very easily why Germany has been the leader of the EU (and also explains economically about Brexit). When it comes to the outflows China comes as the fourth power in the world with a very dramatic jump to $ 145 billion right after Japan as seen in figure 7 in the following.

Figure 6: FDI Outflows Top-10 Countries, 2022 (billions of USD) [2021-2022]

Source: UNCTAD, World Intestment Report, 2022

When it comes to military power, naturally the hegemon power, the US, is the top country in the world in the total ranking. Russia comes second, because of tanks as a land power and nuclear weapons. China comes third but it should be in the second rank in terms of a $126 billion military budget, 69 submarines, and manpower of almost 3 million active military personnel.

Figure 7: Top-10 Militaries in the World, 2022

COUNTRY	OVERALL RANKING	ACTIVE PERSONNEL	TANKS	AIRCRAFT	NUCLEAR WARHEADS	AIRCRAFT CARRIERS	SUBMARINES	BUDGET
UNITED STATES	1	1,430,000	8,325	13,683	7,506	10	72	612,500,000,000
RUSSIA	2	766,000	15,000	3,082	8,484	1	63	76,600,000,000
CHINA	3	2,285,000	9,150	2,788	250	1	69	126,000,000,000
INDIA	4	1,325,000	3,569	1,785	80 - 100	2	17	46,000,000,000
UNITED KINGDOM	5	205,330	407	908	225	1	11	53,600,000,000
FRANCE	6	228,656	423	1,203	300	1	10	43,000,000,000
GERMANY	7	183,000	408	710	0	0	4	45,000,000,000
TURKEY	8	410,500	3,657	989	0	0	14	18,185,000,000
SOUTH KOREA	9	640,000	2,346	1,393	0	0	14	33,700,000,000
JAPAN	10	247,746	767	1,595	0	1	16	49,100,000,000

Source: Global Fire Power, 2022.

In accordance with the above information and figures, It is easily seen that the hegemon power of the unipolar international system is been automatically changed by China as a challenger power in the components of economy and military powers.

2- Economic Competition between Hegemon and Challenger in the Arabian Gulf

When the same rivalry comes to the Gulf region, almost the same trend is seen especially in the economic situation. The US was the main and strategic partner of the Gulf until the recent past. When Mao's communist coup happened in 1949, all Euro-Atlantic zone halted their economic and diplomatic relations with China. During the Cold War, all Gulf countries followed the West as the secondary pact followers. British military and forces left the Gulf region in 1971 and the US military came to the region in 1981 by granting a military base in Masirah Island, Oman. Although there was no foreign military in the Gulf at that time, Gulf had already chosen its side in the pact of the capitalist one.

So, all Gulf economies were in contact with the Western side and there were no economic or diplomatic relations with the communist USSR or China in the ideologically divided world of the cold war. China's diplomatic and economic ties did not start with the West until Deng Xiaoping started "economic modernization" in 1978. It was simply changing the nature of communism drastically and opening its economic borders reciprocally with the world. West started its diplomatic and economic relations with China. China had been interested in Gulf oil and gas in those years specifically in 1979, but the Gulf countries were cold and hesitant to establish any ties with China. After the cold war collapsed and started the unipolar international system China could succeed to establish diplomatic ties with the Gulf states in 1993.

Establishing and mini-steps developing economic ties took almost a decade and China’s intensive demands found a positive answer from the GCC side in 2004 by establishing the China-Arab States Cooperation Forum (CASCF). After that, trade between China and the Arab League nations increased from US$36.7 billion in 2004 to US$145.4 billion in 2010 (Interesse, 2022). After the mutual benefits from the economic development, Arab and Gulf states also started further steps to establish tighter economic relations with China. In 2012, China and the Arab countries established the Higher Council for Energy Cooperation (HCEC) (Interesse, 2022).

2.1 China’s Hunger for Oil

During the George W. Bush government term, a revolutionary project was launched to ensure US’ energy independency, the shale oil project. The purpose of the project was to develop a national energy policy for the future of the US. Bush was saying in his speech “US was addicted to oil which is often imported from unstable parts of the world." (Rapier, 2021). According to the majority of the energy scholars and commentators, it was a dream, maybe because of this reason, and the Gulf state did not prepare itself, but in the end, in 2016, his project became very successful in reducing US dependence on foreign oil. Necessary regulations such as the Energy Policy Act of 2005 and 2007 mandates enabled the 17 billion gallons per year ethanol industry in the US that still helps fuel American needs even now (Rapier, 2021).

