

# PalArch's Journal of Archaeology of Egypt / Egyptology

## CHINA'S RISING IN THE GULF AND RELATIONS WITH OMAN

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**M. Cuneyt Yenigun, Musallam Suhail Maashani: China's Rising in the Gulf and Relations with Oman - PalArch's Journal of Archaeology of Egypt / Egyptology, ISSN 1567-214x**

**Keywords: Gulf Studies, China and Oman Relations, Oman Foreign Policy, Indian Ocean Region, China and the Gulf, CPEC.**

### Abstract

China was always a very important civilization for humankind with its innovations, socio-cultural effect, and tremendous natural resources. It had good relations with the Gulf countries from ancient history. After Communism, the Gulf countries and China took aside in different pacts and relations de-escalated and deteriorated. In the first decade in the post-cold war era, China strives to remedy relations with the gulf was not successful; but after the shale oil effect, in the last decade, china gradually subrogated the hegemon power economically in the region. China now is the main purchaser of the Gulf oil and has pretty much more good relations with the regional countries. It has a long term (at least economic) plans for the region and the Gulf; in which by launching the Belt Road initiative (BRI), China- Pakistan Economic Corridor (CPEC) building Gwadar (Pakistan) and Duqm (Oman) Ports and establishing five military bases in the Indian Ocean region. Oman as a geostrategic guard of Hurmuz Strait and as a country that has the longest Gulf maritime seashore line in the Indian Ocean is in those economic plans. Oman critically needs economic diversification and Duqm Port can open a horizon for it and in addition to that, China is the main customer of Oman today. Because of those facts, Oman should rebalance its foreign and economic policies between west and east in accordance with the new circumstances in the region now.

### Introduction

China was a benevolent civilization in history. After the communist revolution, its economic socio-cultural, and political relations with the world almost frozen and isolated within the communist pact. Within an ideologically divided world, China had supported communist and socialist movements in the Gulf such as Dhofar Rebellion and South Yemen Marxists. Videlicet, its indirect relations retrograded with the Gulf countries were under the capitalist pact. After the "open door policy" started in 1978, it struggled to ameliorate political and economic relations with the Wets, including indirect actors within the Gulf. Actually, it did not work with the Gulf during the Cold War, but in the post-cold war era, it started with Saudi Arabia and the Emirates first,

and then especially with the economic relations with the Sultanate of Oman. When Napoleon Bonaparte mentioned the famous sentence of “Let China sleeps. When she wakes, she will shake the world”, maybe he does not know that China was going to come to the Gulf with its soft power, especially with huge money and investment. It is a fact that, after the shale oil opportunities were put into force within the US, Gulf importance has decreased at least for the US and Gulf countries have lost the biggest customer for their main production, oil. Then, hegemon power was replaced with China who needs energy dramatically every day. Now, China has very good relations with the United Arab Emirates and Saudi Arabia and is the main purchaser of Omani oil, around 85%.

## 2. THE FACTORS OF THE RISING OF CHINA

### 2.1. The Belt & Road Initiative (BRI)

The Belt & Road Initiative was officially announced in 2013 by President Xi Jinping during his visits to Kazakhstan and Indonesia. In his first visit, he announced it as “Silk Road Economic Belt”, and the second visit he announced it as “21st Century Maritime Silk Road” (Yagci, 2018). As part of this initiative, China-Pakistan Economic Corridor (CPEC) was launched and introduced in 2015 as a flagship project between China and Pakistan. It is one of the six land corridors of the Silk Road Economic Belt (SREB). These corridors are vital to strengthen the presence of China in the region and to guarantee its access to the Gulf via Gwadar Port. According to some scholars China needed this economic initiative to overcome the slight decline in GDP in 2014. (Al-Fana, Personal Communication, Oct 1, 2019).



Figure 1: China's BRI Map. Source: (GIS Reports Online, 2019).

In that sense, the former Pakistan Ambassador to China, Javid Hassan, who is currently the director of Chinese Studies Center in NUST in Islamabad, highlighted several justifications for the launching of BRI. First, China's prosperity and welfare is directly interconnected with its neighboring countries. The overproduction of China, in which this situation is known as “Factory of the World”, has forced China to find markets for its finished goods and seek more natural resources from these states. Second, China has lost almost 2-3 trillion USD due to the 2008 financial crisis, hence, China has learned that it should diversify its investment portfolio and extend it to other countries. Third, the decisions of the World Bank and IMF are politically driven by powerful states, so some countries in which their regimes are opposing the West are not getting any loans. Fourth, BRI is an approach to connect the Western-linked allies via bilateral economic agreements such as GCC states. Fifth, China is already leading

on mostly 100 domains e.g. artificial intelligence, 5G, and supercomputing. The future of any hegemony powers will only be guaranteed if they have the competitive advantage in the technology domain. Sixth, the current world's economic governance is designed to serve the Western countries and it is not helping any developing countries to reach developed status. (Javid, Personal Communication, July 15, 2019).

Therefore, to ensure the successful launch of BRI, China has been preparing very well by sending almost 30,000 doctoral degree candidates all over the world during the period between 2007 until 2012 to mostly Western-based elite universities. "We will learn from the West, but we will do in the Chinese way" (Khan, Personal Communication, July 16, 2019).

## 2.2 BRI and Economic Diplomacy

Economic diplomacy is defined as the actions of both state and non-state actors aimed at promoting cross-border trade and investment flows (Moons, 2017). The aim of economic diplomacy is to influence the decisions on cross-border through economic activities such as trade and investment. While China is growing in its economic power, its economic diplomacy has become a vital tool in its foreign policy. Wong (2016) stated that Chinese scholars used the economic diplomacy to achieve economic aims or the use of economic means to achieve political gains". It involves various tools such as trade, investment, and finance. Most are of these initiatives are linked to China's economic security and development. Based on history, China previously used economic tool to approach its foreign policy as in the case of using economic inducements to avoid EU and Japan's support of sanctions as a response to Tiananmen Square incident in 1989 (Wong, 2016).

The Chinese government under the role of Xi Jinping used the economic diplomacy to promote and defend its national security. From Chinese perspective, national security composed of different sets of issues which sorted in two forms of security i.e. traditional (military) and non-traditional (economy, energy, and food) style. This also refers to what is called "comprehensive national power" which is defined as the sum of a country's political, economic, military, and ideational strength (Garlick & Havlova, 2019). However, the Asian Infrastructure Investment Bank (AIIB) and Silk Road Fund are considered as a Chinese model in economic diplomacy. While the first is multi-lateral financial firm to provide general funding solutions, the later used exclusively for funding BRI-related projects (Wong, 2016).

