

Defense & Foreign Affairs Special Analysis

Founded in 1972. Formerly *Defense & Foreign Affairs Daily*
Volume XXXVII, No. 43 Monday, August 12, 2019

© 2019 Global Information System/ISSA.

Special Report: The Dawn of the Chinese Gulf. Saudi Arabia and the UAE move away from the US as Iran cements its ties with Beijing and Moscow
Have Saudi Arabia and the UAE Found an Exit Plan from the Yemen War?
India's Biggest Gamble? Crushing the Kashmir Problem

Special Report

The Dawn of the Chinese Gulf

Saudi Arabia and the UAE move away from the US as Iran cements its ties with Beijing and Moscow

Analysis. By Yossef Bodansky, Senior Editor, GIS/Defense & Foreign Affairs. All attention is focused on the twists-and-turns of the very noisy US-Iran dispute in the Persian Gulf, but all the while the People's Republic of China (PRC) is rapidly and quietly consolidating a dominant presence in the area with the active support of Russia.

Beijing, as a result, is fast acquiring immense influence over related key dynamics such as the price of oil in the world market and the relevance of the petrodollar. The PRC and the Russians are capitalizing on both the growing fears of Iran and the growing mistrust of the US. Hence, the US is already the main loser of the PRC's gambit.

The dramatic PRC success can be attributed to the confluence of two major trends:

- (1) The quality and relevance of what Beijing can offer to both Iran and the Saudi-Gulf States camp; and
- (2) The decision of key Arab leaders — most notably Saudi Crown Prince Mohammed bin Salman bin 'Abd al-'Aziz al Sa'ud (aka MBS) and his close ally, the Crown Prince of Abu Dhabi, *Sheikh* Mohammed bin Zayed Al Nahyan (aka MBZ) — to downgrade their traditional close ties with the US, and reach out to Beijing to provide a substitute strategic umbrella.

Hence, the PRC offer to oversee and guarantee the establishment of a regional collective security regime — itself based on the Russian proposals and ideas first raised in late July 2019 — is now getting considerable positive attention from both shores of the Persian Gulf. Iran, Saudi Arabia, the United Arab Emirates (UAE), Qatar, and Oman appear to be becoming convinced that the PRC could be the key to the long-term stability and prosperity in the Persian Gulf and the Arabian Peninsula.

Iran is also considering the expansion of security cooperation with Russia as an added umbrella against potential US retaliation.

Overall, according to sources in these areas, the US was increasingly perceived as an unpredictable, disruptive element.

*

The profound change in the attitude of the Saudi and Emirati ruling families, who for decades have considered themselves pliant protégés of the US, took long to evolve. However, once formulated and adopted, the new policies have been implemented swiftly.

The main driving issue is the realization by both MBS and MBZ that, irrespective of the reassuring rhetoric of US Pres. Donald Trump and Jared Kushner, their bitter nemesis — Qatar — is far more important to the US than the rest of the conservative Arab monarchies and sheikhdoms of the GCC. The last straw came in early July 2019 in the aftermath of the visit of the *Emir* of Qatar, *Sheikh* Tamim bin Hamad Al Thani, to Washington, DC. *Sheikh* Tamim received an extravagant reception from both Pres. Trump in person and official Washington. Trump lavished praises on Qatar and the *Emir*, and emphasized the US renewed commitment “to further advancing the high-level strategic cooperation between our two countries”.

There are good reasons for the US preference of Qatar.

The Al-Udeid Air Base in Qatar is by far the most important US base in the entire greater Middle East. Qatar is mediating between the US and several nemeses, including Afghanistan, Iran, and Turkey. Qatar is providing “humanitarian cash” to HAMAS in the Gaza Strip, thus buying quiet time for Israel. Qatar has given generous “political shelter” to numerous leaders, seniors, and commanders of questionable entities the US would like to protect but would never acknowledge this (including anti-Russia Chechens and other Caucasians, and anti-China Uighurs).

Qatari Intelligence is funding and otherwise supporting the various *jihadi* entities which serve as proxies of the CIA and MIT (*Milli İstihbarat Teşkilatı*: the Turkish National Intelligence Organization) in the greater Middle East (mainly Syria, Iraq, Libya, Jordan, Yemen) and Central Asia (mainly Afghanistan-Pakistan, China’s Xinjiang and Russia’s Caucasus and the Turkic peoples of eastern Siberia).

