

The New Silk Road in West Asia under “the Belt and Road” Initiative

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Abstract: *From the perspective of energy, the construction of a shortcut, through which the oil pipeline can be directly extended to the Persian Gulf through Pakistan, is very beneficial to China's energy supply security. With “the Belt and road” Initiative, if China is able to build China-Pakistan Economic Corridor and Gulf Pearl chain, China would play an influential role in the Arabia Peninsula, as well as in Africa. Pakistan and the Six Gulf Countries are located in the western intersection zone of the belt and road, which makes them important partners of China in promoting “the Belt and Road” Initiative. Once the New Silk Road is built, not only China and its partners can mutually benefit, but also West Asia, East Asia, and Southeast Asian economies can be more closely integrated, an occurrence which will continue to enhance and enrich cooperation in “the Belt and Road” Initiative, and to broaden and extend the building space in it.*

Key Words: *Belt and Road Initiative; GCC; Pakistan; China and the Middle East*

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Since Chinese President Xi Jinping proposed the Belt and road (“the Belt and Road”) Initiative, China and relevant countries along the ancient Silk Road have carried out a series of practical cooperation in early stage. Thus, the Chinese National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce jointly issued the “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road”, officially declared a comprehensive promotion of “the Belt and Road”. With the support of relevant policies, the “Belt and Road” initiative has brought new opportunities for development and cooperation between China and countries along the Silk Road. It has become the innovative platform of national sustainable development strategies.

The scope of “the Belt and Road” is quite broad, covering more than 60 countries. Its importance is self-evident: “to construct the Middle East Channel (or corridor) through building the Silk Road on land”, “from a point to an area, and from a line to a region, to gradually form a large-scaled regional cooperation”, to achieve “communication on policies, connection of roads, unimpeded commerce, the circulation of money, and friendship among people”, and ultimately, to achieve the vision of “win-win cooperation and common prosperity” (Zhu, W., 2014: 5). Given the importance of the Middle East’s energy resources for China’s economic development, while building “the Belt and Road”, the construction of a new West Asian Silk Road through Pakistan to the Gulf countries at the same time will not only be conducive to China’s oil and gas security, but also help achieve a “win-win cooperation” between China and countries along the Silk Road. On the other hand, a new West Asia Silk Road for energy is also conducive to the promotion of the “the Belt and Road”, achieving mutual benefit and win-win.

Compared with other world powers, the Middle East is closer

to China in terms of location. Seen from the east of China, it seems very far away; but from the western part of China, in fact, the Middle East is on the door steps, and is a close neighbor. From the perspective of energy, in Western China, there are three lines heading to Central Asia and West Asia: the first one is an oil pipeline from Kazakhstan; the second is a gas transmission pipeline from Turkmenistan; and the third is the proposed oil pipeline through Pakistan. The first two pipelines have been completed and are serving for gas and oil supply. However, they have limited coverage and impact on the Persian Gulf region which is rich in oil and gas resources. Therefore there is a great need for building a shortcut, extending the pipeline directly to the Persian Gulf, and thus ensure China's energy interests. According to the proposal of "the Belt and Road" initiative, construction of the "Pakistan energy corridor" and the "Gulf Pearl Chain" will cover the Arabian Peninsula, and in turn, promote the joint-building of "the Belt and Road". In recent years, a number of Middle Eastern countries have been facing continuous wars and conflicts; the situation is turbulent, but seeking stability and development have become a general trend. This is proof that many Middle Eastern leaders have visited China to seek the docking of their own development strategy with China's "the Belt and Road" (Wu, Y., 2015). One should point out that the China-Pakistan Economic Corridor, which has already been in operation, in fact contains construction of an energy channel. So, this article only focuses on the two components of the new "West Asia Silk Road: China-Pakistan Economic Corridor" and the "Gulf Pearl Chain".

I. China-Pakistan Economic Corridor Construction

Pakistan borders China's western region. It is obviously important to further consolidate and develop the "all-weather

strategic partnership” between each other, and actively respond to “the Belt and Road” initiative.

(a) Process and current situation

On February 1, 2015, the central government held the “Belt and Road Initiative” work conference. It clarifies the priorities and directions of land and maritime construction: to rely on big international channels on land, utilize the platform of key Economic and Trade Cooperation Industrial Park, and jointly create a number of International Economic Cooperation Corridors; at sea, rely on the key port cities and jointly create safe and efficient transportation channels. Then, the China-Pakistan Economic Corridor program entered a substantive stage of construction, and the western region accelerated the implementation of the docking “the Belt and Road” and China-Pakistan Economic Corridor, and finalized location of the project of Kashgar Economic Development Zone. Pakistan also launched a series of construction project bidding surrounding China-Pakistan Economic Corridor, and made an overall planning for Gwadar, a sea port of Pakistan’s economic corridor.

In April of the same year, President Xi Jinping visited Pakistan, and reached a broad consensus with Pakistani leaders. The construction of China-Pakistan Economic Corridor is one of the achievements. Chinese ambassador to Pakistan Sun Weidong said, this was a flagship project of “the Belt and Road” initiative. Chinese Assistant Foreign Minister Liu Jianchao stressed in his meeting with the delegation of the Pakistan media that, China would ensure the completion of the construction of the China-Pakistan Economic Corridor, and strive to promote the development of the corridor region. China will help Pakistan eliminate all the negative factors that may affect the construction of the corridor. The China-Pakistan economic corridor will connect Kashgar of China and Gwadar Port of Pakistan, open up China’s gateway to the Middle East and Africa, while the China-Pakistan

region can get access to the port for export and involve in world trade (Wang, Z., 2015: July).