## 2.3. CPEC: China's Gateway to the Gulf

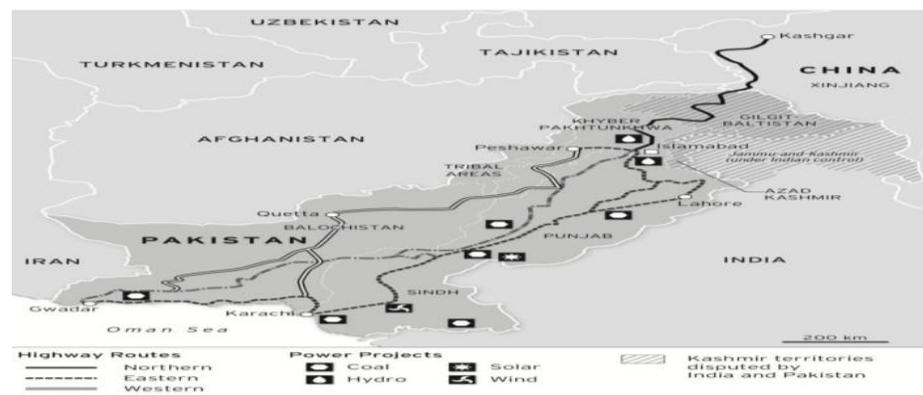


Figure 2: CPEC Highway & Energy Projects Map. Source: (Ministry of Planning Development and Reform-Pakistan, 2019).

The new era of economic collaboration was ignited during the presidency period of the former Pakistani President, General Musharraf, during his first visit to China in 2000 via the signing of “Pakistan-China Friendship Journey from Karakoram to Gwadar”. This effort has resulted in Chinese investment in Gwadar Port in 2007 (Khan, 2017). Khan (2019) further stated after the signing of bilateral agreement with China to strengthen the economic relations, President Musharraf ended with seven more agreements signed by the Prime Minister Shaukat Aziz in 2004 in three main different sectors such as energy, trade, and communication.

Despite the mentioned agreements, Khan (2019) believed that the year of 2006 was a turning point towards the CPEC project after the signing of the Free Trade Agreement (FTA) which resulted in a five-year development plan proposed by Pakistan known as the National Trade Corridor (NTC). It includes projects related to trade, energy, and industries. However, in 2013, the NTC has changed to CPEC, and two years later, a formal agreement was signed with an initial deal worth 46 billion USD.



Figure 3: Pakistan’s Opportunities of CPEC. Source: (Khan, 2017).

After Pakistan achieved independence in 1947, the country faced significant economic challenges on top of its internal threats i.e. poverty, terrorism, and the lack of social coherence due to multi-ethnic communities. These have affected the government’s decision-making mechanism to balance its domestic needs, hence forcing the Pakistani government to ally with the Western bloc. In that case, the US has generously provided aids to the Pakistani government in different domains ranging from economic investment to military assistance (Mahesar & Hameed, 2013). However, as shown in Table 1, over time, the US’ aids and investments declined while the China’s investments increased.

**Table 1: China vs US FDIs in Pakistan 2009-2019**

Country	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
CN	3.6	47.4	126.1	90.6	695.8	319.1	1,063.6	1,212	1,813	546.8
USA	468.3	238.1	227.7	227.1	212.1	223.9	13.2	44.6	136.3	45.0

Source: The above statistics was collected from Board on Investments, PMO, Pakistan Retrieved from <http://boi.gov.pk/ForeignInvestmentinPakistan.aspx>

On the one hand, China's attention towards Pakistan has increased because of the country's strategic geographical position in South Asia. This is vital for world trade in general and China in specific to get access to the region. As shown in Table 2 this situation has shortened the distance to only 2,000 km between China's western province "Kashgar" from Pakistan's southern province "Baluchistan" where Gwadar Port resides.

**Table 2: Distance Comparison between Existing Route and Alternative by CPEC (km)**

Origin Port	Destination Port	Existing Route	CPEC Route	Difference	Percentage
Kashgar	Salalah	16,312	4,198	12114	74.26%
	Jeddah	18,746	6,739	12007	64.05%
	<u>Shuwaikh</u>	18,288	4,545	13,743	75.15%
	Rotterdam	27,372	15,366	12,006	43.86%
	Hamburg	27,887	15881	12,006	43.05%
	Le Havre	26,889	15,883	11,006	40.93%

Source: Li & Baig (2019)

As pointed out by Li & Baig, (2019) regarding the transportation vis-à-vis CPEC, their study showed the impact of CPEC in terms of reducing the time and travelling distance. Some selected destinations have reached almost 75% of reduction as in the case of Salalah Port. Moreover, via CPEC, China is able to cut the transportation cost up to 15% of the current existing route cost.

**Table 3: Percentage of Savings of imports & exports to China Kashgar via CPEC (billion/USD)**

Country	Imports	Exports	Total Trading Volume	15% Save
KSA	23.7	26.4	50.1	7.51
Kuwait	6.19	4.99	11.18	1.67
Oman	11.2	2.52	13.72	2.05
Germany	98.8	104	202.8	30.42
France	24.3	49.3	73.6	11.04
Netherlands	12.9	60.6	73.6	11.02
Total	200.79	274.21	475	71.25

Source: Li & Baig (2019)

Consequently, these calculations are vital to prove the importance of CPEC to China in the coming years as an alternative solution to overcome the Malacca Strait where 39% of its international trade goes through.

### 3. CHINA'S ECONOMIC INTEREST: CAREC THROUGH CPEC

The importance of Pakistan comes from its geographical position in Central Asia which has affordable natural resources. China needs these resources for its economic development. As Takehiko Nakau, President of the Asian Development Bank states that "Pakistan can provide a link to Central Asia Regional Economic Cooperation (CAREC) countries to the sea (Bandar Abbas, Gwadar and Karachi) for the promotion of trade." (CAREC, 2017)

CAREC is an economic cooperation program launched in 2001 for Afghanistan, Azerbaijan, China, Georgia, Turkmenistan, Kazakhstan, Uzbekistan, Kyrgyzstan,

Mongolia, Pakistan, and Tajikistan in four domains i.e. transportation, trade facilitation, energy, and trade policy (Asian Development Bank, 2019).



Figure 4: CAREC and Sea Connections. Source: (CAREC Secretariat, 2020).

Figure 4 shows that CPEC and CAREC connect the Central Asia region that has affordable natural resources with the South Asia region that suffers from natural resources deficiency. Thus, CPEC is a logistic corridor and energy channel for the regional countries but most importantly for China.