On top of this, Qatar is purchasing billions of dollars’ worth of US-made weapons; and paying cash on-time (unlike the habitually late Saudis who now cannot afford to pay what they’ve already promised).

Moreover, the Middle East is awash with rumors that Qatari businessmen saved the financial empire of the Kushner family by investing at least half-a-billion dollars in the 666 5th Avenue project in New York. The rumors are very specific in that the investment was made for political reasons on instruction of the *Emir*. In the conspiracies-driven Arab Middle East, such rumors are believed and serve as a viable motive for the policies of the Trump White House: an ulterior motive the Saudis and Gulfies cannot challenge.

The handling by the Trump White House of the Iranian shutdown of the US RQ-4A/BAMS-D *Global Hawk* drone on June 20, 2019, only exacerbated further the anguish of both MBS and MBZ. Both of them, along with other Arab leaders, urged the Trump White House to strike hard at Iran in retaliation. Both MBS and MBZ communicated in person with the most senior individuals at the White House. They were stunned to learn

that Trump communicated directly with Tehran on the possibility of a largely symbolic retaliatory strike, and the prospects of bilateral negotiations.

Both MBS and MBZ consider the last-minute cancellation of the US retaliatory strike a personal affront and humiliation because Trump did not accept and follow their positions and demands for action. Both MBS and MBZ are now convinced that not only the US demonstrated weakness and lack of resolve, but that Pres. Trump was personally not committed to fighting Iran on behalf of Saudi Arabia and the Gulf sheikhdoms.

Furthermore, there is growing trepidation in Saudi Arabia about the viability of the Pakistani guarantees to the Kingdom, particularly concerning nuclear deterrence.

In the past, Islamabad mediated the Saudi purchase of ballistic missiles from the PRC (procurements which are supported by Pakistani military technicians and security personnel) and had allocated two nuclear warheads for launch from Saudi Arabia in case of an Iranian attack, all in return for lavish Saudi funding of Pakistan's nuclear and strategic weapons programs.

However, there has been a profound turnaround in Pakistani policies starting in the Summer of 2019.

First, Pakistan reached a comprehensive military agreement with Turkey with the latter providing weapons and other military systems, as well as training, in order to replace US and Western systems which were no longer available. In the first area of active cooperation, Turkey mediated modalities for trilateral cooperation (Turkey, Iran, and Pakistan) in fighting Baluchi *jihadists* and insurgents. Second, Pakistan is expediting the shipping of huge quantities of Iranian gas to western China by mainly using existing pipelines, from the Fars fields to Chabahar, then via the Iran-Pakistan pipeline to Gwadar, and then via the CPEC (the China-Pakistan Economic Corridor) pipeline to Xinjiang. As well, Iran and Pakistan cooperate closely in negotiations with various Afghan factions to ameliorate any US achievements in the Doha negotiations with the *Taliban*.

Hence, both MBS and MBZ wonder, can Saudi Arabia trust Pakistan to deter and confront Iran and its allies on behalf of Saudi Arabia?

Concurrently, with the face-off with the US not going away, Iranian Supreme Leader *Ayatollah Sayyed Ali Khamene'i* convened anew the key Iranian leaders in order to reiterate the tenets of Tehran's strategy and to reinforce their resolve. Khamene'i stressed his and Iran's commitment to becoming the leading regional power, and repeated that there was no possibility for a negotiated compromise with the US. In the meeting, Khamene'i stated "three directives for Iran" which were to be followed and realized under any condition. As reported by authoritative commentator Elijah Magnier, Khamene'i's directives are:

"1. Adherence to Iran's right to nuclear enrichment and everything related to this science at all costs. Nuclear enrichment is a sword Iran can hold in the face of the West, which wants to take it from Tehran. It is Iran's card to obstruct any US intention of 'obliterating' Iran.

"2. Continue to develop Iran's missile capability and ballistic programs. This is Iran's deterrent weapon that prevents its enemies from waging war

against it. *Sayyed* Ali Khamene'i considers the missile program a balancing power to prevent harm against Iran.

"3. Support Iran's allies in Iraq, Syria, Lebanon, and Yemen, and never abandon them, because they are essential to Iran's national security."

Elijah Magnier further explained that "*Sayyed* Khamene'i recommended these commandments to preserve the Islamic Republic of Iran, and that each of these three items is equally important for the safety of Iran, its existence and continuity, and national and strategic security."