(b) Scale and connotation

The China-Pakistan Economic Corridor starts from Kashgar in the north, and ends at the Gwadar Port in the south. The construction of highway, railway, oil and gas pipeline, and cable channel is included in the plan. Pakistani President Hossain said that this economic corridor would be one of the landmarks of the century; it would not only benefit China and Pakistan, but also South Asian countries.

In order to build the China-Pakistan Economic Corridor, China is committed to invest up to \$45.6 billion to help Pakistan's economic development, including \$33.8 billion investment in the energy sector and \$11.8 billion investment in infrastructure (Gwadar port project accounts for \$622 million). The two sides decided to start collaboration in energy, infrastructure construction and other key areas of cooperation at Gwadar, and, in the future, gradually extend to the field of agriculture, science and technology, finance, education, culture, and media communication (Liu, F., 2015: August 24).

(c) The significance and Prospects

As the flagship project of "the Belt and Road", the China-Pakistan Economic Corridor highlights the important role of "the Belt and Road" idea for mutual consultation, jointly building and co-sharing of China and relevant countries and regions. The construction of the China-Pakistan Economic Corridor is closely linked with Pakistan's domestic economic development strategy. It constitutes a platform for the bilateral pragmatic cooperation between the two countries, and also further consolidates the foundation for China-Pakistan all-weather strategy cooperation relationship and establishment of a community of destiny between China and Pakistan. Meanwhile, it is also conducive to promoting the economic development in the

China’s western region, the improvement of people’s livelihood, and stability in border areas.

Pakistan also borders India, Iran, Afghanistan and other countries. The trade channels and logistics network formed by the China-Pakistan Economic Corridor will radiate to the surrounding countries and regions, to better promote economic and trade cooperation among the countries of the region. At the same time, it will also connect China with the Middle East, the Persian Gulf, North Africa and other important oil producing areas, ensuring China’s energy supply security. Once completed, the China-Pakistan Economic Corridor will help boost confidence of countries along the “the Belt and Road” Initiative, and encourage them to participate in construction of “the Belt and Road” and share the development dividends from it.

As a new highlight of China-Pakistan cooperation, once built, the China-Pakistan Economic Corridor will bring the apparent benefits. Pakistan will become a hub for China to shorten the distance with the Middle East and Africa. Pakistan officials said they hoped that the parties would promote a comprehensive, balanced, steady progress in the construction of China-Pakistan Economic Corridor, so that the results of cooperation could benefit the people of Pakistan as soon as possible. Pakistan looks forward to learning from China’s experience, benefiting from “the Belt and Road”, avoiding detours, and achieving economic development (Liu, F., 2015: August 24).

(d) The existing foundation of the construction of the China-Pakistan Economic Corridor

In recent years, with the continuous deepening of economic and trade cooperation between China and Pakistan, China’s enterprises’ business and contracting projects continue to expand in Pakistan, involving electricity, water, ports, infrastructure, resource development, oil and gas exploration and other fields. According to statistics, in 2014, Chinese enterprises’ new contracts

in Pakistan amounted to \$2.55 billion, and completed turnover reached \$4.25 billion. As of the end of 2014, the total value of contracts of Chinese enterprises in Pakistan had amounted to \$32.84 billion, and completed turnover reached \$27.08 billion. By May 2015, 24 projects had been implemented; the contract reached about \$11 billion, involving fields, such as nuclear power, coal, wind power, ports, etc. Among them, the most influential projects are the K2 and K3 nuclear power plants (Zhongyuan Foreign Engineering Co., Ltd.), Karachi Port Bulk Cargo Terminal (China Harbour Engineer Company), Qasim coal-fired power plant (Shandong Electric Power Construction Corporation III), and natural gas pipeline from Gwadar to Nava Bo Natsu (China Petroleum Pipeline Bureau), etc. In addition, Chinese enterprises also have completed many major contracting projects, including infrastructure. And the quality and effects are highly spoken of by the Pakistani government and the project owners, such as the Karachi Port Breakwater Project, Qasim LNG Import Terminal project (China Harbour Engineer Company), Davat dam (China Hydropower Construction), Pakistan's first wind power project (China International Water & Electric Corp.), Qasim 560MW power station, and Pakistan (Guddu) 747MW Combined Cycle Power Plant Project (Harbin Electric Corporation), etc (Wang, Z., 2015: July).

(e) Antiterrorism challenge

The construction of the China-Pakistan Economic Corridor is a very rare historic opportunity for the Pakistani government. As the Corridor is mainly composed of the highway, railway, oil and gas pipeline, and cable construction, it generated debate in Pakistan on the so-called "Western" and "Eastern" lines.