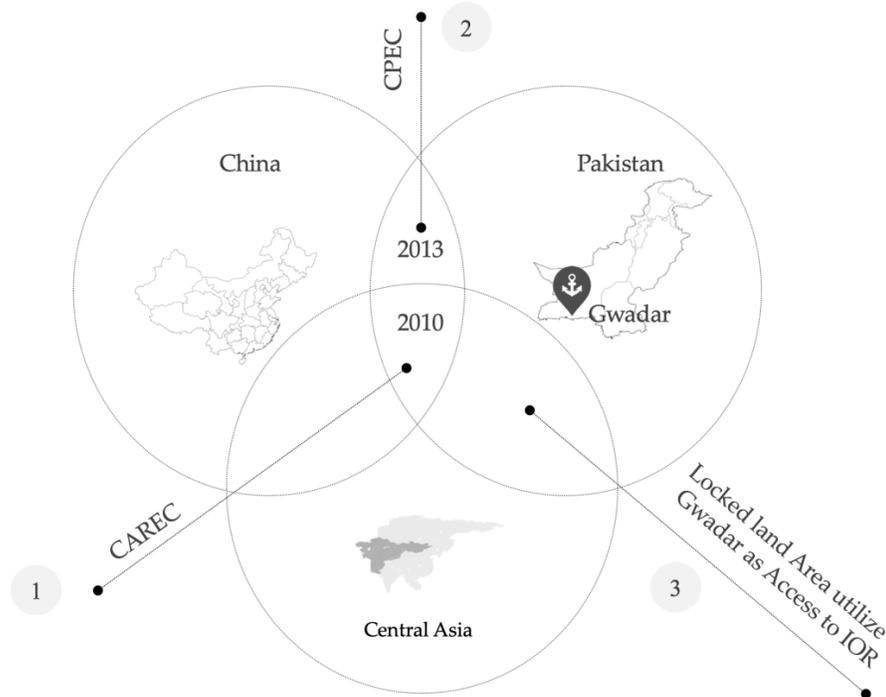


Figure 5: Pakistan Membership CAREC and CPEC. Source: Authors.

Pakistan has an opportunity to be the regional hub for energy market via delivering these energy resources via Gwadar Port to international markets or directly to China via CPEC infrastructure. "It is a must to have a politically stable regime in Afghanistan to activate the connections between CAREC and CPEC." (Khan, Personal

Communication, July 16, 2019). This argument could be examined by comparing the statistics provided in Table 4 and the proposed infrastructure of CAREC to strengthen the economic relations.

**Table 4: Statistics of Energy Resources in Central Asia Region**

Country	Type	Amount
Kazakhstan	Oil	30 billion of barrels
	Coal	33.6 billion tons
	Gas	85 trillion cubic feet
Uzbekistan	Gas	65 trillion cubic feet
Turkmenistan	Gas	21 trillion cubic feet

Source: (Khan, 2017)

#### 4. CPEC and China's Model for Global Economic Governance

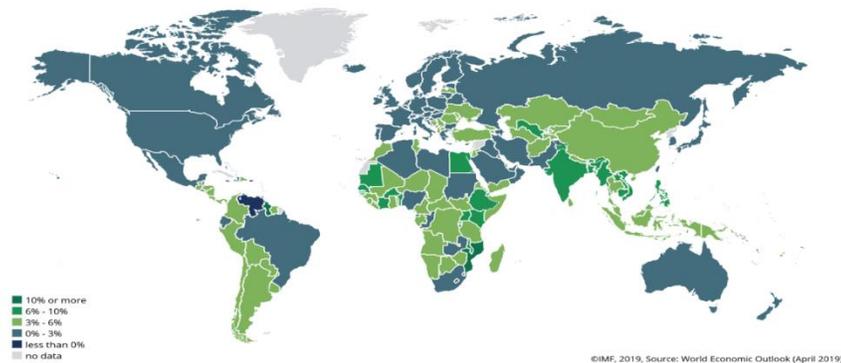


Figure 6: Global Real GDP Growth (2020-2024). Source: (IMF, 2020).

The BRI is one of the China's solutions to rebalance the global economic governance by linking the countries together through developing their infrastructure. Furthermore, as the CPEC is a crucial part of the BRI, the CPEC plays a key factor in China's ability to succeed in remodeling the global economic governance. Since then, the current global economic governance has created imbalances in serving the interest of the developed states which represents 80% of the global growth as per IMF statistics. As a result, China responded by launching the BRI to improve global economic governance and to address the imbalanced issue (Javid, Personal Communication, July 15, 2019). CPEC is the only economic corridor that is based on a bilateral agreement between two states. This is vital for the success of the whole BRI due to the importance of Gwadar Port for developing the western part of China (Khan, 2017).

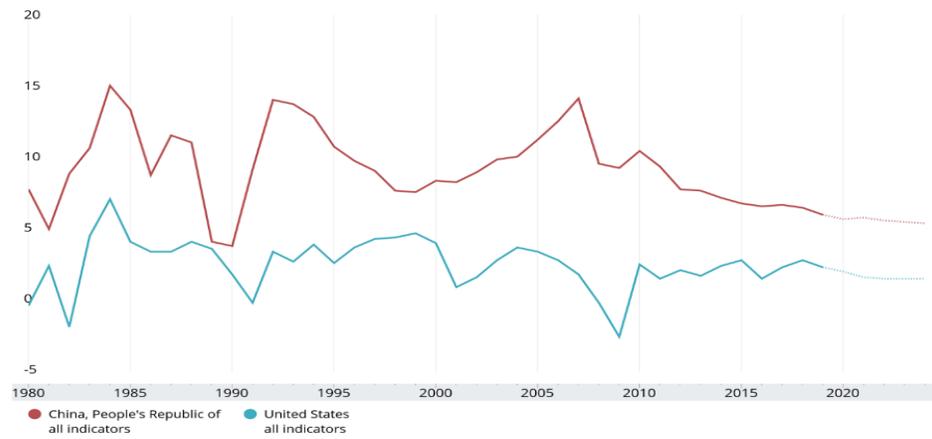


Figure 7: The Real GDP Growth for China and the US (1980-2020). Source: (IMF, 2019).

Since CPEC is the key part of BRI, its success is vital for China's success in restructuring the global economic governance in its own way as shown in Figure 7. China's GDP still experiences a constant annual growth despite a decline in the percentage from 9% to 6%. Figure 7 illustrates that the US' economic growth is volatile, heading towards descending direction especially after the global financial crisis in 2008. In contrast, China's real GDP is constantly increasing.