The aggregate objective of these three directives, Khamene'i elaborated, was to enable and expedite the ascent of Iran as a regional power. The Iranian strategic ascent would manifest itself by tight control over both the Strait of Hormuz and the Bab al Mandab, as well as the entire Persian Gulf and Arabian Sea; that is, controlling the region's oil and gas exports. Emboldened, the Iranians would intensify their demands for the return of "traditional Iranian territory", starting with Bahrain [even though the Iranian Government of Shah Mohammed Reza Pahlavi had formally relinquished its claim on Bahrain in 1970 — *Ed.*].

There can be expected to be growing demands from Tehran to empower the Shi'ite population of the eastern Arabian Peninsula — where all the oil and gas reserves are located — in accordance with Iran's long-term commitment to the establishing of an Islamic Republic of Eastern Arabia.¹ These are all traditional long-term demands of Iran. The novelty in Khamene'i's most recent address is the assertiveness and immediacy of the Iranian quest to meet these demands.

The importance and essence of Khamene'i's message spread across the Persian Gulf quickly. Consequently, both MBS and MBZ are cognizant that Khamene'i's Tehran was unlikely to compromise or go back on these commitments and objectives. There was no similar indication of resolve coming from Trump's Washington. Thus, MBS, MBZ and most other Arab leaders had become increasingly convinced that the US would sooner or later withdraw from the Persian Gulf and the greater Middle East. The current bluster and assertiveness of the Trump Administration could not negate the overall trend: that of the US disengagement and withdrawal.

The Arab leaders believe that the US would empower Israel as a subcontractor, but Israel has its own priorities and vital interests. Michael Young articulated the perception of the region's leaders in the August 7, 2019, issue of *The National* of the UAE. "A new regional security order is emerging, with Israel taking a much more interventionist approach and playing a military rôle partly replacing that previously fulfilled by Washington, particularly with regard to Iran. Israel's efforts to counter Iran have paralleled those of a number of Arab states, with all sides adapting to a new situation in which the US has decided to militarily disengage from the Middle East."

Both MBS and MBZ concluded that they need a far stronger strategic umbrella than the US and Israel could offer in order to survive in the era of Iran's ascent.

*

As a result, MBZ reached out to Beijing in early July 2019. After comprehensive preparatory negotiations, MBZ arrived in Beijing on July 20, 2019, for a milestone visit in which

he met PRC Pres. Xi Jinping for lengthy discussions. According to PRC senior officials, Mohammed bin Zayed and Xi Jinping “elevated the two countries’ relationship to that of a strategic partnership”. The key outcome was the UAE’s acceptance of the dominance of the PRC and Russia in the Persian Gulf.

“The UAE and China are moving towards a promising future,” MBZ said in his concluding meeting with Xi Jinping. His visit aimed at “developing co-operation and a comprehensive strategic partnership, as well as opening new horizons for joint action in various sectors,” MBZ explained. Xi Jinping responded by stressing “the profound significance of China-Arab relations”. The PRC and the UAE would now work closely together to transform the Persian Gulf into “a security oasis” rather than a new “source of turmoil”.

Significantly, Xi Jinping referred to “a hundred years of grand plan” when describing the PRC’s relations with the UAE. MBZ also signed a large number of bilateral agreements, both economic and strategic.

While in Beijing, Mohammed bin Zayed asked Xi Jinping to mediate a deal with Tehran in order to negate the US-driven escalation and possible war. The PRC moved very fast, and within a few days dispatched to Tehran a high-ranking delegation led by the head of the International Liaison Department of the Communist Party of China (CPC), Song Tao. His mandate was to discuss the new security regime for the Persian Gulf, as well as the conditions for increasing PRC purchase of Iranian oil in disregard of the US sanctions. On the Iranian side, Song Tao’s official host was the highly influential Secretary of the Expediency Council, Mohsen Rezaei. This meant that Khamene’i was directly involved. Song Tao stayed in Tehran for three days and met with a large number of senior officials, mostly members of Khamene’i’s innermost circle of confidants and advisors.

All the Iranian officials were very assertive regarding Iran’s resolve to withstand US pressure at all cost, and eager for PRC cooperation in stabilizing the region and preventing war.