Advocates of "the west line" believe that this line is the shortest route connecting Kashi and Gwadar. This region is rich in resources, but weak economically and in terms of infrastructure. Therefore, they think the country should give priority to the

development of the region. The biggest concern is that this line covers a problematic area left by colonial England, where security situation remains very poor. The other line is the “east” scheme, which bypasses the problematic area through the Punjab and Sind Provinces. These two provinces are under the Pakistani government’s direct control, where safety is guaranteed. From the investor’s point of view, the eastern line is very attractive. Finally, under nudging from China, the Pakistani government took a compromise, so that the dispute was ceased (Yao, Y., 2015: September).

II. Gulf Pearl Chain of the Belt and Road

The Gulf countries make up the six GCC countries plus Iran and Iraq. For a long time, China has maintained friendly relations with these countries, and has strategic friendly cooperative relations with Saudi Arabia. The Gulf region is rich in oil and natural gas, which is highly complementary to China’s economy and is a region of interest to China. Geographically, the Gulf is located in West Asia, situated along the ancient route of “the Belt and Road”. Therefore, this region has a unique geographical advantage by connecting the three continents: Asia, Africa and Europe, and is rich in energy resource; its market potential and the demographic dividend is very considerable. Saudi Arabia, the UAE, Qatar, Kuwait, Oman, and Bahrain constitute a kind of black pearls scattered along the Arabian Sea and the Persian Gulf (in the history this region was known as a place abundant of black pearls). These countries are very interested in “the Belt and Road” initiative; they currently have good economic development and political stability, and enjoy a level of financial strength; their people are comparatively wealthy. Although the economic scales of these countries are relatively small, as are their populations, once the cooperation is successful, it can not only play a

demonstration role for the entire Middle East, but also can play a spillover effect on North Africa and even Africa. China should actively promote and develop specific programs according to their respective characteristics, to accelerate the pace of cooperation with these countries (Wu, Y., 2015).

The Gulf countries are all Arab countries except Iran. China and the Arabs are important natural partners to promote the “the Belt and Road”. Since the establishment of the China-Arab State Cooperation Forum in 2004, under the joint efforts of both sides, Chinese and Arabs have achieved a remarkable development in all areas of cooperation. This undoubtedly results from the efforts and contributions made by the Gulf countries. Some well-known international think-tanks pay particular attention to the prospects of cooperation between China and Arab countries in their research regarding the new Silk Road. They believe that the rise of the Arab world and the rise of China should occur simultaneously, because the two worlds are trading partners connected to each other through the Silk Road since ancient times (Wu, S., 2015).

Egypt used to be the leader of the Arab world, but after 1978, when Egypt made a separate peace with Israel, it was abandoned by all Arab countries, and henceforth no longer under the hegemony status. Then the Gulf countries rose rapidly, and gradually became an independent force in the Arab League countries that could not be easily ignored. At present, the purpose of creating “the Belt and Road” Gulf pearl chain, is to “get” the leaders of the Arabia state. Although Egypt considered itself as a key country in the Middle East, as well as an Arab leader, according to its current domestic political situation, it might take time for the domestic political situation to match its self-evaluation. With regards to the enthusiasm that Qatar, Kuwait, Oman, Bahrain, United Arab Emirates, Iraq, and Iran show to “the Belt and Road” initiative, the Chinese should actively promote

exchanges and cooperation with these countries. The Qatari Ambassador to China said recently, "We are the main partner of the Belt and Road, instead of a connecting stop" (Xinhua News Agency, 2015: December 5), it should get a positive response, and the Gulf countries should become an important player in "the Belt and Road".

1) Important Significance

The "China-Pakistan Economic Corridor" has been launched; however, the creation of "Gulf pearl chain" is still a proposal. Its importance lies in:

1. The breadth of China-Arab cooperation has covered the five major areas: politics, economy, society, culture and ecology. The "new partnership" between the two countries has been upgraded to "strategic partnership of comprehensive cooperation and common development", which not only greatly enriches the connotation of friendly exchanges between China and Arab, but also makes their cooperation mode more innovative, so that the China-Arab relations has developed to tangible results.

2. "The Belt and Road" initiative provides a new prospect for the comprehensive development of bilateral strategic partnership, but also creates new opportunities for mutual benefits and win-win results. And the emergence of the new opportunities is originated from the common value and common interests of both sides, and is determined by the objective conditions and the reality of the situation of both China and Arab countries. Facts have proved that common interests are an important foundation to build the China-Arab community, and are also the powerful impetus promoting the continuous development of the two nations.

3. The Arab countries, including the Gulf countries, located astride three continents: Asia, Africa and Europe, and are China's closest and most important partners along the ancient Silk Road. The four great inventions of China were spread to West Asia,

Africa and Europe through the Arabs (Zhu, W., 2014: June 5). Today, long tradition of friendly relations enables the Arab countries to fully understand the significance of the new Silk Road. They expressed a clear willingness to cooperation; their attitude has decisive significance for creating the "Gulf pearl chain".

4. Together to build the Silk Road Economic Belt and the Twenty-First Century Maritime Silk Road needs innovation in modes. "From points to areas, from lines to fields, and gradually form a region" is the trend and direction of Sino-Arab cooperation. "the Belt and Road Initiative" initiative reflects the new ideas of Chinese diplomatic strategy, and also provides opportunities for West Asian and North African countries located at the junction of the Belt and Road Initiative (Wu, S., 2014: June 7).

