

**FROM RIYADH AND TEHRAN
TO BEIJING:
CHINA'S DIPLOMATIC ROLE
IN A CHANGING WORLD**

Kevin Magee

In Moscow on 22 March 2023, Chinese President Xi Jinping told Russian President Vladimir Putin: 'Right now there are changes—the likes of which we haven't seen for 100 years—and we are the ones driving these changes together.'¹ Leaving the hyperbole aside, there is evidence that many certainties of the Western-led world and the 'rules-based order' are changing and, with this, so is China's role in the diplomatic world. Since emerging from its zero-COVID period, Beijing has launched a significant series of diplomatic initiatives in areas where hitherto China has played little or no diplomatic role.

Chief among these was brokering a deal between Saudi Arabia—a long-time staunch US ally—and Iran on 10 March 2023 in Beijing for the two countries to restore diplomatic relations. This achievement shocked Washington. The United States had long been the dominant external force in the Middle East and had brokered key developments there from the Camp David Accords in 1978 to the Oslo Agreement between Israel and the Palestinian Liberation Organisation of 1993. The last three years had seen the Abraham Accords whereby the United States brokered the establishment of diplomatic relations between Israel and Bahrain, the United Arab Emirates, Morocco and Sudan.

China, a long-time observer and trader in the Middle East, is now suddenly a key player and peacemaker in the region, a mark of its rising position and influence in the world. The Saudi–Iran deal signals that the United States cannot take its dominance in the diplomatic sphere for granted. Many other countries are prioritising good relations with Beijing and hedging their diplomatic strategic bets.

This has been most marked in the Global South, particularly in the Middle East, Africa and Latin America. In South-East Asia, much of ASEAN seeks to avoid choosing between China and the United States as tension has developed between the two major powers. For the majority of countries in South-East Asia, China is not an adversary or enemy but a vitally important neighbour with whom they have problems from time to time. Other regional players, including Australia and Japan and increasingly the Republic of Korea (ROK) and the Philippines, have strengthened their alignment with

US strategic goals while continuing to build and stress the importance of economic and other ties with China. In the case of the Philippines, tensions have been building with China over the Scarborough and Second Thomas Shoals in the South China Sea, which both countries claim. Although China's role as a de facto supporter of Russia in the Ukraine war has strained relations with much of the European Union, during his visit to China on 5 to 7 April 2023, French President Emmanuel Macron said that Europe should not automatically follow the United States and get 'caught up in crises that are not ours'. On the subject of Taiwan, Macron advocated a course of 'strategic autonomy' for the European Union.²



BRICS has been expanding with the admission of new members

Source: GovernmentZA, Flickr

A second significant example of the development of an alternative non-Western grouping is the BRICS, comprising the large developing countries Brazil, Russia, India, China and South Africa. At the BRICS meeting in South Africa in late August in 2023, the BRICS grouping announced the admission of six new members in a decision widely interpreted as an attempt to reshape the international order and provide a counterweight to the United States and its allies. From January 2024, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates will join the grouping in a move described by China's President Xi Jinping as 'historic'.³ The significance of this expansion

is the development of a non-Western grouping with significant political and economic power and with China as one of its central members. According to the International Monetary Fund (IMF), the BRICS grouping will collectively account for 32.1 percent of global Gross Domestic Product (GDP) in 2023, more than the G7's share of 29.9 percent of global GDP.⁴ With the addition of the six new members in January 2024, the GDP of BRICS will grow to 36 percent of global GDP.⁵ The grouping, with its focus on de-dollarisation, promotion of local currencies for global trade and finance, and the admission of new members, mostly accords with Beijing's agenda.⁶

China's diplomatic initiatives

A suite of major initiatives serves as the basis of China's new approach to diplomacy. These include the Global Security Initiative (GSI), the Global Civilisation Initiative (GCI), and the Global Development Initiative (GDI), as well as the Belt and Road Initiative (BRI). The GSI opposes Western 'hegemonic' dominance in the area of international security, promoting instead a central role for the United Nations and emphasising non-interference in other countries' internal affairs and sovereign equality under international law. The multibillion-dollar BRI launched by Xi Jinping in 2013 aims to improve China's connectivity with the world through infrastructure and investments. The United States and other Western countries have criticised the BRI as merely a mechanism to spread China's geopolitical and financial influence throughout the world. The success of many of the projects has been mixed, but it is certain that the BRI has expanded China's influence, especially in the Global South (see "The Belt and Road's Midlife Crisis: Perspectives from Latin America and the Caribbean" on page 163). Of the 152 countries that have signed BRI memorandums of understanding, fifty-two are in Africa, forty are in Asia and the rest in the Middle East, Latin America and Europe. The BRI also appears to have increased Chinese exports to the member countries.⁷ The Third BRI Forum was held in Beijing on 17 to 18 October 2023. Leaders from twenty-three countries attended the event, including Russian President

Vladimir Putin. This was a lower number of leaders than attended the 2017 and 2019 forums, but the large turn-out from the Global South indicated that the BRI retains strong currency and support in the developing world.⁸

Taken together, these initiatives aim both to enhance China's global influence and to build a diplomatic and security architecture to rival the US-led system of multilateral alliances and institutions.⁹ They also aim to enhance China's role as mediator or peacemaker in regional conflicts.