Rezaei articulated Iran’s strategy. “Any kind of insecurity and conflict in this region would carry harm to global peace and security,” he stated. “Americans and Britain have been fanning the flames of war in the Persian Gulf region and they want to pretend they have control over the Strait of Hormuz and the movement of vessels. Of course, we do not allow this to happen. In the meantime, we expect cooperation from our friends in China.”

He hoped for Chinese cooperation in preventing escalation. Should such cooperation fail to materialize, Iran would have to act boldly. “Persian Gulf security is our security and we have to respond to their attacks and destabilizing actions in order to maintain security,” Rezaei stated. Tehran’s preference is for the PRC to help in securing “free shipping and security in the Persian Gulf”.

The Head of Iran’s Foreign Policy Strategic Council, Kamal Kharrazi, reminded Song Tao that “both Iran and China are opposed to US’s unilateralism and hegemony”.

Hence, both countries should work closely together in confronting the US. The Speaker of the Iranian Parliament, Ali Larijani, also stressed that close cooperation “can help counter the US animosity and neutralize its consequences”. He suggested that Russia should be brought into the new security regime in the Persian Gulf. Larijani urged the

PRC to expedite its anti-US intervention in the Persian Gulf because “success of this plan is contingent upon practical steps”. Foreign Minister Mohammad Javad Zarif noted “the two countries’ common strategic outlook toward international developments”, and urged close cooperation in order to reverse “Washington’s attempts to impose its own hegemony on the world”.

All the Iranian officials had no problem with some form of *rapprochement* with the UAE and Saudi Arabia provided they did neither participate in a war against Iran, nor permit the US to use their territory and bases for strikes against Iran and Iranian proxies.

The PRC delegation was impressed by the Iranian eagerness to cooperate and to accept a PRC umbrella.

Song Tao told his interlocutors that “the mission of the delegation is to strengthen the strategic coordination and dialogue between the two countries and we are willing to confront challenges and problems together”. He agreed with the imperative to jointly confront the US, and accepted the need to move fast jointly. Song Tao concurred that “there are complicated and rapid developments happening on the international stage that have created challenges for the countries of China and Iran, but our resolve and determination is to support Iran’s legal and legitimate rights to development and progress”. Song Tao promised to discuss in Beijing concrete ideas how to improve and expand the PRC’s policy of “long-term strategic” ties with Iran in view of the current situation in the Persian Gulf.

By now, the PRC Government had already organized the first meeting between Emirati and Iranian senior officials. First, on July 26, 2019, an Emirati “peace delegation” arrived in Tehran for secret discussions on the new modalities of bilateral relations, new security regimes in the Persian Gulf and Yemen (from where the UAE is withdrawing to the chagrin of Saudi Arabia), and overall GCC-Iran relations. The emphasis was on crisis management and the prevention of accidental escalation in the Persian Gulf. On July 30, 2019, the UAE dispatched a high-level Coast Guard delegation to Tehran.

Officially, the two sides discussed maritime border control and patrolling in order to avoid misunderstandings and clashes. The delegation included an undeclared senior emissary of MBZ. He assured his Iranian interlocutors that the UAE was ready for a fundamental change of relationship with Iran including a “*rapprochement*” and expansion of trade. The UAE also committed to distancing from the US, accepting PRC influence in the entire region, and working with Iran for a regional security regime.

One of the key issues raised with the Emirati delegation in Tehran was the Saudi position. The UAE emissary asserted that all of the recent activities, including the request for PRC mediation, were the outcome of close coordination between MBZ and MBS. However, he explained, given the close relations between MBS and the Trump White House, MBS felt more constrained in making a dramatic shift the way MBZ did.

Therefore, on July 31, 2019, Zarif offered an olive branch.

He declared that “Iran is prepared for dialogue if Saudi Arabia is also ready”. He repeated the message in an interview with the official IRNA. “If Saudi Arabia is ready for talks, Iran is always ready for negotiation with neighbors,” Zarif stated. Tehran “is interested in cooperation with [her] neighbors.” Just to be on the safe side, the next day — August 1,

2019 — Iran sent a reminder of the alternative. The Houthis launched a ballistic missile attack on Saudi military positions near Dammam city.

Located in the Shi'ite area on the shores of the Persian Gulf, Dammam is a critical center of the Saudi oil infrastructure, including a major oil port. Riyadh got the message. Hence, on August 3, 2019, the UAE Minister of State for Foreign Affairs Anwar Gargash stated that “the United Arab Emirates and Saudi Arabia prefer a political approach to their problems with Iran”.