5. More than 2000 years ago, the ancient Silk Road, as a link connecting the friendship between the Arab and the Chinese people, once brought peace and prosperity to China and the Arab world; today, China and the Arab states follow on the footsteps of history, fitting the historical trend, build the new Silk Road of lasting peace and prosperity with greater courage and wisdom, and continue a new legend of the Silk Road (Yao, K., 2014: June 3), which will burst out new light and splendor.

6. Arab countries are in great historical changes and adjustments. For them, exploring a suitable way for their own development is difficult and complex. Seeking to develop the economy and improving the people's livelihood are a practical need. For Arabia countries, to look eastwards and to enhance the strategic partnership with China are a deliberate choice. Building the new silk road for China and the Middle East cooperation can be a combination of China's "opening to the west" and the Arab countries' "Look Eastwards" policy (Wu, S., 2014: June 7).

7. China-Arab relations are forming a development pattern that covers both multilateral and bilateral levels, as well as official and civil society's levels, and be complementary to each other. The

China-Arab relationship is enjoying an unprecedented boom in the new situation. Thus, the establishment of the Gulf pearl chain of “the Belt and Road” is at the right time.

2) To jointly build a foundation

In accordance with the United Nations Charter and China’s five principles of peaceful coexistence, countries along the Belt and Road Initiative” adhere to open cooperation, tolerance, harmony, market economy and win-win strategy, following the trend of multi-polarization and economic globalization, cultural diversity, and diversification of social information, and maintaining the global free trade system and an open world economy. The purpose of building “Gulf pearl chain” in the construction of the New Silk Road in Western Asia includes: first, to achieve pluralistic, autonomous, balanced, and sustainable development of countries along the Silk Road, to create a community of political mutual trust, economic integration, cultural tolerance, which shares common interests, destiny and responsibility; the second is to promote orderly free flow of economic factors and efficient allocation of resources, and depth fusion of markets, driving the countries along the Silk Road to achieve the coordination of economic policies, to carry out regional cooperation in a wider range, higher level and at a deeper level, and together to build an open, inclusive, balanced, and beneficial regional economic cooperation framework (Miao, X., 2015: April 20). The Gulf and China have very strong complementary economic relations: the rich oil and gas resources in Gulf are of great strategic significance for China to ensure energy security. Attitude is everything; the Gulf countries’ attitude towards China’s Belt and Road Initiative determines how far cooperation between China and West Asia countries in new Silk Road can go.

1. Saudi Arabia

As an important country along the ancient maritime Silk Road, Saudi Arabia has a clear position on China’s “Belt and Road”

initiative. On March 29, 2015, Chairman of the Saudi Arabia Basic Industries Corporation (SABIC), Prince Saoud said at the 2015 annual conference of Bo'ao forum for Asia that, "the Belt and Road" should be appreciated, because it would bring tangible benefits to people of the countries along the Silk Road, and promote trade and exchanges. He believed that the Silk Road had played an important role in the history, which led to a significant development of the exchanges and trade between the various continents. "We also benefited a lot from this. We call for further economic and trade exchanges between different countries." He said that China is a market with great potential, and is transforming from extensive growth to the pursuit of quality and innovation-driven mode, which will promote sustainable development and prosperity. Asia is an important economic power in the world, and its economic strength is consolidating. As countries deepen their understanding of inclusive and sustainable development, Asia will play a more important role in the global economy (Li, L. & Guo, X., 2015: March 29). The theme of the Boao forum for Asia was "a new future in Asia: a community of destiny".

2. Kuwait

Kuwait believes that the "the Belt and Road" reflects China's strategic vision. Kuwait will actively participate in this initiative. On March 16, Ambassador of Kuwait in China Zuvich said in an interview that, Kuwait is one of the earliest birds that welcomed and supported the construction of the "the Belt and Road". This strategic initiative aims to achieve a win-win situation between the participating countries, and the establishment of Asian Infrastructure Investment Bank is helpful to promote "the Belt and Road". Premier Li Keqiang once proposed in the government work report to promote negotiations for the establishment of China-Gulf Free Trade Area. In response to this, Ambassador Zuvich said that the establishment of a free trade zone was the

common aspiration of the Gulf countries and China, as it would help promote the circulation of products and goods in the other side’s market, and help enhance the relationship between the two sides. As an old friend of China, Kuwait is looking forward to a more constructive cooperation with China in various fields such as politics, economy, and culture, and so on, to build a partnership between the two countries (Zhu, X., 2015: March 16). Kuwait is planning a \$130 billion project to build a new city in the coastal region of Sofia in northern Kuwait. Once completed in 2035, it will become an important strategic hub of the Silk Road connecting China and Europe (Wu, Y., 2015).

3. the United Arab Emirates

Since the establishment of strategic partnership between China and the United Arab Emirates in 2012, the relationship between the two countries has become increasingly close. In 2014, total bilateral trade reached \$53.8 billion, a record high. In April 2015, the United Arab Emirates officially became a founding member state of the Asian infrastructure investment bank. As an important hub in the Middle East, and an important station along the ancient maritime Silk Road, United Arab Emirates has a bright prospect in participating “the Belt and Road”. On April 23, the UAE Ambassador said that the UAE was willing to contribute to connecting the East and the West along “the Belt and Road”, and Dubai should become an important hub of the Belt and Road (Liu, Q., 2015: April 24).