It became a big shock for the Gulf countries and in 2016, the US became an energy rival instead of being a customer to the Gulf countries. Unprepared Gulf countries found a very quick customer who was/is hungry for energy with its enormous population, China. Actually, China had already become the largest export market for GCC countries since 2012. Now in the last decade, China is increasing its economic relations with the Gulf countries with silent but strong steps gradually. All Gulf countries today joined China’s Belt and Road Initiative (BRI) and for China, all Gulf countries became “strategic economic partners” (Interesse, 2022)

Collaboration between China and the GCC is based on China’s ultimate need for energy. Today Saudi Arabia provides 17% of China’s oil imports and making Saudia Arabia a top crude oil supplier. Qatar also is a major natural gas exporter to China. Qatar signed a bunch of long-term energy agreements with Chinese companies at the end of 2021 after placing its first order for vessels carrying Chinese liquefied natural gas (LNG) for US$762 million in October 2021.in November 2022, Qatar Energy Minister announced that a 27-year natural gas agreement was signed with China (Yeni Akit, 2022). This agreement is the longest gas supply agreement in the Qatar history, most probably in the Gulf area, about the LNG industry. Within this agreement, Qatar Energy will supply China's SINOPEC with 4 million tons of LNG annually for 27 years. Qatar is still the top LNG exporting country in the world and has been supplying LNG to China since 2009. In addition to it, a big portion of oil exports from Kuwait, the United Arab Emirates (UAE), and Oman are sold to China in the last few years (Interesse, 2022). In 2021, China bought around 83 % of Oman’s total oil exports, and the other GCC states do business with a variety of trade partners (Interesse, 2022). According to the US Department of Commerce, by 2030, China will import almost 80% of its oil needs, and China now importing almost half of it (47%) from Saudi Arabia, and replaced Russia as the largest oil exporter to China (Devonshire, 2022) previously.

2.2 China's Increasing Trade and FDIs in the Gulf

China also is seen significantly in the continued growth of the GCC's non-oil industries. Today, in 2022, there is great synergy between China and Gulf countries in several development areas such as tourism, telecommunications, renewable energy, smart cities, artificial intelligence, and technology-oriented businesses (Interesse, 2022). In addition to that, the Arabian young generations are gradually exposed to a growing Chinese technology presence, from social networking applications to digital payment platforms.

Investment and trade are also gradually developing between Gulf states and China according to the China Global Investment Tracker by the American Enterprise Institute. Chinese investments and construction projects totaled US$43.47 billion in Saudi Arabia, US$36.16 billion in the UAE, US$11.75 billion in Kuwait, US$7.8 billion in Qatar, US$6.62 billion in Oman, and US$1.42 billion in Bahrain between 2005 and 2021 (CGIT, 2022; Mogielnicki 2022). The distribution of Chinese investments across the region is roughly proportional to the GDP of the Gulf countries. Those Chinese investments are stipulating the whole Gulf region's other sectors in industry and are roughly inversely correlated to the gross domestic product of each nation. China has swiftly overtaken Saudi Arabia as the country's main commercial actor with bilateral trade rising from $42 billion in 2010 to $76 billion in 2019. Today China continues to be Saudi Arabia's biggest import and export partner. (Interesse, 2022)

China is a trading behemoth that brings substantial economic influence to its bilateral relations with the Gulf States. In 2020, China replaced the European Union as the GCC's largest trading partner. The UAE is a main actor in the region for the re-export of Chinese goods into the region and Africa, and trade between China and Dubai in the first half of 2021 increased by 30.7% (Mogielnicki, 2022). The value of total trade flows between the UAE and China largely plateaued from 2014 to 2020.

Figure 8: UAE- China Total Trends (USD billion)

Source: UAE

Ministry of Economy and Emirates NBD Research.

Total bilateral trade between Saudi Arabia and China doubled also from $42 billion in 2010 to $76 billion within a decade.

Figure 9: Saudi Arabia- China Total Trends (USD billion)

Source: Saudi Arabia General Authority for Statistics

In rhetoric, Belt and Road Initiative (BRI) is "open to all nations" according to the Belt and Road Forum for International Cooperation, the main partners are the close neighbors of China geographically. Yet many of these trade and investment avenues bypass the Gulf region. Egypt's Suez Canal and the China-Pakistan Economic Corridor (CPEC) are key components of the BRI; however, these economic nodes possess greater relevance for areas on the Gulf's periphery. (Mogielnicki, 2022). Through the BRI, China has been instrumental in the development of the Suez Canal Area Development Project in Egypt as well as the Gwadar Port and pipeline project in Pakistan. BRI, especially CPEC makes possible to reach to the Arabian Gulf very shortly, and all the way from the China through the Malacca Strait are being bypassed in economic manner. It gives a huge advantage economically (and politically) to China to reach to the Arabian Gulf and also to Europe. Current maritime route to the Gulf is around 8,400 nautical miles, when the CPEC is used, the new route through Gwadar will result in course saving 4,600 Nautical miles to the Gulf.