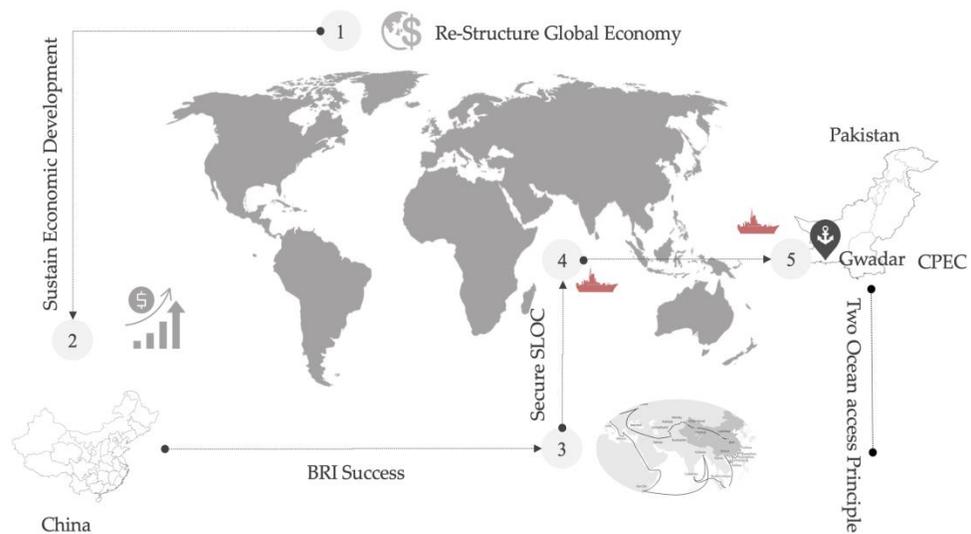


Figure 8: Global Economy Governance and BRI Success Dependency Chain. Source: Authors.

Currently, China does not hold any active role in the global economic governance due to the US' influence on the Bretton Woods Institutions: The IMF and the World Bank. However, the US' constant refusal to allocate more voting shares to China in the World Bank made the country, in 2013, to establish its own multilateral financial firm such as AIIB. This establishment involved the participation of 75 states in which some of them are the key allies of the US such as the UK (Allison, 2017).

Figure 8 shows the proposed chain of dependent relations that demonstrate China's ultimate goal to restructure the global economic governance. The success of this depends on the success of implementing BRI on a global scale, in which it also

depends on the ability to ensure the non-disruption of Sea Routes. In this case, the success of CPEC depends on the following: (i) CPEC connects China with the IOR via Gwadar Port which allows it to have access to a second ocean and therefore avoid any resource disruption; and (ii) CPEC connects CAREC states to China which enables China to overcome its natural resources shortage with less costs since its imports are transported quickly and less costly due to the geographical proximity of exporters.

However, this is seen by most economists as a way forward to replace the US as the key player of the global economy. In this case, China will become less dependent on politically Western-linked states, states that are economically interdependent with China will increase, and Malacca dilemma can be avoided. Finally, Blackwill and Harris in their book *Way by Other Means: Geo-economics and Statecraft* claimed that China is the world leader in “geo-economics”; the economy used as a tool to achieve its geopolitical aims. It shows the rising power projection by virtue of economy rather than military (Allison, 2017).

## **5. OMAN- CHINA RELATIONS**

### **5.1. Historical Overview of the Bilateral Relations**

In the words of Muqaddam, a professor of history at SQU, the Omani-Sino relations are historic and attributed to the era of the Western Han Dynasty (206 BC - 220 AD) where the historical sources highlight on the arrival of China ships to the famous coastal cities, Sohar and Qalhat, while at the same time the Omani ships departed on the southwest coastal ports of China carrying goods from the regions (Yousuf, 2019).

Fulton in his book *China's Relations with the Gulf Monarchies* states that in the mid of the 20th century, the relationship between the two countries went through a difficult period following the support provided by the Chinese leadership at that time to the Dhofar rebels. This support was aimed to expand their cultural revolution principles but it was limited to the logistical support economic, arms, as well as ideological and political support by hosting two delegations in 1967 and 1968. Moreover, in 1968, two Chinese citizens attended the Himrin Congress and formed a communist political party. The other was a journalist. The outcomes of the meeting resulted in renaming the revolutionary movement to Popular Front for the Liberation of Oman (PFLOAG) which was mainly based on “Mao Zedong thought”. (Fulton, 2019)

In conclusion, after China's foreign policy changed under the leadership of Xia Boing and adopted open door policy, Oman was one of the first countries that started the diplomatic relations which was dated to 1978. Since then, the relationship between the two countries has developed in all domains, especially in the economic aspect, where China is the Sultanate's first trading partner.

### **5.2. Outlook on Oman's Foreign Trade Relations: China and Others**

It is important to review the trade exchange between Oman and other states over the past decade (2010-2019) since these data will give an indication on how Oman economically interconnected with others. Thus, the consequences may have indirect effect on Oman's political position in the coming future.

As shown in Figure 9, during the period 2010-2019, China's imports of crude oil from Oman doubled from 41% to 83%, making it the largest importer. Meanwhile, India began importing oil in 2017 at a very low rate (almost 7.6%). Previously, the US and Pakistan were not represented as the key importer of Oman's oil.

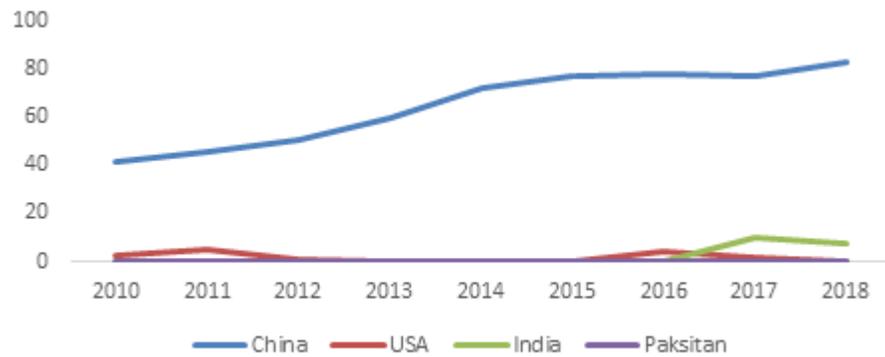


Figure 9: Percentage Share of Exports of Crude Oil and Condensate by Country (2010-2018). Source: (NCSI, 2019).