Iran acted on the message. High-level emissaries traveled secretly to Mecca in early August 2019 as part of the Iranian delegation to prepare for the *Hajj* (August 9-14, 2019). They held secret talks about the future of the Persian Gulf with Saudi senior officials. These talks were personally supervised and micromanaged by MBS, who made all the decisions and determined the Saudi positions. Although the Saudis were forthcoming, and repeatedly expressed their desire to avoid escalation and fighting, they were also reticent to break with the US.

Simply put, the Saudis — reflecting the persona of MBS — were risk-averse and incapable of making concrete decisions. They neither said “no” to anything, nor did they commit to anything concrete.

The Iranian negotiators were encouraged by the overall spirit of the negotiations, but frustrated with the slow progress of the discussions. Therefore, on August 7, 2019, Iranian Foreign Minister Mohammed Javad Zarif taunted Riyadh. He urged Saudi Arabia to make its own decision rather than be subservient to the US.

“Some countries see their future and security hinged upon dependence and regard security as something purchasable, and think that they can maintain their security by paying money and buying weapons and learn nothing from history,” Zarif said. “How come [Saudi Arabia] did not realize that money does not bring security?” The Saudi posture is in stark contrast to the posture of the Islamic Republic of Iran. “We never buy security, nor do we sell security because we derive our security, development, and legitimacy from [our] people,” Zarif concluded.

One of the reasons Tehran felt confident to prod both Riyadh and Abu Dhabi was that both were by now engulfed in a major crisis concerning the US. For a long time, MBS, MBZ and their close aides suspected that the US was hiding major matters from them. While the Trump White House kept demanding uncompromising confrontation with Tehran and warning against any and all contacts, MBS and MBZ suspected that Washington was not itself following these principles. Both Riyadh and Abu Dhabi have long known about active channels and mediation efforts by Doha, but whenever the subject came up, Trump's Washington would assure them that the Qatar channel was only procedural and not much different from the US interests office in the Swiss Embassy in Tehran.

Then, on August 5, 2019, the US Ambassador to Iraq, Matthew Tueller, dropped the bomb.

“We have direct communication channels with Tehran,” he acknowledged. And these are not simple channels. While diplomatic discussions and *de facto* negotiations are taking place via the good services of Doha, the back-channel in Baghdad was specifically

with the Iranian Revolutionary Guard Corps' (IRGC: *Pasdaran*) Qods Force. These contacts were aimed to minimize the likelihood of clashes and misunderstandings in Syria, Iraq, Yemen, and the Persian Gulf. This venue was most logical because the local Iranian Ambassador is Brig. Gen. Iraj Masjedi who is the right-hand man and deputy of Qods Force Commander Maj.-Gen. Qassem Soleimani.

According to Iraqi senior officials, some of the US-Iranian communications regarding the aftermath of the shoot-down of the US drone were held via this venue. The US also used this channel to try and convince Tehran not to attack the US forces in al-Tanf (southern Syria) and in the Ein al-Assad Air Base and adjacent bases (western Iraq).

Both Riyadh and Doha were stunned and humiliated because the Trump White House did not bother to inform them of the Baghdad back-channel, while pressuring them to avoid all contacts and negotiations with Iran.

Another reason for the growing self-confidence and assertiveness of Iran was the most recent evolution of its strategic relations with Russia. On July 28, 2019, the Commander of the Iranian Navy, Rear Adm. Hossein Khanzadi, was in Russia, ostensibly for the Navy Day celebrations. He conducted major discussions about a new level of military cooperation specifically in order to counter the US Navy threats.

At the end of the visit, Khanzadi reported in Tehran: "Iranian and Russian armed forces have signed a 'classified' deal to expand cooperation through a series of projects, one of which will be joint military drills in the Persian Gulf before the end of the year." "Some articles of this agreement are classified, but overall, it is aimed at expanding military cooperation between the two countries."

Khanzadi termed the new agreements a "turning point" in the "military-to-military ties between Iran and Russia". The agreement includes Russian-Iranian joint naval maneuvers to be held in the northern part of the Indian Ocean and in the Strait of Hormuz before the end of 2019. A major part of the classified agreement concerned giving the Russian Navy base-level installations in the Iranian Navy facilities in Chabahar, Bandar-e-Bushehr, and in the Strait of Hormuz (Bandar-e-Jask and/or Bandar Abbas).