Other important bodies that are non-Western focused in which China plays a significant role include BRICS Plus, the Shanghai Cooperation Organisation (SCO),¹⁰ and a range of summits that China holds with groupings such as the China–Arab League Summit, the China Gulf Cooperation Council (GCC) Summit and the China–Africa Summit. In 2016, China also opened the Asia Infrastructure Investment Bank (AIIB); by 2023, it had more than a hundred members (including Australia), a Triple-A rating and some US\$100 billion in capitalisation.¹¹ These are all part of a suite of organisations and initiatives that are beyond US and G7 influence. The GSI and the other initiatives, together with the BRI, provide an alternative to the US-led rules-based order and are attractive to many countries, especially in the Global South.

Riyadh and Tehran to Beijing

In the past, China was satisfied to trade and observe in the Middle East, an area where US influence was politically and militarily dominant. However, China is now the largest trading partner of most GCC countries, including Saudi Arabia.¹² China has backed this economic influence with active diplomacy. Xi Jinping made a high-profile visit to Riyadh in December 2022, during which he participated in the first China–GCC Summit on 9 December and the first China–Arab States Summit that same afternoon. Most participants at these meetings were expressly focused on building relations with Beijing as a hedge against dependence on the United States.¹³ Most countries, however, were conscious that the United States was still the most significant defence partner in the region. Iranian President Ebrahim Raisi

went to Beijing from 14 to 16 February 2023.¹⁴ There have also been several announcements of large-scale Saudi–Chinese investment deals worth more than US\$10 billion.¹⁵ On 5 September 2023, the Bank of China (BOC) opened its first branch in Saudi Arabia in a move to expand the use of yuan in the growing number of economic deals between the two countries. Saudi Arabia is China's largest source of crude oil imports, with 87.5 million metric tonnes (641 million barrels) shipped in 2022. BOC is the second Chinese bank to open branches in China after the Industrial and Commercial Bank of China (ICBC), which has branches in Riyadh and Jeddah.¹⁶

Many Middle Eastern countries, including Saudi Arabia, admire China's four-decade record of deploying state capital to achieve profound economic change while tightly managing social and political change. China's experience challenges US insistence that only liberal systems can produce economic growth and stability. As Saudi Arabia's largest trading partner, with growing economic influence in the Middle East and friendship with Iran, China was a logical partner for the mediation process.



Saudi Arabia is seeking a more independent foreign policy under Crown Prince Mohammed bin Salman

Source: Dimitris Papamitsos, Flickr

China the peacemaker?

Chinese officials describe facilitating the rapprochement between Saudi Arabia and Iran as a successful example of the GSI at work. The discussions that led to the 10 March 2023 accord began in the Middle East. Iraq and Oman hosted talks between 2020 and 2022, but the accord needed China's imprimatur to finalise the deal. It was impossible for Washington to play its traditional role of mediator in this case because, after four decades of mutual hostility, the United States still does not have diplomatic relations with Iran. Another factor was that, under Crown Prince Mohammed bin Salman, long-time US ally Saudi Arabia is seeking a more independent foreign policy and is rebalancing its relations with the major powers, including China.¹⁷

Additionally, in contrast to the Trump administration and family's close relations with and support for the Saudi royal family, which did not waver even after evidence linked the crown prince to the killing of journalist and US resident Jamal Khashoggi in 2018, the Biden administration has hardened its policy towards Saudi Arabia. While campaigning in 2019, Biden said he would make Saudi Arabia a 'pariah'. When the Saudis cut oil production after Russia's invasion of Ukraine, fuelling global inflation, Biden threatened 'consequences'. US policy and rhetoric only helped to open the door for Beijing.¹⁸ Iran has good relations and a strong economic relationship with China. A close economic relationship with both countries based both on economics and on China's new ambitious foreign policy made China the natural partner to secure the deal. In addition, China's new influence in the region was achieved without the use of military coercion, in contrast with the US record of the use of military force and coercion to resolve differences with Iraq, Iran, Lebanon, Yemen and other countries. Saudi Arabia has used its growing links with China to leverage its interests with the United States. These new links with China, together with the tentative steps by the kingdom before the Gaza crisis to establish diplomatic relations with Israel, had brought the United States around to consider providing the Saudis 'Non-NATO Security Guarantees', armaments and nuclear technology it had not agreed to provide before.

China has relished its role bridging the gap between Saudi Arabia and Iran. Beijing continues to seek to pay the role of mediator and peacemaker. It has put forward a peace plan for the Ukraine war and is seeking to play a role in the Israeli/Palestinian conflict, although there are serious doubts it can achieve much in either case.