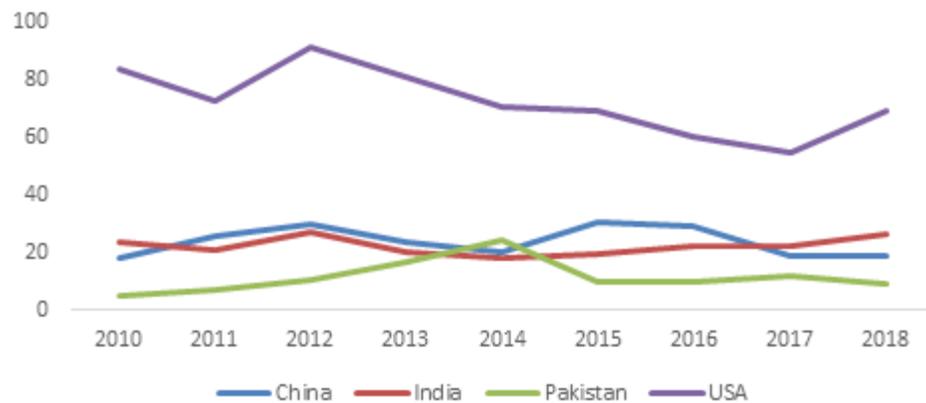


Figure 10: Percentage of Recorded Non-Oil Merchandise Imports by Major Exporting Countries (2010-2018). Source: (NCSI, 2019).

As shown in Figure 10, China and India are the biggest exporters to Oman’s market by 19% and 26% in 2018. Consequently, the share of total imports from the Asia region is more dependent on these two countries. Meanwhile, the US represents the largest exporter as a share of the North America exports, Oman, by almost 70%. For a decade before it has dropped by 10%.

**5.3. Chinese Investments in the Special Economic Zone Authority at Duqm (SEZAD)**



Figure 11: SEZAD Map. Source: Authors.

SEZAD was officially established on 26 October 2011 by the Sultan’s Royal Decree to regulate and supervise all economic activities in the Duqm region (see Figure 11). In addition, it also helps to diversify Oman’s economy as the main driver in establishing SEZAD. It stretches over 2000 km<sup>2</sup> with a lengthy beach of 70 km. Currently, 45% of the zone underdeveloped which represent 800 km where the rest considered under future expansion (SEZAD, 2013).

Based on all above, SEZAD is considered as the biggest economic zone in the Middle East region with eight main areas i.e. port, ship dry dock, oil refinery, regional airport, heavy-medium-light industries complex, residential, commercial, tourism, and logistics. (SEZAD, 2013). SEZAD has many competitive advantages to its credit which qualify it to become a logistic and marine hub not only for Oman but for the Gulf region on the Arab Sea outside Hormuz Strait.

For that regard, China’s BRI financial firm AIIB played a role in SEZAD by financing some expansion projects by 265 million USD in the same year China invested massively to build Sino-Oman Industrial Park with a total value of 10.7 billion USD for 35 projects (Calabrese, 2018). Figure 12 shows that the Chinese investments are the highest with investments reaching nearly 93% of the total investments in SEZAD. The UK is the second investor with investments representing 6% of the total investments. India and the US, have the lowest investors with 1% for each.



Figure 12: Total FDI in SEZAD (B USD). Source: (SEZAD, 2019).

In the Post-Cold War era, the economic factor is predominant in states’ decisions to encourage FDI from different sources and based on the volume of investments of the

economic interdependence between states. In general, Chinese investors are very interested in the fisheries sector as the upcoming tender. The expansion of the fishing port has witnessed a noticeable interest from the Chinese side.

#### **5.4. The Contemporary Security Relations**

According to what is announced, there is no relationship in the areas of security and defense with China. As a high-ranking military officer emphasized, Chinese naval vessels are treated like their sisters from other countries' ships when crossing territorial waters and their desire to dock in any Omani ports to refuel or supply other essential requirements. Since then, the economic relations between Oman and China have grown strongly in the last years. Thus, the consideration of Oman security position with China should to be explored.

Given that the Chinese defense industry is well-developed, its commitment to transfer its military technology with some of its allies – Pakistan as a case – is possible considering this domain as one of the initial opportunities for cooperation. Cheung (2014) reported that the Chinese have benefited from Soviet Russia's defense science and technology capabilities, especially in aviation, naval, and missile technology. Nowadays, illegal cyber espionage boosts their ability to gain more intellectual property (IP) from the West by gaining unauthorized access (Cheung, 2014).

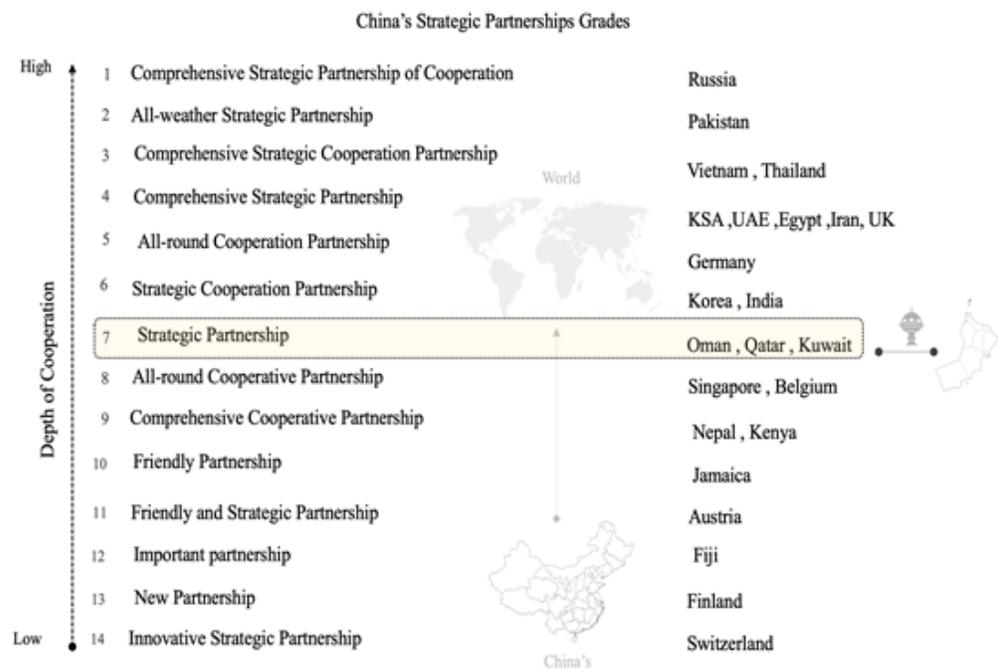
Pakistan Monument is a symbol of the historical defense cooperation between both states in transferring JF-17 defense technology. Hence, this is valuable to Oman to get in-depth expertise about the Pakistani experience in transferring the Chinese defense technology. In this context, the public authority for privatization and partnership could take lead on developing a model for corporation.

#### **5.5. The Contemporary Political Relations**

Zhongping & Jing (2014) states that Wen Jiabao defined the comprehensive strategic partnership as follow:

“By ‘comprehensive’, it means that the cooperation should be all-dimensional, wide-ranging and multi-layered. It covers economic, scientific, technological, political and cultural fields, contains both bilateral and multilateral levels, and is conducted by both governments and non-governmental by ‘strategic’, it means that the cooperation should be long-term and stable, bearing on the larger picture of China-EU relations. It transcends the differences in ideology and social system and is not subjected to the impacts of individual events that occur from time to time. By ‘partnership’, it means that the cooperation should be equal-footed, mutually beneficial and win-win. The two sides should base themselves on mutual respect and mutual trust, endeavor to expand converging interests and seek common ground on the major issues while shelving differences on the minor ones.”