The Russian Navy would also be able to use a Naval Aviation airbase near Bandar-e-Bushehr. In addition to technical, logistics and communications personnel, Russia would keep in these bases SPETSNAZ detachments for both local security and the ability to help Russian and allied ships in distress in the Persian Gulf.

On August 3, 2019, Khamene'i's closest aides conducted sensitive talks with a secret delegation of Russian officials. Tehran wanted to ascertain the Russian reaction to a US attack on Iran in case of a major escalation. "[An] attack on Iran would be an attack on Russia," the Russians stated without equivocation. Hence, Khamene'i formally approved and ratified the new agreements with Russia on August 4, 2019. Khamene'i also authorized follow-up high-level discussions in Moscow about jointly implementing the Russian "proposed security plan for the Persian Gulf", while adapting it to the new agreement with the PRC. The first rounds of discussions took place on August 6-7, 2019.

Russia, it was clear, had no problem with the new PRC rôle and stature in the Persian Gulf.

Meanwhile, the continued contacts with Washington reinforced Tehran's conviction that a major confrontation in the greater Middle East remained possible despite the day-to-day cooling down of the situation in the Persian Gulf. Khamene'i instructed better coordination of the diplomatic and military preparations for the next phase.

The new challenge for the IRGC was to up-date the contingency plans for the confrontation and war with the US and Israel under the new conditions where the US could no longer use bases in Saudi Arabia, the UAE, and Bahrain (on top of Qatar and Iraq which had long ago announced they would not permit the US to use their territories and installations for strikes against Iran). It was imperative for the *Qods* Force to ascertain firsthand how confident Tehran was about the new position of the Arab royals from across the Gulf.

As a result, on August 6, 2019, Qassem Soleimani met Mohammed Javad Zarif at the Foreign Ministry in downtown Tehran.

They discussed coordination of forthcoming regional crises and diplomatic initiatives. They agreed that the current dynamic *vis-à-vis* the US could lead to either a US capitulation and withdrawal, or to a major escalation all over the greater Middle East. Soleimani believed the latter option was more likely. Therefore, Soleimani and Zarif discussed how to better utilize the Russian and PRC umbrella to not only shield Iran against US onslaught, but to also convince the Arab states to stay out of the fighting.

Soleimani assured Zarif that "the IRGC's *Qods* Force is fully supportive of the diplomatic apparatus of the country in all encounters against the US harsh policies". In a brief photo-op, Soleimani addressed the newly-imposed US sanctions on Zarif, and "congratulated the Foreign Minister on becoming a target of the US anger and animosity because of [his] affiliation with [the] Leader of the Islamic Revolution Ayatollah Sayyed Ali Khamene'i".

*

In early August 2019, the Gulf sheikhdoms and Saudi Arabia agreed to seek and accept the PRC umbrella as proposed to them, and so notified Beijing. According to the plan, the PRC would provide an overall umbrella capable of containing and restraining the US, while Russia would join China in calming down Iran and ameliorating threats to the Arabs.

Among the Arab leaders involved, Mohammed bin Zayed was the most enthusiastic and active in embracing the new regional order which was effectively anti-US. Mohammad bin Salman followed, but somewhat hesitantly. MBS was afraid to acknowledge the collapse of what he had perceived to be his close personal relations with the upper-most echelons of the Trump White House: that is, Trump and Kushner.

On August 6, 2019, the PRC Ambassador to Tehran, Chang Hua, delivered the decision of the Forbidden City to play the active and leading rôle in the establishment of a new regime of collective security in the Persian Gulf.

Beijing was convinced, he stated, that "any projects and initiatives that aim to strengthen security in the Persian Gulf must be proposed and carried out by the regional countries themselves". Chang Hua explained that "the Chinese side, as President Xi Jinping has said, is hopeful that the Persian Gulf will remain a region of peace and security".

The PRC was ready to actively contribute to the sustenance of peace and security in this crucial area. “The Persian Gulf and the Strait of Hormuz are the most critical channel and gateway in the world for transferring energy; therefore, they are significant for the world’s policy-making, security and economy,” Chang Hua concluded.

The PRC also started to implement specific undertakings.