Figure 10: Comparison Current and Gwadar Routes

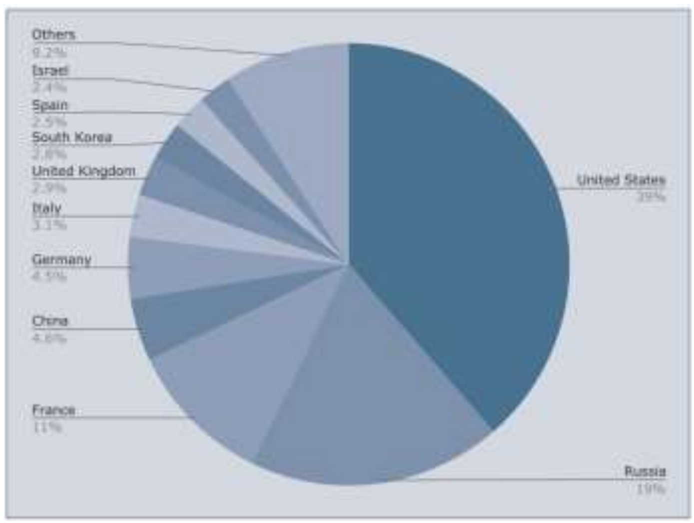
Source: Prudent, 2022.

Today, almost all Gulf States started to align their national economic development programs with Chinese BRI. Those include Saudi Arabia's 2030 Vision and Kuwait's 2035 Vision (Interesse, 2022). Therefore, it is clearly seen China's economic impact started to collect fruits for the Chinese but also Gulf States sides. Moreover, it looks like it will continue to develop gradually in the Arabian Gulf region.

2.3 Gulf's Hunger for Military Industry

On the one hand, China is the biggest energy and oil importer in the world, on the other hand, the Arabian Gulf is the biggest military industry importer in the world. Simply they were/are the biggest supplementary economies to each other. The GCC countries were hesitant to develop their economic relations with China because they did not want to trigger negatively to Euro-Atlantic zone allies. However, old friends started to criticize the Gulf countries' political situations, demand human rights developments, and request some socio-cultural evolutions. At the same time, old allies 'economic relations decreased gradually with the Gulf region. China was ready and waiting for an opportunity, was/is not criticizing any Gulf country in the last two decades, and most importantly it has the capacity and capability to launch several industrial projects in the Gulf. But maybe the most important instrument in the hand of China is the major arms that the Gulf intensively has been importing from the Euro-Atlantic zone allies. Because after Iran's revolution in 1979, almost all Gulf states fund themselves in the potential threat of the new Iranian state's aim. Because of this reason during the Iran-Iraq war, Gulf took the side of Iraq. The Euro-Atlantic zone was providing intelligence and weapons, the Gulf was providing the money, and Iraq was providing the soldiers against the common enemy. But after Saddam's harsh meetings with the Gulf countries in 1981, the Gulf countries figured out that the proxy warriors for the Gulf were not enough and Saddam himself could be dangerous for them after the Iran war. So, because of this potential threat and fear, the Gulf Cooperation Council (GCC) was established first in 1981, then Peninsula Shield Force, the military arm of the GCC was established in 1982. Their fear was right about Saddam, ten years later he attacked Kuwait. This time they called their new military ally, the US, to help against their old friend, the new enemy. So, from that day until today, a new security phenomenon came to the Gulf's security arena: The Gulf should develop its military capacities and cannot trust any friend forever. So, in the last four decades almost all Arabian Gulf countries, instead of investing in research development in the military industry, have become the highest major arms importers in the world according to their annual budget and/or GDP. Automatically, the world main arms sellers became potential arms sellers to the Gulf also.