In 2018, China Daily, a prestigious Chinese media published the news regarding upgrading the bilateral relations between both Oman and China to a strategic partnership during the event of 40th anniversary of establishing the diplomatic relations. This move goes in line with BRI initiative to secure the common interest of both states (Xinhua, 2018). In the following, a detailed description about this agreement is addressed.



**Figure 13: China's Strategic Partnership Grades. Source: Translated from Chinese (Zubair Corporation, 2018).**

Figure 13 shows that Pakistan is considered the second most trustful state according to the Chinese diplomatic layer – 2nd grade after Russia, while the other regional states, UAE KSA, – 4th grade, where more cooperation in different domains is tailored for enhancing the bilateral cooperation. The rest of GCC states, including Oman, positioned in the 7th grade where lower cooperation area is covered. In the following lines, the strategic partnership and the presidential statement are discussed in detail.

#### 5.6. Notable Challenges to the Current Strategic Partnership

Some scholars argued that the current relations are suffering from ambiguous directions due to the influence of the West. Moreover, the present Oman-China relations which actively began in May 2018 have actually already been adopted by Saudi Arabia for 16 years. Saudis were the first nation from the Middle East and North Africa (MENA) region to establish such a relationship. On the one hand, China is always welcoming in lifting up the cooperation to a level of activating these relations. As a more strategic Gulf state, Oman needs to balance its relations between China and the West. Consequently, China uses its own media channels to enhance the cooperation level by motivating the private firms and tourists to prioritize their abroad investments and visits to the newly listed nation i.e. Pakistan.

However, the current Oman commercial policy to attract the Chinese foreign direct investments (FDI) is found to be inefficient and creates massive issues for new businesses, for example, foreign investment law that forces the investors to pay investment fees about 30,000 OMR and pay the rent from the first day. Other issues include obtaining visas for skilled and qualified technicians; current roles are mandatory and reserved for domestic workers. Other than that, neighboring countries such as the UAE allow foreign investors to finish their commercial registration activity within one hour which will be more likely to lower Oman's opportunity to attract more investments from China. China has different kinds of strategic relations with other countries worldwide, and since China is currently the largest trading partner of Oman, it is necessary to review the current level of partnership in line with the variables of the

near future before the year 2030. Therefore, at the end of this study, a practical proposal or model on how to tackle the current problem will be presented to enhance the strategic partnership.

### 5.7. Oman's Foreign Policy Post 2030

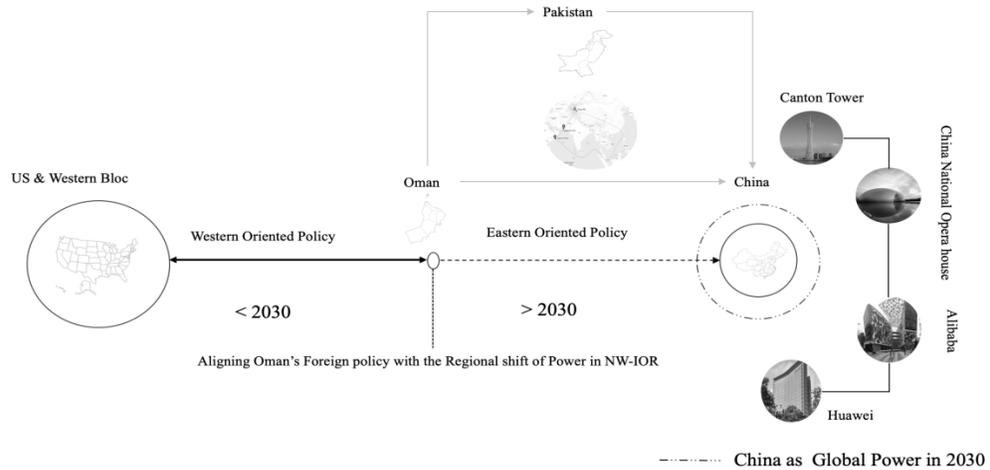


Figure 14: Futuristic Oman's East-Oriented Policy Post 2030. Source: Authors.

Figure 14 shows that the year 2030 may potentially be a turning point for many states in the Indian Ocean and the Gulf regions specifically after the fully operated CPEC. At that time, Chinese influence will increase, and hence, states will have to recondition their policies to fulfill the new challenging power. Kazakhstan is one of the states that has adopted a multidimensional foreign policy to align its position between Russian and China. Therefore, as China's sphere of influence will grow in the current decade in addition to being the biggest trading partner of Oman, decision-makers will (have to) prioritize the bilateral relations to serve Oman's interest. As China does not interfere in the domestic affairs of host states as argued by Li (2019) in her presentation entitled "BRI And Sino-Islamic Cooperation: Away to win-win", the Chinese government maintains its non-interference policy, in which any states are guaranteed to benefit more from China compared to from a western state.

Practically, endorsing this policy will increase the possibility of political tension between Oman and its strategic allies, therefore, to tackle this issue the Omani officials have to analyze the state's priority in the domain of cooperation. For example, the cultural and educational domains should focus on the priority of the state's cooperation agenda after the economic domain. The cascading approach is proposed to align the country's policy towards China without affecting the current strategic allies in addition to ensuring the Oman's national interest from the emergence of China's strong presence in the region.

It is vital for Omanis to envision their future relations by learning from where others have reached. Hence, it is crucial to learn from the Pakistanis' experience in dealing with China and avoid the same mistakes from happening. The following figure explains in details the proposed model of cooperation.

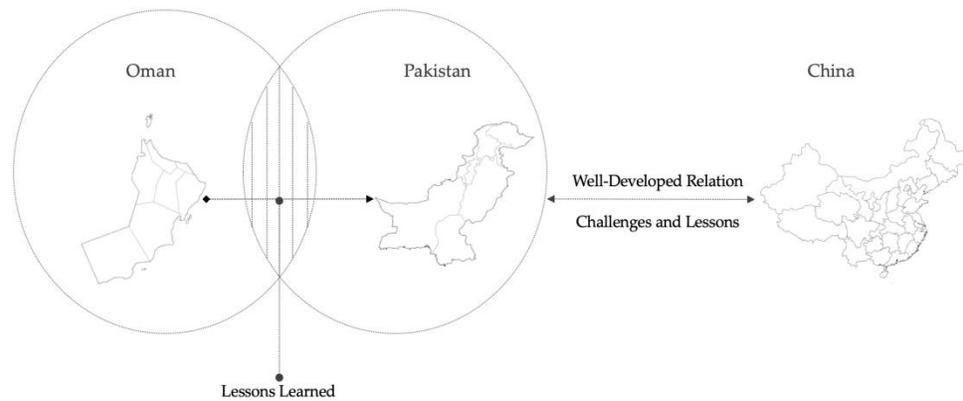


Figure 15: Oman-Pakistan Lessons Learned Model of Coordination. Source: Authors.