Dubai is originally a hub connecting the East with the West in Trade and logistics. China and the UAE’s cooperation in enhancing the Belt and Road Initiative will not only help Dubai strengthen its own regional advantages, but also provide a new impetus for the rapid development of bilateral strategic partnership, and achieve mutual benefit and win-win. Dubai as the financial and Trade Center in the Gulf and even the entire Middle East, with a high degree of free and open trade and

investment environment, as well as first-class infrastructure construction, can become the gateway for Chinese companies to enter the West Asia, North Africa and Europe. It can become an important node in the new Silk Road. In 2014, China surpassed India to become the largest trading partner of Dubai (Wu, Y., 2015).

4. Oman

Oman is located in the Arabian Peninsula. It has a unique geographical location along the coast of the Strait of Hormuz which is known as "the world's throat of oil exports". Oman and China have a long history in friendly exchanges. In the Han Dynasty, Chinese goods were once sold to the Sohar, Oman. Sohar had therefore become an important port of the ancient maritime Silk Road. After China proposed "the Belt and Road" initiative, Oman gave a positive response, and as the first batch of countries that intend to be the founding members of the Asian Infrastructure investment bank, Oman has become an important partner of China in construction of "the Belt and Road". Bilateral cooperation has also expanded to a broader scope. In terms of docking "the Belt and Road", Oman is planning a special economic zone in the province of Dokkum, and clearly expressed the intention to cooperate with China. At present, China and Oman's trade is mainly oil and related products. In Oman's total exports to China, oil exports accounts for 89.6%. China is the largest consumer of Oman's oil, and Oman is also China's fourth largest trading partner in the Middle East (Liu, L., 2015: December 8).

5. Qatar.

On April 20, 2015, the Emir of Qatar (head of state) Tamim told the press that Qatar was willing to continue joint efforts with China with regards to "the Belt and Road" initiative and to continuously advance bilateral friendly exchanges and cooperation in various fields, strengthening the strategic

partnership between the two countries. Tamim stressed that Qatar attached great importance to the development of relations with China, and was willing to enhance the relationship between the two countries to a strategic height based on a number of important consensus reached with President Xi Jinping (Yang, Y., 2015: April 21). At present, China has signed a memorandum of cooperation with Qatar to build “the Belt and Road”.

Qatar is a country in the Middle East that may have opportunities in major infrastructure projects in the future. Qatar confirms that the investment in infrastructure in 2016 will be more than \$ 65 billion, involving electricity and water projects, New Doha Terminal construction, information technology and High-tech industries and other fields. The two countries have reached agreed that both will expand mutually beneficial cooperation in infrastructure construction, the industry and high-techs, especially traffic, road and bridge, railways, telecommunications, state-owned enterprises, advanced technology transfer, and facilitation in various forms (Wu, Y., 2015).

6. Bahrain

Bahrain supports China’s “Belt and Road Initiative”. On September 9, 2015, the CEO of Bahrain Economic Development Council Khalid Ellerumashi said that Bahrain was one of Asia’s leading financial centers, and could play a unique role in the construction of “the Belt and Road”. Bahrain is located at the intersection of Chinese and Western culture, and is an active trade hub along the ancient Silk Road. Now, Bahrain is ready to provide help for Chinese companies to tap into the fast-growing Gulf market. Bahrain currently has more than 400 financial institutions, and has highest intensity of Islamic financial institutions all over the world. Bank of China opened its representative office in Bahrain in 2004. It was the first Chinese funded bank that set up institutions in the Middle East. Bahrain is also the best platform

for China's banking sector to enter the Gulf market. The dragon city of Bahrain was opened in September 2015. There is a Chinese theme mall of 120,000 square meters, which accommodates about 500 Chinese enterprises. The Silk Road economy is effectively connecting China and Central Asia, West Asia, and the wider surrounding area (Tang, M. & Liu, S., 2015: September 9).

7. Iraq.

On December 23, 2015, Iraqi Prime Minister Haider al-Abadi said in an exclusive interview with Xinhua News Agency during his visit to Beijing that "the Belt and Road" initiative China proposed brought new opportunities for cooperation between Iraq and China. Iraq will work with China to strengthen the strategic partnership between the two countries, and expand bilateral cooperation (Zhu, X. & Cao, Y., 2015: December 24). Prime Minister al-Abadi also said that China had an important impact on the international arena; therefore, to develop relations with China was very important for Iraq. In the process of promoting "the Belt and Road" initiative, Iraq and China can cooperate in many fields. For a long time, China and Iraq have not only maintained good cooperation in trade, but also have a broad space for cooperation in the field of investment. In recent years, the Iraqi government has introduced a series of reform measures, aiming at achieving diversification of economic development. Iran hopes to continue to improve the domestic investment environment and attract more Chinese investment. The goal of Iraqi Prime Minister al-Abadi's visit was to further enhance the level of bilateral relations, and establish a strategic partnership. Al-Abadi said that with the establishment of strategic partnership between the two countries, Iraq would further simplify investment procedures, eliminate obstacles to Chinese enterprises, open up the field of investment, and constantly expand bilateral relations.