A Chinese emissary, Ambassador Li Hui, visited Kyiv and Moscow from 14 to 18 May 2023 with a plan announced by Beijing in April to end the fighting between Russia and Ukraine.¹⁹ As the plan did not call for the withdrawal of Russian troops from Ukrainian territory, Ukraine rejected the proposal. The proposal was politely received in Moscow but not accepted by President Putin.²⁰ Although the Chinese intervention was broadly welcomed, it did not provide a way forward for the ending the war. Nonetheless, it was another example of China projecting itself on the global stage as a positive player.

On 18 April 2023, China offered to broker peace talks between Israel and Palestine.²¹ The gesture is undoubtedly aimed at strengthening the positive perception of China in the Arab World and Global South. On 13 to 15 June 2023, Palestinian National Authority President Mahmoud Abbas visited Beijing, where he welcomed China's involvement.²² China, in contrast to most Western countries, has taken a position sympathetic to the plight of the Palestinians in Gaza and has not specifically condemned Hamas for its 7 October attacks on Israel. Foreign Minister Wang Yi has said that Israel's actions have 'gone beyond self-defence'. In a conversation with the Saudi foreign minister, Wang said Israel should stop its 'collective punishment of Gaza's citizens'. China has increasingly aligned its response to the Gaza war with the Global South.²³

Israeli Prime Minister Benjamin Netanyahu had announced on 26 June 2023 that he would make his fourth visit to China as prime minister at the invitation of Beijing before the end of 2023. Following the Gaza war and the position that China has taken on Gaza, the visit has not gone ahead. China's position means that Israel is also very unlikely to engage in the near future in any Chinese attempts to broker peace in the Middle East.

China's power is rising globally

China's power and influence power is also rising in Central Asia. On 18 May 2023, at the inaugural China–Central Asia Summit attended by the leaders of Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Uzbekistan, Xi Jinping announced 26 billion yuan (US\$3.8 billion) of loans, financial support and non-reimbursable funds for the five Central Asian republics and a new gas pipeline to China from Turkmenistan. Xi also met individually with each of the five presidents. Each of the five republics are active members of the BRI. Bilateral trade between China and the Central Asian republics reached US\$70.2 billion in 2022.²⁴ As China's power has risen in Central Asia, it has remained careful not to cut across vital Russian interests. China's centrality to the power structure in Central Asia is also ensured by the Shanghai Cooperation Organisation (SCO) and the fact that both Russia and China face competition from the US-led West. China's partnership with Russia is based on common interests and economic complementarity, which has become even more important to Russia since the start of the Ukraine war. Russia is increasingly becoming a junior partner in what is proving nonetheless a durable relationship.²⁵

From 12 to 17 April 2023, Brazilian President Luiz Inácio Lula da Silva visited China and called for an end to US dollar dominance of the world's financial systems.²⁶ This reflected a growing trend towards countries moving to reduce their dependence on the dollar as a reserve, exchange or accounting currency in certain areas of the world. For countries in the Global South including Brazil, this is driven by efforts to avoid US sanctions and the Biden administration's control over microchips. In reality, however, only a small percentage of the world's financial system uses the Chinese yuan and other non-Western currencies as the basis for reserves and exchange. Nonetheless, there is some appetite in parts of the world for moving beyond control of the US dollar and to adopt the yuan.

China has not surpassed the United States yet

Chinese activism is based on a sense that the global role of the United States is declining and China's is rising. Although there is some evidence of shifting strategic power balances, it would be wrong to discount the remaining power and influence of the United States. President Biden has made it clear that the United States is determined to compete with China for influence and strategic power.²⁷ In terms of military power and economic and financial heft, the United States remains the world's leading power despite the rise of China, the multipolar world and groupings like the expanded BRICS. Although the United States remains the single most powerful country in the world, the global strategic environment is increasingly multipolar and de-dollarisation is increasing—facts recognised by much of the world. China, with its Global Security Initiative and its suite of other projects and initiatives, has become a significant challenger to the United States and Western hegemony in the Global South and in long-time US-dominated regions like the Middle East.

Despite the increasing multipolar nature of the world, both Beijing and Washington see their great power competition as the fulcrum of international relations as countries are increasingly encouraged to line up with one side or the other. Australia and regional countries like Japan and the Philippines have clearly declared their adherence to Washington. Many other countries, especially in the Global South, seek to maintain a balance between China and the United States and to hedge against both countries. Other rising powers such as India seek to follow their own independent strategic and economic paths and are wary to a degree of both Beijing and Washington. With a period of competition and uncertainty ahead, much of the world, especially the Global South, would welcome a world without US primacy. Perhaps the accord between arch rivals Riyadh and Teheran is a harbinger and a foretaste of the future Chinese role in the contested strategic world.

This text is taken from *China Story Yearbook: China's New Era*, edited by
Annie Luman Ren and Ben Hillman, published 2024 by ANU Press,
The Australian National University, Canberra, Australia.

doi.org/10.22459/CSY.2024.06A