### 5.8. Tripartite Policy Alternatives for Oman, China, and Pakistan

This research has shown that China's sphere of influence will potentially increase in this current decade (2020-2030), particularly in the Gulf and Northwest Indian Ocean. Consequently, the proposed model should help in enhancing Oman's preparedness for the rising of China's power. However, the reasons behind the necessity of adopting this model could be summarized as follows.

First, China is economically dominating the northwest of the Indian Ocean region compared to other existing powers. This in turn will force China to ensure the protection of its interests in this region by ensuring the security of its commercial vessels' sea routes. Thus, this has affirmed the implementation of sea power theory in the coming years.

Moreover, China has become an important commercial partner for Oman, especially during the last decade where Oman's exports of crude oil surged to 85% in 2019. This could also be seen as an indication to be cautious of being more dependent on China's economy. However, this relationship seems to grow although Oman is yet to be prepared for a new world order lead by China. This is also because since it is a member of the GCC bloc with its western-linked foreign policy. Despite that, some GCC states have started to onboard China in their foreign interest such as in Saudi Arabia and UAE where both governments have very active partnership compared to Oman.

Currently, Pakistan is ranked second in its diplomatic relations with China after Russia. This reshapes the country's bilateral relations, which means that Pakistan can be considered a model for study for any country that wishes to redraw its bilateral relations with China since the current bilateral relations go beyond the economic cooperation to various domains i.e. social, cultural, political, scientific, and military. Given the distinguished bilateral relations between Oman and Pakistan, it is of utmost importance to make the most of the Pakistani experience to reexamine and reshape the Omani-Chinese relationship.

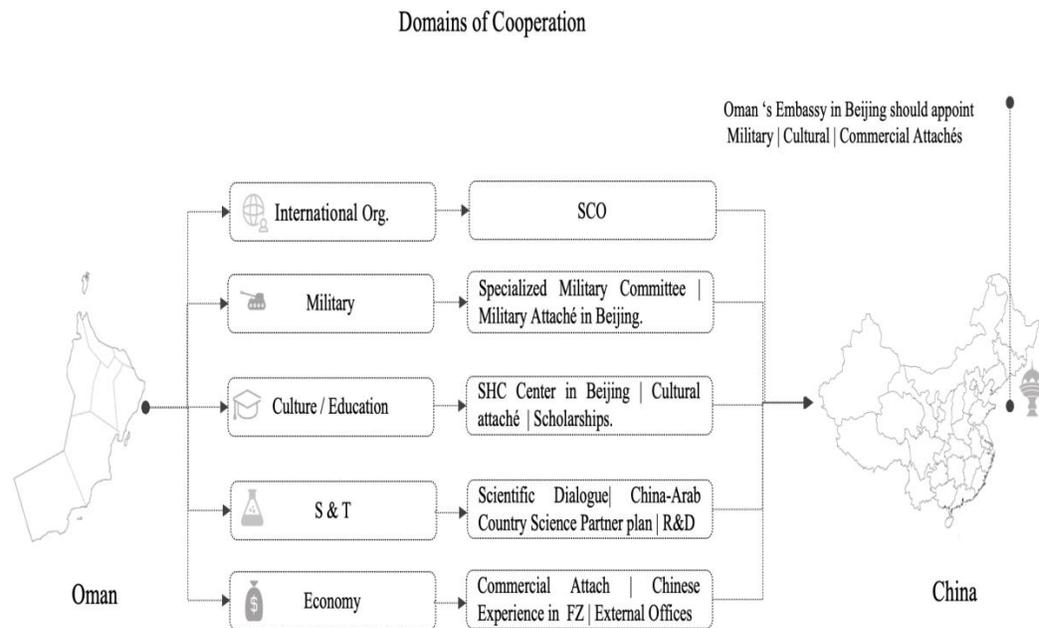


Figure 16: Oman-China Domains of Cooperation. Source: Authors.

Figure 16 illustrates that it is necessary for Omani policymakers to start looking at the potential areas of cooperation and how to implement them. Among the most important proposed initiatives to activate them include first, to join the established organizations led by China as one of the cooperation mechanisms, and second to gain the confidence necessary to understand the nature of China policy closely. For example, joining as an observer to the Shanghai Cooperation Organization which was established by the Chinese initiative in 2001. It is based in Beijing and currently has no Arab countries. Oman is also a founding member of the Asian Investment Bank.

Second, on the military level, given that Oman is an ally of the West, this does not preclude the benefit of the experience of transferring defense technologies between countries. The transfer of Chinese technology to Pakistan is proof of the success of this field. This undoubtedly will not take place except in the future period. To take proactive steps, Oman may appoint a military attaché at the Sultanate's embassy in Beijing to explore possible cooperation between the two sides and study the experiences of other countries that have started cooperation in this field. In addition to that, Oman could form a committee of military experts to study the experiences of countries that currently have military cooperation with China e.g. Pakistan.

Third, on the cultural and education sides, it is important to enhance the cultural influence of China's elite class. This is possible through programs directed at enhancing the Omani soft power over it and to ensure the success of this aspect. It is appropriate to establish an alternative cultural center for the Sultan Qaboos Cultural Center in Washington under the name of Sultan Haitham Cultural Center in Beijing. Next, appointing a cultural attaché to obtain professional and academic opportunities in China will enhance the cooperation between the two countries in the academic field with nine Chinese elite universities such as Peking University, Tsinghua University, Shanghai Jiao Tong University, University of Science and Technology of China and Zhejiang University, Nanjing University.

The Research Council of Oman could also lead the effort to establish a scientific dialogue between Oman and China to figure out a working plan between Oman and

China and encourage the exchanges between Chinese and Arab young scientific talents via a program like “Outstanding Young Scientist Coming to China Project” which is part of the adopted framework of China-Arab Country Science Partner plan.

In the economy, what the country can do is appoint a commercial attaché to the embassy in Beijing to enhance trade exchange between the two countries in non-oil fields by exploring the investment opportunities for the private sector and studying ways to benefit from the growing Chinese market. This includes analyzing the reasons behind China’s economic success and identifying China’s economic experts and how to benefit from them in promoting the plans to diversify Oman’s national economy from the supplement’s priority.