Figure 11: Top-10 Arm Sellers

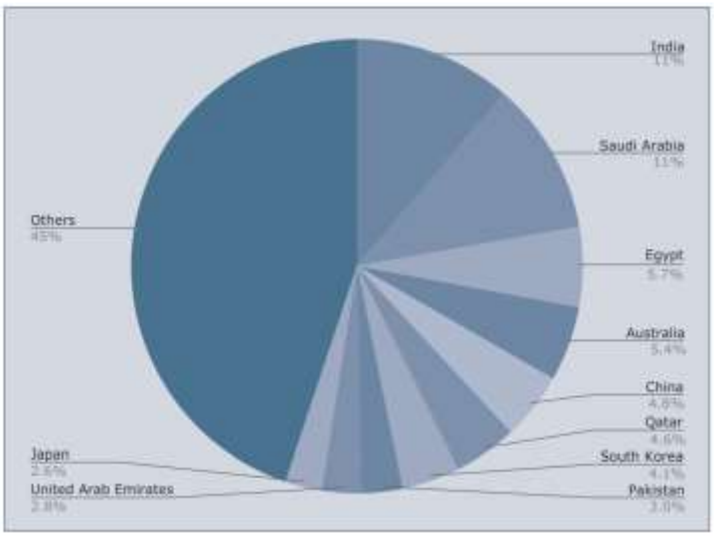


Source: SIPRI Arms Transfers Database, March 2022.

Almost all Arabian Gulf countries used to buy their major arms from the Euro-Atlantic zone allies during and the after the cold war. Strong historical relations with the UK put the Arabian Gulf countries naturally into the NATO bloc not as a member but as an de facto partner. In necessary times such as the 1979 Iran Hostage Crisis in the US Embassy in Tehran, the Iran-Iraq war, First and second Gulf wars, the Gulf was always on the side of the Euro-Atlantic zone. The US replaced the UK's dominant military force in the Gulf after 1981 and signed military and joint defense agreements with five Gulf countries. In addition to the US, France, the UK, and Turkey directly, Italy and Germany indirectly keep their military agreements and forces with the Gulf. That was the natural result of the Gulf-Europe-Atlantic zone allyship. But EU Parliament's direct criticizing the whole Gulf countries within the institutional regarding human rights and political issues (Yenigun, Basoos, Hassan, 2020) and gradually decreasing the need for Gulf oil after the US's shale oil project success in 2016, pushed the Arabian Gulf towards the Asian giant. It started with oil and then Chinese FDIs, but most importantly the came to the stage of the biggest need of the Gulf: major arms.

Buying a major arm system(s) is not the same as buying an agricultural or industrial products. Major arms need regular maintenance, and gradual training, then bring military rapprochement automatically (Yenigun, 2019). This is the last thing that the US wants. But on the other hand, Chinese major arms and small arms and light weapons (SALW) are competing with the American SALW in terms of quality and most importantly in price. Chinese major arms are pretty much cheaper than the US arms especially in some specific ones. Although Chinese major arms sales decreased in the last 5 years, it is still the fourth biggest arms seller in the world. On the other hand, three out of six GCC countries (Saudi Arabia, Qatar, UAE) are the top-10 major weapon importers in the world. So, this data makes them "natural trade partners" at the first glance.

Figure 12: Top-10 Arm Buyers



Source: SIPRI Arms Transfers Database, March 2022.