8. Iran

On February 15, 2015, Iranian President Rouhani met with

Chinese Foreign Minister Wang Yi at the presidential palace in Tehran. Rouhani said that Iran attached great importance to developing relations with China. The healthy and stable development of bilateral relations is not only beneficial to both countries, but also conducive to peace and prosperity in the region and the world. Iran is willing to actively respond to China’s “Belt and Road” initiative, and expand cooperation with China in production capacity, infrastructure, energy, agriculture, tourism and other areas. Iran speaks highly of the positive and fair that role China played in the negotiations on the Iranian nuclear issue. Iran is willing to strengthen coordination with the Chinese side and promote the satisfaction of all parties in the negotiations. In this regard, Chinese foreign minister Wang Yi said that China was willing to work with Iran to build “the Belt and Road”, to dock Iran’s East Policy with China’s Western Development program which was to accelerate the opening of the West, continue to carry out the traditional energy cooperation, expand industrial cooperation, combine China’s high quality production capacity with Iran’s demands in the process of industrialization, and achieve complementary advantages and common development (Ministry of Foreign Affairs of PRC, 2015: February 16).

3) Highlights and paths

1. Adhere to the spirit of “win-win cooperation, equality and mutual benefit, and common development”.

Creation of the Gulf pearl chain must firmly adhere to the essence of “win-win cooperation and common development” which is also the most important spiritual product that China exports to the world. Its importance is no less than China’s commodities, technology, funds, and facilities. This spiritual product is a scarce commodity in today’s Middle East. Nowadays, the Arab world is in a turbulent period, with a lot of conflicts between countries. This, on one hand, poses a challenge for the implementation of “the Belt and Road”, but also endows greater

meaning and value to the Initiative: by creating the Gulf pearl chain, Gulf countries can form a more competitive and mutually beneficial community and shift from the “zero sum” to “win-win”, providing a new way and the possibility to solve disputes between countries in the middle east. In addition, working together to create the Gulf pearl chain will create many opportunities for development, which is expected to benefit Arab people and is helpful to fundamentally eliminate religious extremist ideology and to remove the soil for extremism and violence (Xue, Q., 2015: July 21).

2. Flexible methods for different countries, not sticking to formalities

The six states of the Gulf Cooperation Council (GCC) are different in acreage, population, and oil and gas resources; therefore, their development strategies are also different. We must seriously research on the different development needs of different countries, actively respond to their demands, and appropriately deal with their requests. Gulf countries are rich because of a large amount of oil revenues, but their industries are not well developed and are a limitation of the oil economy. Their industries are mainly strong in two areas: the production of petroleum and petrochemicals, while other sectors are very weak. Urban and rural infrastructure, such as housing construction, roads, bridges, and municipal facilities, basically relies on foreign companies and foreign labor. Supply of textile, electronics, electrical appliances and all kinds of meat, poultry and even agricultural products basically rely on imports. For these countries, in particular, we must adjust measures to local conditions and be flexible; if necessary, we can even consider to ally with some influential countries such as Germany, France, Russia, Turkey and India to co-develop the Gulf market or the Middle East market.

State-owned enterprises that have settled in the Gulf should play an active role for the construction of new energy Silk Road.

Chinese enterprises should seriously inquire about the actual needs of the Gulf and the Middle East market, and expand projects and export products that are suitable for the local environment as well as Arabia culture. They should also develop local market strategy according to the country’s development direction and priority. The Gulf region needs to invest about \$10 billion a year in food imports, and the rising food prices have become an important factor for the inflation in this region (Wu, Y., 2015). Other poor Arab countries are suffering far more serious problems in food security.

Our projects should meet the actual needs of the Gulf countries in broader categories

Energy cooperation can be described as a top priority of economic and trade cooperation between China and the Gulf states, which is an aspect of complementary advantages of both sides. Except in the areas of oil and gas resources and petrochemical products, China has more advantages, especially in basic human resources. In the past, the Gulf countries often chose to cooperate with western countries, but now, it has been changed. Their experience of being bullied by Western countries has driven them to the East gradually. China should seize the opportunity to meet the actual needs of the Gulf countries in cooperation, showing the Gulf countries that: “the Belt and Road Initiative” is the common cause for all countries along the Silk Road, and will bring tangible benefits to these countries and their people. Take the Gulf states as an example: although they have rich natural resources, especially oil and gas resources, they still face bottlenecks in capital, technology and infrastructure; China hopes to utilize the advantages in mutual political trust, geographical proximity and complementary economies between the Gulf States and China, through joint construction, to transfer these advantages to sustained economic growth, and achieve common development with the Gulf countries.

4) Favorable factors

1. A clear policy orientation

At the beginning of 2016, China launched the first national policy document towards Arab countries. China-Arab mutually beneficial cooperation is in the blueprint. With the guidance of such a programmatic document, energy cooperation between China and West Asian countries along the Silk Road is expected to deepen.

The document points out that it has been 60 years since China established the diplomatic relations with Arab countries; now cooperation in various fields continues to deepen. China has established comprehensive strategic partnership, strategic partnership or strategic cooperative relations with eight Arab countries, and established a strategic dialogue mechanism with the GCC. The Arab world has become the largest crude oil supplier and the seventh largest trading partner of China. The Silk Road Economic Belt and the 21st century Maritime Silk Road that China puts forward, the proposal to strengthen cooperation in production capacity, and the "1+2+3" cooperative framework which focus on establishing energy cooperation, highlight infrastructure as well as trade and investment facilitation, and cover three high-tech fields of nuclear energy, aerospace and satellite, and new energy as breakthroughs, have receive positive response from Arab countries (Wang, C., 2016: January 15).