In the same context, as it becomes clearer during this research regarding the remarkable success of China, particularly in the free economic zone, a special economic zone of Duqm could also be considered to be established. It should be reexamined the SEZAD economic zone policy from the perspective of Chinese investors to attract more of these investments. It should be unified the external marketing offices of the free zones under one umbrella to work in harmony and to distinguish the differences between each free zone. In addition to that, it could be established a single platform of investing easily for Chinese investors in Beijing. Then, lastly, the Omani government should provide the necessary facilities to motivate one of the leading banks to open an outlet in China to enhance confidence in the Omani economy and as an important measure to attract investment.

As a practical proposal, a model of cooperation was designed in Figure 17 to implement the aforementioned recommendations and enhance the Omani-Chinese cooperation by taking advantage of the lessons learned in Sino-Pakistani cooperation to come up with a partnership model that returns positive results for both parties.

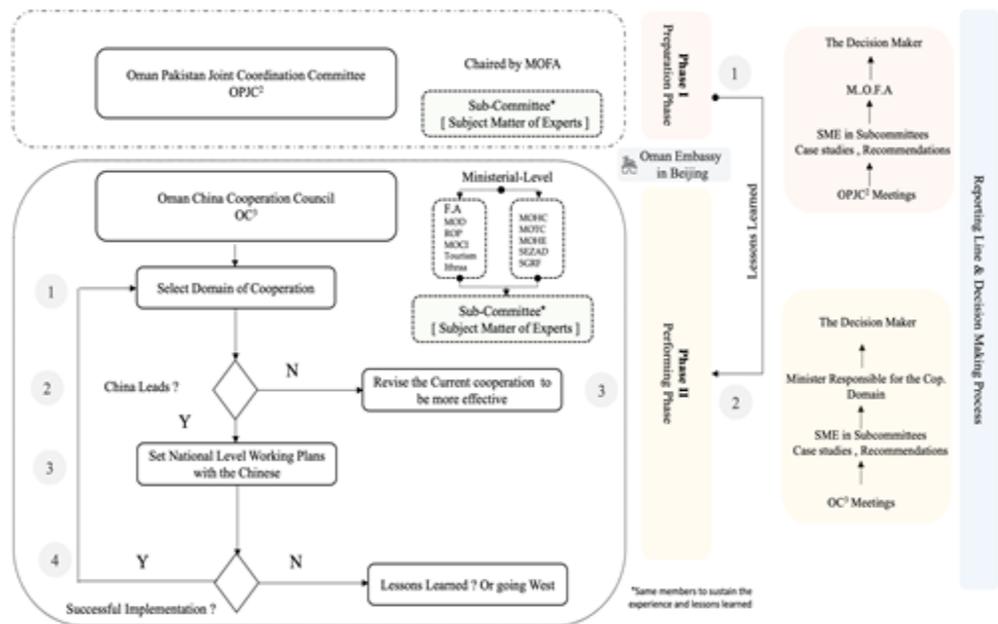


Figure 17: Cascading Approach to Reorient Oman Foreign Policy towards East.

Source: Authors.

If the above-mentioned model is used, nine targets could be achieved: First, reducing mistakes through lessons learned from the Pakistani experience. Second, saving the

time needed to upgrade strategic partnership with China to be effective. Third, avoiding damaging the Omani strategic relations with Western countries such as the United States, considering the expected rise of China's influence in the region. Forth, determining the priorities that the Sultanate must prepare in politics, economy, and social, among others. Fifth, accelerating the decision-making mechanism and effective use of time. Sixth, motivating China and Western countries to fully cooperate with the Sultanate to upgrade its capabilities in a short time. Seventh, discovering the occurred issues to implement a cooperation framework and address the issues faster. Eight, serving the national interests of the Sultanate effectively. Ninth, taking the higher interests of the strategic partners into consideration along with the interests of Oman.

Again, if this model is used, the partnership between two countries will reach 4th grade i.e. Comprehensive Strategic Partnership as shown in Figure 13. Other countries within the region have reached this level but with their own circumstances and peculiarities. Eventually, it should be noted that the success of this model mainly depends on both sides to remove any obstacles that will probably emerge during the implementation process. Moreover, the world is changing too fast and supremacy also depends on different factors, limited to as discussed in this research. Therefore, this study was mainly conducted as a response to all the changes that have occurred, to solve any unforeseen problems in the future, and to preserve Oman's best interest at the regional and global levels.

Contrary to the good economic relations between Oman and China, there are some potential challenges in it. With reference to the previous sections, the partnership could successfully work given the right approach, effective implementation, and fulfill the desires of both parties. Nevertheless, in terms of ideology, since Oman has been under the influence of the West for many years, embedding Eastern-oriented thinking in its policy particularly the Chinese way is a huge challenge to tackle. Although China has adopted capitalism in practice economically, it is still communist. This might be an obstacle to deepen relations in long term.

In addition to that, economic interdependence between the two countries may also constitute a risk factor in the future, especially the consequences of the Coronavirus epidemic, COVID 19, which appeared in the midst of writing this research. As a newly emerging global power, any events happening in China would also affect other countries in the world including Oman. If the country sustains its western-oriented foreign policy at the same time when China's influence keeps growing, the policy might turn out to be in an imbalance position, hence causing more disturbances in the country like international crisis and political turmoil.

## 6. CONCLUSION

China, economically, culturally (especially, with the movies and TVs), and politically has already come to the Gulf. Spoiled relations of the Cold War are getting better with the Gulf and especially with Oman. Definitely, the main reason is developing economic relations, enormous Chinese investments in the region, and China's rapid customer relations' replacement of the US. China has already established good relations with Saudi Arabia and the Emirates on the south shore, with Iran and Pakistan on the other shore of the Gulf. China has launched a big economic project to resurrect Silk Road and retrigger Chinese economic growth plans with the regional countries such as BRI, and CPEC. In those plans, Pakistan and Oman have a big importance and China Invested 2 big hubs in Pakistan and Oman. This initiative(s) will give Oman a leg up to its economic diversification in the next decade. Thence, Oman cannot ignore those economic opportunities, and started to work with China in Duqm Port, opened the

doors for the Chinese investment despite bureaucratic obstacles, and now China is the main purchaser of Omani oil.

It is clearly seen that China will come more intensively to the region when the CPEC finished and the regional countries will benefit from this new actor in the region. According to the majority of the liberal scholars, those relations will be “win-win” relations. Oman, as a main geostrategic guardian of the Hurmuz Strait and a partner of the CPEC with the Duqm Port, should establish some committees as mentioned above and facilitate more Chinese investments to have better economic relations with China by learning some lessons from China-Pakistan relations.

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