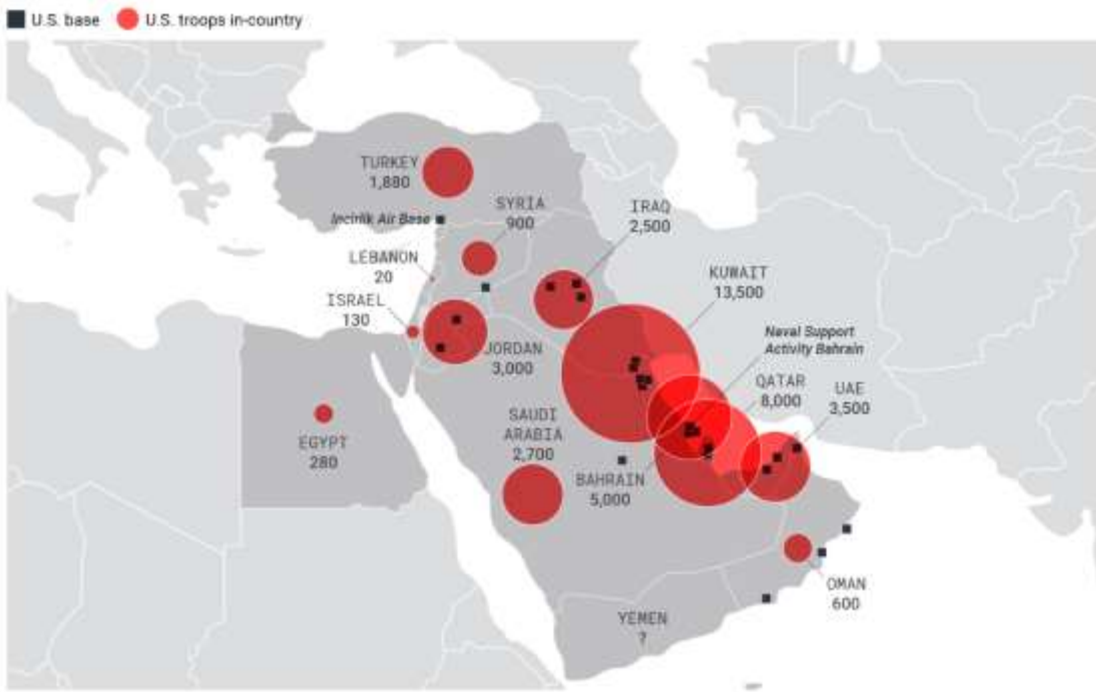
After the unipolar system started, China became the main FDIs challenger to the UK, France and the US in Africa, Asia, and gradually in Latin America. Unlike Africa, the Arabian Gulf was resisting not to contact its old antagonistic pact member because of ideologic, historical, and (maybe) religious reasons. But the US and Europe's democracy and human rights insistence, global economic crisis, and gradual economic withdrawal from being the main partner of the Gulf yielded China's entrance to the GCC region. GCC countries saw that China's and Euro-Atlantic zone countries' differences did not obstacles to developing their economic relations, then the Gulf took the lesson from American and European counties and their MNCs to establish better relations with China. The Gulf was so patient not to buy "communist" weapons, but after the latest developments and global economic crisis, they started to talk with Russia and China about the SALW and major arms. These facts give some signals for the future decade that the Gulf and China arms sales will be very possible. Some scholars predict that China's military capacities will most likely be seen in the Arabian Gulf states (Iddon, 2022), especially Saudi Arabia, Qatar, and the UAE because they already have money for it and seek to diversify their military capacities.

In the last five years, Saudi Arabia imported most of the weapons from eleven countries, including China which is Saudi Arabia's sixth-largest arms supplier. In addition to that five different countries have offered to develop Saudi Arabia to produce missiles, but Riyadh has chosen China in 2021. After the demands repeatedly opposed arms exports to Saudi Arabia for use in the Yemeni war, in the Western countries, major arms sales decreased to Saudi Arabia and UAE, and Saudi Arabia turned to Asia. Now, Saudi Arabia has two experiences buying missiles with China (Bagheri, 2022).

3- Economy and Security Alignment for China

In political economy, there is a simple theory; FDIs and foreign trade charm security in the host country. If there is a conflict, chaos, violence, or a civil war in a country FDI automatically escapes from there because nobody wants to jeopardize its money in a conflict place. Any war could ruin all investments in a minute by a violent, illegal seizing of the physical presence assets or freezing financial assets in banks. In 2011, many multinational companies and corporations (MNCs) and foreign corporations of FDIs lost their many physical and financial assets in North Africa. Some of them still claim their financial assets from the new governments of Tunisia and Algeria today. If there are "irresistibly attractive natural resources" in such countries, only courageous and very powerful companies can go there. Those powerful companies could be "powerful" by their home country-state relations or by hiring their security entities in risky countries. For example, many diamond, gold, and petroleum companies working in Africa work together with their European states to be protected in the host countries. Their European states are signing some security agreements and keeping their armies existed the host country. These agreed armies help to host country to keep there in peace and play a significant role for the host and home country but also at the same time provide a safe area for the home state MNCs there. Therefore, the benefit for the home country is shared between MNCs and the home state by taxation, high salaries, and perhaps extra payments to the government from the covered fund of the company. Insurance rates in those countries are tremendously high for the MNCs also. Because of security reasons, being hegemon power (should reach militarily to any corner of the world) and strategic allies of the Gulf countries starting 1981, US used to have military bases and troops in the Gulf. Perhaps because of this reason, the US is more relaxed that China has been struggling to enter to the Gulf, because as seen in the following figure, US military existence is dominantly high.

Figure 13: US Military Bases and Troops in the Middle East



Source: Denison, 2022.

If the host country is complicated in security such as a high risk of civil war, home countries sometimes boggle to provide security there. Under these circumstances, if the natural resource is too attractive and profitable, MNCs hire private contractors (McFate, 2019) in the host country such as many European diamond companies in African countries. Some MNCs working in conflictual areas are facing relying on corrupt or inept security forces provided to them by host governments, and they are turning to private forces. For example, mining giant Freeport-McMoRan employed Triple Canopy to protect its vast mine in Papua, Indonesia, where there is an insurgency. The China National Petroleum Corporation contracts with Dewe Security to safeguard its assets in the middle of South Sudan's civil war. In addition to that, China has been expanding its security points in Africa, Europe and the worldwide. According to the CNN allegation, China operates more than a hundred police stations in the world. Majority of them work with the assistance of some host countries such as Italy, Croatia, Serbia and Romania. They played in piloting a wider expansion of Chinese overseas police stations. China makes it legally and persuasive style; for example, signed police patrol agreements with the Italy and working together in eleven Italian cities today including Venice, and Florence (CNN, 2022a).