After about 60 years of peaceful coexistence, exchanges and cooperation, China-Arab friendly cooperation has achieved historic leaps in breadth and depth, which has become the model of South-South cooperation, and has accumulated experience. The Gulf countries enjoy religious and cultural diversity; they have a long history of civilization, unique natural resources, and huge development potential. Under the current situation, the Gulf countries have carried out independent explorations on their own ways and development paths that are suitable to their national

conditions. They are committed to advancing the level of industrialization, to increasing employment and improving people's livelihood. They actively promote peace and stability in the region and play an important role in regional and international affairs. These are positive factors for implementation of China's "the Belt and Road Initiative". In this regard, China has made everything ready to continue, uphold and carry forward traditional bilateral friendship, to constantly enrich and deepen China-Arab comprehensive, multi-level and wide-ranging cooperation pattern, to promote all-round cooperation and common development, to maintain strategic cooperative relations for sustained and healthy development, and to make positive contribution to the maintenance of peace, stability and development in the region and the world.

2. Support from the top leadership

In January 2016, Chinese President Xi Jinping made a state visit to Saudi Arabia, Egypt and Iran. During this visit, China signed 52 cooperation documents with the three countries. These cooperation documents are rich in content, covering a wide range of areas. The three countries are all countries along the Silk Road. They are the hub of "the Belt and Road" to Africa and Europe, and also natural partners to build "the Belt and Road". Two of them are Gulf countries, and the other one is an African country. They are all important regional powers. A "key" of President Xi Jinping's visit was to have dialogue with the leaders of the three countries on The Belt and Road, upgrading practical cooperation between China and regional powers (Li, Y., 2016: January 26). China determines to dock with Middle East countries' development strategies under the framework of "the Belt and Road" and seek coordinated development and growth, which are highly spoken of by the Middle East countries and their people. They consider this as a new movement of "the Belt and Road" played together by China and the regional powers.

III. Challenges in Building a New Silk Road in West Asia

In the Vision, the new West Asia Energy Silk Road should be composed by the China-Pakistan Economic Corridor and the Gulf pearl chain. There are two problems China will have to seriously deal with: one is the “black hole” in the border area of Pakistan; the other one is the “cultural exception” issue that widely exists in all Islamic countries in “the Belt and Road” region.

(a) “black hole”

This is a historical problem since the British colonialists tried to establish the Science Frontiers in Northwest India. It occurred after the founding of Pakistan according to the Durand line. As the Durand line resulted in serious mismatch in theoretical boundary and practical boundary, there existed an area neither of the governments could manage nor control, resulting in huge security vulnerability. This area has become a shelter for anti-government forces, like a “black hole”. The formation of “black hole” has far-reaching impacts, for example, the tribal conflict continues to deepen with frequent collisions. Both the governments of Afghanistan and Pakistan also cultivate opposition against each other through the “black hole” to create trouble for the other side. As a result, the “Pashtunistan issue” and “Balouch issue” have become Pakistan's biggest headaches. The former Soviet Union and the United States were successively caught in the war mire of Afghanistan. The Taliban and other extremists rise, and terrorist organizations such as the Al Qaeda in Afghanistan carry out terrorist activities all over the world, which has posed a great threat to public security of the international society.

Based on the current situation, the “black hole” threat of the Pakistan-Afghanistan border region still exists. Extremists and terrorist organizations are still active in the region. However, the Pakistani government is very helpless in this regard. If the

overseas extremist forces and terrorist organizations use the black hole to foster domestic separatist forces and violent terrorists, and engage in the sabotages against China, the problem will become very complicated (Yao, Y., 2015: September). Now the construction of China-Pakistan Economic Corridor has been launched. As described in the previous paragraphs, \$33.8 billion are invested in the energy sector, and some will be used for roads, oil and gas pipelines, cable transmission and other aspects of infrastructure. Those constructions have a long route which may have to go through areas that are close to the “black hole” frontier. The potential threat exists, so that we should be careful to ensure the construction of “the Belt and Road” (Yao, Y., 2015: September).

(b) Cultural exception of Islam

“Cultural exception” is different from the cultural traditions, such as religious beliefs, customs, taboos, etc. It was first proposed by France to protect their own outstanding cultural products in free trade agreement negotiations (or FTA negotiations) more effectively. The advocacy was adopted by the Gulf countries, and eventually turned the free trade agreement negotiations between GCC countries and the European Union, as well as between GCC and the United States, into an endless marathon. Free trade agreement negotiations between China and the GCC began in 2004. In 2009, it was once interrupted for some reason. In 2014, the Chinese central government actively called for FTA negotiations between the two sides. However, at present, 2015 has been gone; there is still no progress in free trade agreement negotiations. It seems that there should be a long way to reach the final success. Of course, “the Belt and Road” is obviously different from the free trade agreement negotiations, but some factors that used to hinder the FTA negotiation process is still worthy of attention. To find out the real reasons can be good for the implementation and construction of “the Belt and Road”.