First came the decision to increase the importation of Iranian oil, not only to help an ally in distress, but also as an affront to the United States. According to PRC senior officials in Beijing: “China continues oil imports from Iran to show independence from US sanctions.” The PRC also agreed to purchase oil with *yuan*s, *euro*s, and other currencies in order to reduce their vulnerability to US financial sanctions. The PRC would continue to import its Iranian crude via at least a dozen Iranian tankers also in order to demonstrate to all that “China [is] a country powerful enough to bust US sanctions”.

Moreover, the anticipated large-scale PRC imports of Iranian crude would have a major impact on the price of oil. Experts in the US and Europe concluded that under such circumstances, the oil price could sink by as much as \$30 a barrel. The experts worried that the PRC might decide to purchase large quantities of Iranian oil as a retaliation for the trade/tariff war with the US.

“This decision would both undermine US foreign policy and cushion the negative terms-of-trade effects on the Chinese economy of rising US tariffs,” concluded a Bank of America Merrill Lynch Global Research report. Significantly, the original price estimate discussed between the US and Saudi Arabia was \$60 a barrel. That estimate was based on the idea that increased Saudi and US oil production would fill the gap created by the imposition of the US sanctions on Iranian oil. But the PRC commitment to buying more Iranian oil invalidated this plan. Thus, while the UAE was willing to accept such a price drop as a necessary evil needed to prevent a calamitous regional war, Saudi Arabia was furious, given its financial woes which the oil price hike could have eased.

Meanwhile, also on August 6, 2019, the PRC Ambassador to the United Arab Emirates, Ni Jian, formally informed Abu Dhabi that, should there be a deterioration in the security situation, the PRC’s PLA Navy would start escorting tankers and other commercial vessels in the Persian Gulf. “If there happens to be a very unsafe situation, we will consider having our navy escort our commercial vessels,” Ni Jian stated.

Officially, Beijing did not rule out coordination with the US-led initiative to escort tankers through the Strait of Hormuz. However, given the PRC commitment to buying and shipping Iranian oil that the US initiative was intended to prevent, the prospects for PRC cooperation would probably be nil. Ni Jian emphasized the PRC support for regional security arrangements and regional negotiations of the type the UAE has with Iran. “We have the position that all disputes should be sorted by peaceful means and by political discussions, not ... military actions,” Ni Jian concluded.

*

Beijing’s agreeing to assume a major, and, for the PRC, unprecedented, rôle in the Persian Gulf comes at a crucial time for the PLA.

On July 28, 2019, the PRC issued a major White Paper titled *China’s National Defense in the New Era*. [[Click here](#) to see a full English-language text of the document.] The

document constituted an authoritative statement regarding the PRC's military reforms and strategic aspirations under the leadership of Xi Jinping.

For the first time, an official PRC defense document acknowledged the rivalry with the US military and clearly articulated China's long-term goal to confront and challenge "US dominance". These goals would be attained through, among other things, the expansion of the PRC "power projection capabilities", particularly the Navy's. The White Paper heralded a significant shift in maritime strategy from "near seas defense" to "the combination of near seas defense and far seas protection". Adopting the "far seas" strategy, the White Paper stated, would enable the PRC to "build itself into a maritime power".

Xi Jinping's longer-term objective was for the PLA to become a global force. With the new rôle in the Persian Gulf, Xi Jinping's PRC was taking a major step toward attaining this goal.

Footnotes:

1. See, Bodansky, Yossef: "Iran Moves at Highest Level to Support the Newly-Declared 'Republic of Eastern Arabia'", in *Defense & Foreign Affairs Special Analysis*, [May 18, 2009](#).

Have Saudi Arabia and the UAE Found an Exit Plan from the Yemen War?

Analysis. From GIS/Defense & Foreign Affairs, Abu Dhabi. It is clear that the Yemen war has reached a stalemate.

The Saudi-led Coalition fighting in Yemen is now unable or unwilling to do anything other than to help retain some credibility for the "internationally-recognized Government" of Yemen Pres. Abd al-Rab Mansour al-Hadi. Hadi, a South Yemeni, has done little to help himself, Yemen, or his allies. Meanwhile, the Saudis and Emirates may have found an "exit plan".