Oil companies operating in the Middle East or multinational corporations working in Africa are frequently hiring private security contractors. The financial services industry hires them for tough due diligence investigations in places such as Nigeria or Russia. Insurance companies use them for political risk analysis, especially regarding foreign country stability, nationalization of client assets, and the likelihood of armed conflict (McFate, 2019).

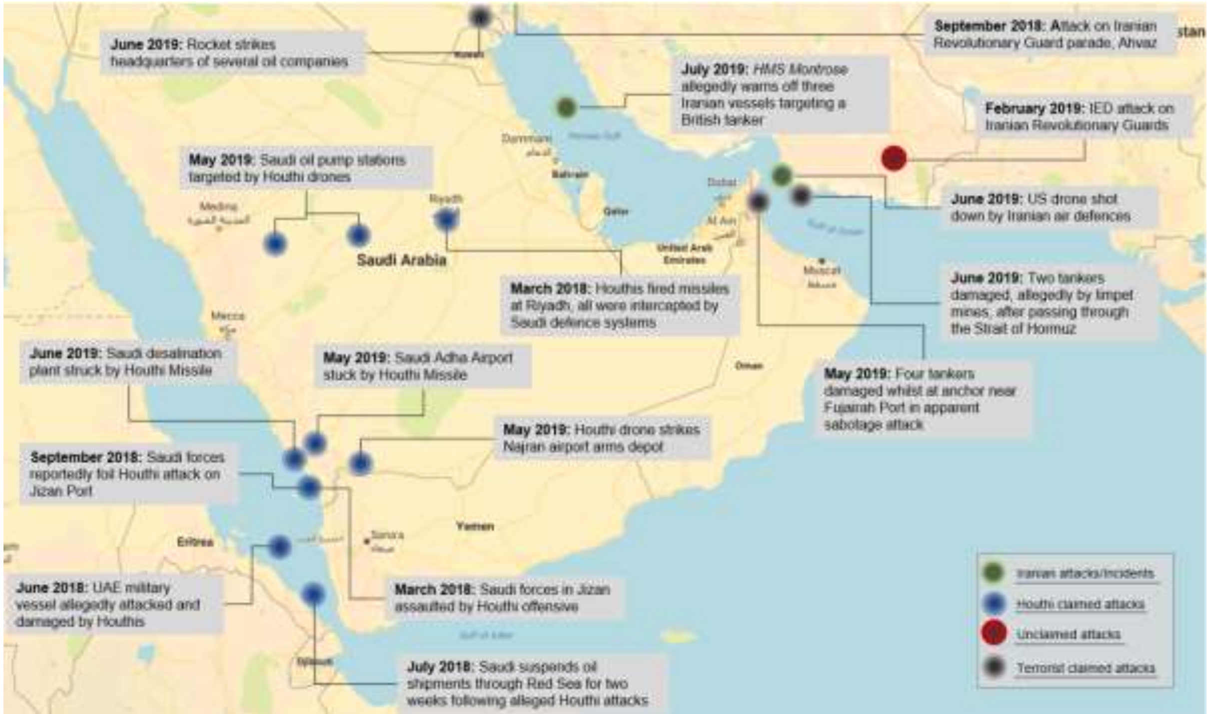
In addition to that, some other MNCs compromise the fighting sides and sometimes with the terrorist groups. For example, LaFarge, the biggest French cement company in Syria was found guilty by the US Department of Justice in 2022 because of working together with the Islamic State of Iraq and al-Sham (ISIS) and the al-Nusrah Front (ANF), both were designated a terrorist group by the US. LaFarge was sentenced to pay financial penalties, including criminal fines and forfeiture, for a total of $777.78 million (US Department of Justice, 2022).