The “Islamic cultural exception” is universal, which can be

applicable to all the Islamic countries involved in “the Belt and Road”. Its main connotation includes:

1. In order to protect the social morality, cultural tradition, people's life and health, and national security interests, etc., all economic activities should not endanger the legitimate interests of Islam in the country or the region; this is a precondition. Islamic countries have insisted that the Islamic faith is sacred.

2. Islamic countries are aware that they have relatively small power and discourse in foreign trade and economic cooperation. They can hardly affect the negotiation process only by relying on their own strength, so they often use their own rules and explanations to express and uphold their interest demands.

3. Adhere to the traditional Islamic culture, resist the foreign cultures. The strict rules of the Islam dominate and lead people's life in all aspects. Islamic countries are generally required to reject and resist the cultural products that violate the teachings of Islam and traditional culture.

4. Establish specialized agencies to protect the traditional culture. Under the background of economic globalization and the global information systems, the traditional Islamic culture is inevitably challenged by foreign culture, especially Western-dominant culture. In this regards, Islamic countries generally have a specific department or agency responsible for the protection and supervision of the traditional culture, and have clear division in powers and responsibilities.

5. Some regional actors such as the GCC countries forbid member states from dealing with foreign issues alone. They are required to align their action in foreign affairs, in order to jointly uphold the principle of Islamic cultural exception (Wu, Y., 2015: January).

The policy of “cultural exception” in Islamic countries is naturally shaped by all aspects, including domestic economy, foreign trade law and domestic environment. It is this policy that

creates insurmountable obstacles for economic cooperation with these countries in foreign trade. In addition, these countries usually also experience other adverse factors, such as laggard economic system, asymmetry compared to developed countries, immature trade laws and regulations, and lack of security in investment environment, etc. These together constitute a commonly-existing bottleneck in developing countries.

(c) Strategies

1. China and the Islamic countries, including the Gulf States, carry out cooperation under a different context compared with the western countries. Chinese and countries involved in “the Belt and Road” share a long history of mutual exchanges and profound traditional friendship; they also have a similar experience in colonial history. In geography, these countries are closer to China; with regard to culture, both belong to the oriental culture; in religion, they are more attached to people from the Western China. As they are located at the western gate of China, it is very natural to give priority to the development of economic and trade relations with friendly neighbors.

2. Working together to create the China-Pakistan Economic Corridor and the Gulf pearl chain, and to build a new West Asia Silk Road, is the common aspiration of both sides, but in the implementation, it is necessary to: first, beware of the threat of “black hole”, second, respect the cultural tradition of Islamic countries. It is inevitable that Islamic countries stress on the uniqueness of the Islam. China must face this issue objectively, be mentally prepared, and give enough respect. If we treat this issue with the attitude and position of the great power chauvinism, we are likely to get negative results.

4. To adapt to the times, integrate into the international community, cooperate with the world, and share the global village, are the real desire of the Islamic countries. With regard to this, they are trying to be more flexible in terms of their principles and

stance. They are also constantly improving and perfecting the laws and regulations in trade and economic cooperation, and have made rectification and reform in many ways in order to catch up with the contemporary world in economic philosophy. In this regard, the Chinese side can fully utilize the China's advantages in geographical economy, politics, historical connections, cultural traditions and other aspects to go further and better.

5. On the "Islamic cultural exception", the Chinese side may also need a little more understanding and tolerance, a little more patience and flexibility, and a little more mutually beneficial and win-win considerations.

6. "The Belt and Road" initiative is of extraordinary significance for the future economic development of China. China should design more flexible policies for the "Islamic cultural exception" in terms of trade and economic cooperation, creating favorable conditions for the construction of "the Belt and Road". In terms of concrete steps, China may start from the pilot areas and local law, which is flexible and more stable for coordination of domestic and foreign situations.

7. Let the western region of China play a role of a channel for "the Belt and Road". The China-Arab States Expos showed the growing willingness of all the Arab countries, including the six Gulf countries, to cooperate with China. They all looked forward to Chinese investment. Given the advantages of the western China in the economic and trade cooperation with the Middle East countries, we can choose some places which have more cultural advantages and the traditional relationship as pilot areas in Western China. They can go one step ahead and carry out experiments, probing for right directions and experience (Wu, Y., 2015: January).

IV. Conclusion

Now China is one of the world’s largest energy consumers. Its demand for oil and natural gas continues to expand, and the dependence on external energy supply continues to rise. Given the importance of oil and gas in China’s economic development, once there are problems in China’s oil and gas supplies, economic development will be greatly influenced. Pakistan and the Six Gulf Countries are located in the west intersection zone of the belt and road, which makes them important partners of China in promoting “the Belt and Road” Initiative. Once the “China-Pakistan Economic Corridor” and the “Gulf pearl chain” are built, the two sides can achieve effective management and control in free flow of natural resources and funds, and optimized configuration in market potential. It can not only contribute to the mutual benefit between China and these countries, but also can connect the West Asia economy with East Asia and Southeast Asia economy more closely, and thus improving and enriching the connotation of “the Belt and Road” cooperation, as well as broadening and extending the cooperation of “the Belt and Road”.

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