In July 2019, the United Arab Emirates — which had provided the bulk of the fighting force for the Saudi-led coalition in Yemen — said it was "drawing down and redeploying troops", but remained committed to the coalition and to the Hadi Government. Coalition members such as the UAE and Bahrain had felt that they needed to hold the ground in Yemen to offset Iranian projection there. Now, influence from the People's Republic of China (PRC) has been to bring some kind of discreet mediation between the UAE and Iran, possibly lessening its concerns over Yemen. Even Saudi Crown Prince Mohammed bin Salman has been heeding the Beijing line, which offers to balance regional relations as US Pres. Richard Nixon once did.

But Bahrain continues to feel great concern about Iran, and faces escalated pressures from Iran. Bahrain thus strongly supports the US position in the Persian Gulf. Meanwhile, neither the old "North Yemen" nor the old "South Yemen" have any leadership nor specific plan. Both are fractured. There is no Saudi "leadership" in either the war or in finding goals for Yemen. Only Iran is escalating its capabilities, directly, and via the Houthi groups. Its cyber and proxy warfare against Bahrain, in particular, escalated markedly in July and into August 2019.

India's Biggest Gamble? Crushing the Kashmir Problem

Analysis. From GIS/Defense & Foreign Affairs, New Delhi and Islamabad. India, having finally lost the battle to win the Kashmir Valley's Muslim-majority population by political means, began moving in August 2019 to win control over its restive region by overwhelming punitive action. But it risks a longlasting strategic blowback.

The newly-re-elected *Bharatiya Janata Party* (BJP) Indian Government of Prime Minister Narendra Modi on August 5, 2019, unilaterally abrogated Article 370 of the Indian Constitution, ending Jammu & Kashmir's (J&K's) autonomy. The change also meant that Indians outside the state could now legally own property there, paving the way for New Delhi to gerry- mander away the Muslim majority through Hindu immigration.

The rescision of Article 370 and the division of J&K into two separate regions — Muslim majority Jammu and Kashmir and Buddhist-majority Ladakh, both now under direct rule from New Delhi — was accompanied by the immediate application of martial law, the arrest of opposition politicians, and a major police and military suppression of the J&K population. Two former Chief Ministers of J&K were placed under house arrest. Hundreds of thousands of Indian troops were mobilized for the operation. The attacks were being widely interpreted as being genocidal against Kashmiri Muslims, and some Indian Sikh troops refused to fire on Kashmiris.

Article 370 had granted special autonomous status to Jammu & Kashmir. Under 370, all the provisions of the Constitution applicable to other states were not applicable to J&K. Little wonder that the Union Government anticipated a major rise in J&K unrest when it ended the autonomy it had held since Partition: leaders from the Kashmir Valley had long indicated that abolishing these special provisions would plunge the state into chaos. It has.

Mr Modi, in his election platform for the 2019 polls, vowed to amend the Constitution to revoke the special rights of J&K. He also sought armed redress for India's recent humiliations in Indian-held Kashmir and across the border in Pakistan (where India undertook unsuccessful air strikes in February 2019). But his actions could, with the prospect of international isolation and a new war with Pakistan, be the most significant strategic gamble for India in decades.

By August 11, 2019, six days into the martial law, the military and police suppression of the J&K population had been violent, but responding protests began mounting in intensity. By August 9, 2019, the largest of the demonstrations — in Srinagar — was met with security force use of tear gas, live fire, and rubber-coated steel bullets. Pakistan downgraded its relations with India and suspended rail services into India. As expected, the flow of Muslim refugees from Indian-occupied J&K swelled into Pakistan-occupied Azad Kashmir. Pakistan Foreign Minister Shah Mahmood Qureshi visited Beijing, winning strong support against India's action.

The full downstream ramifications of the Indian move are not yet visible, but the action was a clear sign that the Modi Government was now embarked on an aggressive policy

to reshape both India and the region. But it has, to a significant degree, caused its allies to blanch. US Pres. Donald Trump believed that Prime Minister Modi had, during his June 26, 2019, visit to the White House, solicited his help on the Kashmir issue. On July 23, 2019, the Indian Government claimed that this was not true, effectively embarrassing Pres. Trump, who had been supportive of a strong alliance with India. Pakistan Prime Minister Imran Khan visited Washington on July 22, 2019, and may, in fact, have won a surprise improvement in US-Pakistan relations, in large part due to Mr Modi's arrogance. The US on July 29, 2019, approved ongoing support packages for the Indian Air Force Boeing C-17s and for Pakistan Air Force F-16s.