In addition to the FDIs in the host country, especially export and import activities require security in the host country but also in the maritime zone(s). Because almost 98% of the world trade is managed by maritime transportation. For example, in the last two decades, Somalian piracy became the main issue for the Gulf oil transportation for the Arabian Gulf countries but also for the Euro-Atlantic zone countries. For example, in 2005, the LNG tanker Feisty Gas was captured by Somali pirates and ransomed for US$315,000. Again, Panama's oil tanker, Damani Cargo was captured and demanded a ransom of $50 million by Somali pirates. That's why both sides started patrolling in that risky area to protect their international trade starting in the early 1990s. At the end of 2021, according to the UN Secretary-General's report, joint counter-piracy efforts had resulted in a gradual decline in attacks and hijackings on Somalian coasts off since 2011. However, piracy and terrorism are still under threat (UN News, 2021) according to UNSCR 2608. Currently, there are three international naval task forces in the region engaging in counter-piracy operations, and the sides are NATO, EU, and US-led Combined Maritime Forces including some Gulf states based in Bahrain.

By starting 2008, China deployed two destroyers (Haikou and Wuhan) to the Red Sea region and one supply ship into the Aden Gulf. Chinese Marine Special Forces with attack choppers were on the board (Shanghai Daily, 2008). After the BRI launched in 2013, Chinese economic investments and international trade started gradually with the Gulf countries. Automatically China's interests and attention to piracy and Gulf security were raised. Because it was the natural attention of the international trade security for China. As pointed out previously, Chinese FDIs security in the Gulf region was not a big problem, because the Arabian Gulf region is stable and one of the most secure regions in the world. But when it comes to the international trade flow and maritime routes Indian Ocean Region and Red Sea regions were/are potential and currently risky areas. Then, Chinese navy ships started to patrol the Gulf and Red Sea zones, as they embarked on several joint efforts in rescuing hijacked ships. This includes the famous rescue of the hijacked bulk carrier OS35 in the seashores of Somalia and Yemen in 2017.

As China's interests expand globally, Beijing recognizes that its threat horizons are expanding concurrently; its maritime strategy must face this reality head-on to "protect national maritime rights and interests." Around and within the Arabian Gulf, maritime routes and some territorial disputes are still going on and the region is counted as dangerous. The following figure shows the recent attacks juts in 2018 and 2019 within and the around of the Gulf.

Figure 14: Recent Dangerous Events in the Gulf



Source: Solace Global, 2019.

The 2015 defence white paper painted a dark picture of the threats to China's overseas interests. (Tobin, 2018). Not just in the Arabian Gulf, but even in the world, China started to discuss more engagement of the Chinese navy to protect its growing economic and political interest globally. (Tobin, 2018). In its official documents, China has planned a long-term strategy to be global maritime power until 2049. (Yung et al, 2014).

The main dilemma for China's economic and military aspects is the Malacca Strait. It is passing through between the costs of two US allies and it is too long to reach the Gulf and the world market. In the security aspect, if the US requests its allies to close the strait in accordance with the 1982 UNCLOS regime, it could be very problematic for its navy to reach anywhere in time. Different mitigation strategies discussed this issue in several Chinese strategy journals in the last decade. The main analyses focus on BRI, particularly Pakistan, Sri Lanka, Djibouti, Kenya, and Tanzania ports to be given importance. These port clusters would provide new "route options into China to reduce transport pressure on Malacca" and avoid waterways that could be closed by adversaries (Tobin, 2018). Again, even if it is not closed, cruising from the Pacific to the Gulf and the West is too expensive because of being a very long way.

That is why; China launched the BRI in 2013 and its arm, China Pakistan Economic Corridor (CPEC). By CPEC, China reached the Arabian Gulf very easily and became an indirect regional country now. CPEC and its tip in the Arabian Gulf, Gwadar Port were constructed by China (Baig, Hussein, Yenigun, 2021). In the IOR, China has been encouraging the development of ports not just in Pakistan but also in Sri Lanka, and Bangladesh. It is part of China's maritime strategy dubbed the "String of Pearls," linked to the aim of restraining India, which has border disputes with

China. China has effectively gained control of the Southern Sri Lankan port of Hambantota, which was developed as part of the BRI after Sri Lanka became unable to repay its debts (Makita and Oki, 2022).

China also started to increase its navy and military presence in the Indian Ocean Region (IOR) not just in Sri Lanka and allegedly Pakistan but also in Djibouti in 2017 (Yenigun, Maashani, Baig, 2020). The Djibouti base lies in proximity to Chinese economic interests in Africa and at the strategically important intersection of the Gulf of Aden and the Red Sea, on the edge of the north-western IOR (Tobin, 2018). According to some security scholars "alarm bells are ringing" (Tweed and Leung, 2018), China repeatedly states that those military bases are being established to aim at deterring piracy in the Middle East maritime routes for oil tankers, while the ports are part BRI infrastructures (Tweed and Leung, 2018). Today, the Chinese and the US military bases in the following map show that although asymmetric military base relations still exist, but China is increasing its existence in Asia and the IOR.

Figure 15: American and Chinese Military Bases in Asia

Source: Tweed and Leung, 2018

4- Conclusion

Today, China is in the IOR and the Arabian Gulf with its soft power components and its long-term agreements with the regional countries. But it will need more security instruments in the IOR and the Arabian Gulf to protect its energy and trade security. Therefore, like Sri Lanka and Djibouti, they will seek more military bases and supplementary points in the region. If they will be granted some more military points in the region, China's soft power situation will be transformed also a hard power in the Gulf and the IOR. This will be a dilemma for the Arabian Gulf countries between economic benefits with China and security alignments with the Euro-Atlantic zone countries. Because the Arabian Gulf is increasingly becoming an economic partner to China but at the same time it has security agreements with the US, UK, Turkey, and France on the other side. In addition to that, according to realist scholars, the hegemon power of the unipolar system, the US has been challenged by China, and was calculated by some realist scholars that China will catch the US economically in 2028. Again, according to the offensive structural realists, such as John Mearsheimer, China will become hard power soon in the US-allied regions such as the Arabian Gulf. According to them, the US should not watch China's rising and should take "necessary actions economically and militarily in those regions. Although this perspective is too exaggerated, there is no doubt that the hegemon power is not happy about the Chinese rising in the Arabian Gulf.

China is not only getting closer to the Gulf economically but also politically and with security manners. Chinese President Xi Jinping in his visit to Saudi Arabia in December 2022, in the Riyadh Declaration", a consensus was reached between China and Arab countries on deepening cooperation in different fields and strengthening the strategic partnership. In the statement, it was noted that the Palestinian issue is the main issue of the Middle East and that a just and permanent solution to this problem should be found based on the two-state solution model, unlike the Trump Administration. The declaration mentioned the need to act jointly at the international and regional levels to find a solution to the crises in Syria, Libya, Yemen, Lebanon, Somalia, and Sudan. Biden asked the Gulf to increase oil production to alleviate the energy crisis in the West, however, the OPEC+ group rejected it and decided to reduce its daily oil production by 2 million barrels as of November 2022. It is seen that the US is losing its political power over the Gulf. On contrary, in Riyadh Summit in December 2022, it was decided to increase oil and natural gas trade with China and also to use Chinese currency, Yuan, between China and Saudi Arabia. After the summit and 34 agreements, the US pointed out that they would not ask Saudi Arabia to choose between China and the US in the fields of defense, energy, and technology. The Organization of Islamic Cooperation (OIC) also stated that the results of the summit will give a new impetus to the cooperation and partnership between Arab countries and China (Yeni Şafak, 2022).

Regarding the suspected Chinese security units, the US tried to "warn" the Gulf, but according to CNN, "the Gulf has flouted many warnings from the US about growing partnerships with Chinese companies". In 2021, Emirati officials accused the US of "bullying" them into shuttering a Chinese facility on Emirati soil (CNN, 2022b). It is an undoubted fact that "strategic partner", "ideological pact" and "unquestioned friend" terminologies are not being bought in the Gulf now. Forcing, political pressure, warning, and showing the stick are also not rational American politics for the Arabian Gulf anymore. It is seen that the US does not have additional instruments to attract the Arabian Gulf states economically, even it does not have the intention to do it after the shale oil production in 2016. Again, it looks like the US interest in the Arabian Gulf is not at the same level as its interest during the Cold War and this interest has been decreasing gradually every year. The US and the Euro-Atlantic zone should promote more liberal and win-win projects specifically for the Arabian Gulf to compete with the towering Chinese projects if they have intention to win the hearts and minds in the Gulf.

The main key point for the future of the Arabian Gulf is what the US is planning to attract economically its allies in the region in the next decade. Regional states are still close to the US in a political manner, but they could not resist Chinese attractive economic instruments, especially after the global economic crisis and the pandemic's negative reflections in recent years. Intensifying economic relations takes Sino-Gulf relations to the stage of political and security relations, such as acting jointly on Palestine, Lebanon, and Yemen issues and not intervening in intra-state points. By saying "intra-state" China took advantage of the Xingang, and Gulf countries took advantage of not being criticized on their political or human rights topics which the Euro-Atlantic zone countries do frequently. China has long-term plans for Africa, Gulf, IOR, and maritime routes and it is gradually putting them into force. As a natural reflection of the political economy, it could be easily said that China became the soft power in the Gulf region; but at the same time, it is on the way to becoming hard power by intensifying its political, security, and international relations alignments with the Gulf states.

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