Policy paper series

China’s potential role in international mediation: entering an era of activist diplomacy

By Simone van Nieuwenhuizen

China Studies Centre

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Preface

Of all of its zones of foreign policy interest, it is perhaps its strategic interests in the Middle East that have been most poorly served by scholars inside and outside China. China’s relations with the US, Asia, Europe, and even Africa and Latin America have received much more attention in the last decade. China and the Middle East is the pauper in this collection, overlooked and unfairly underestimated in its significance.

Simone van Nieuwenhuizen brings facility in working with Chinese, English and Arabic sources to this study. She concentrates on how China’s evolving role in the region, particularly relating to the Israel Palestinian conflict, illustrates important things about a more generic issue – how activist it wishes to be in issues beyond its shores and borders.

She lucidly maps out a number of forces that are bringing about change in China’s posture — its rising investment and resource interests in the area, the views of actors there towards its emerging power assets, and the leverage it gets from a largely positive history with regional partners, uniquely including Israel and the Palestinian Authorities. Even so, she shows how these factors are unlikely, of themselves, to make China, even in the era of more activist diplomacy under Xi Jinping, review its highly cautious stance towards involvement in mediation. She shows that the careful calculations any external party has to make about the risks of getting involved in matters where so much remains outside the control of a third-party’s hands are strong enough to militate against China wanting to get embroiled in issues that have, so far, defeated much more experienced parties like the US.

For all the talk of a China spreading tentacles throughout the world and becoming a major actor, this study, of a woefully under-researched and neglected area, shows that its foreign policy mindset is still guided by parochial self-interest — and that it sees no strong reasons to change that even in the era where it is widely regarded as the second most powerful nation in the world.

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The China Studies Centre exists to co-ordinate work across the University relating to research on Greater China, serve as a resource of business, government and the community on knowledge about China, and support high-quality, innovative academic engagement with China.

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Executive Summary
Since the concurrent visits of Israeli Prime Minister Binyamin Netanyahu and Palestinian Authority President Mahmoud Abbas in May 2013, there has been speculation in both Chinese and international media that China is poised to play a mediation role in the Israeli-Palestinian conflict. This also reflects expectations by the international community and China’s academic community that as its economy continues to grow and its international interests expand, China will become a more active diplomatic player.

This policy paper assesses China’s potential role as a mediator of the Israeli-Palestinian conflict through the lens of the ‘supply-demand’ model of mediation as a framework of foreign policy behaviour. According to this, as a mediation is a voluntary process, its occurrence depends on both the disputants’ and third party’s willingness to undertake it. Currently, China does not meet the conditions necessary for mediation; that is, there is neither sufficient demand from the Israeli and Palestinian sides, nor sufficient motivation for China to supply mediation. This makes the possibility of China acting as a mediator of this conflict very low. However, as mediation does not contradict China’s diplomatic principles, it is possible that these conditions may be met in the future.
Introduction

Since Zhou Enlai presented the ‘five principles of peaceful coexistence’ (heping gongchu wuxiang yuanze, 和平共处五项原则) in the 1950s, a crucial foundation era of the People’s Republic, China has upheld its position of non-interference in the internal affairs of other states. This has allowed it to maintain good relations with both sides of the Israeli-Palestinian conflict. In the 1960s, China played host to People’s Liberation Organisation (PLO) delegates, and continued its military cooperation with Israel throughout the 1980s and 90s, despite lacking formal diplomatic relations until 1992. At the same time, China did not take a proactive position on landmark agreements made in the 1993 Oslo Accords.

In May 2013, Israeli Prime Minister Binyamin Netanyahu and Palestinian Authority President Mahmoud Abbas made concurrent visits to China. It was the first time this had happened, and Chinese President Xi Jinping took advantage of this unusual occurrence to announce a four point plan for solving the Palestinian problem.¹ This was interpreted by many as a significant change in China’s policy on the Middle East peace process, and prompted speculation in domestic and international media that China was poised to become the next peacemaker in the Middle East.² Netanyahu and Abbas did not meet during their time in China.

More recently, on 23 July 2015, Wang Min, China’s deputy permanent representative to the United Nations (UN), stated that China was “ready to work with other parties of the international community to make more contributions to achieve peace between Palestine and Israel, and stability in the region.”³

Along with China’s rapid economic development and the expansion of its international interests since the beginning of ‘Reform and Opening Up’ (gaige kaifang, 改革开放) in 1978, an increasing number of international actors have expressed the view that as a rising power, China is not only a participant in international society, but should also be a contributor to it. For example, former World Bank President Robert Zoellick delivered a speech at the National Committee on US-China Relations in 2005 entitled ‘Whither China: from membership to responsibility’. In that speech Zoellick famously declared that the United States (US) should encourage China to become a “responsible stakeholder” of the international system, given its greater global influence.⁴ Nevertheless, the dual diplomatic principles of ‘hiding strength and biding time’ (taoguang yanghui, 韬光养晦) and ‘non-interference in internal affairs of other states’ (bu ganshe neizheng, 不干涉内政) have to a certain extent limited China’s diplomatic activity, especially in view of its prioritising of domestic economic development since 1978, for which it seeks a benign, predictable and stable international environment.

In the last decade, prominent Chinese foreign policy scholars have also reflected a hope for stronger participation in international affairs and begun to explore ways in which China can play a greater and more positive role. In 2011, Peking University’s Wang Yizhou introduced the concept of ‘creative involvement’ in China’s diplomacy, noting that unlike most of the 20th century, China is now more closely integrated with the outside world, and both its domestic and external environments have undergone massive changes. Wang argues that China therefore needs to reconsider its ‘hiding strength and biding time’ policy and promote a new direction for Chinese diplomacy – creative involvement – in order to play a more positive diplomatic role and develop constructive thinking on international relations.⁵ Others like Zheng Bijian have tried to articulate more ambitious frameworks which see China is take on a global role that is...
more commensurate with its relatively recent economic prominence. His articulation of ‘peaceful rise’ in 2005 however created a critical backlash inside and outside China, with many interpreting it as heralding an assertive China. Others like Tsinghua University’s Yan Xuetong have described a distinctive Chinese diplomatic behaviour true to its historic traditions, and able to create traction in the outside world by it creating a new moral order parallel to the US-led one, rather than subservient to it. These debates show that China is undergoing the most fundamental rethink of its foreign policy posture since the 1950s.

There is a distinct lack of research on China’s potential as a mediator of international conflict, both within and outside China. This is due in part to China’s lack of mediation experience, as well as a perception of its incompatibility with the non-intervention principle.

In order to analyse China’s potential as an international mediator, we need to consider China’s activity within the context of the mediation environment. Furthermore, it cannot be assumed that China’s mediation role is inevitable. Despite China being a global power with an economy second only to the US, there are many factors determining whether mediation occurs.

This policy paper aims to fill a gap in existing literature on China’s global role by assessing China’s potential as a mediator of the Israeli-Palestinian conflict through the lens of the supply-demand model of international mediation. This is just one case study; it is hoped that a similar framework can be applied to future research on China’s potential as an international mediator.

**What is mediation?**

As with most concepts in international affairs, there is no singular definition of mediation. There are various methods of conflict resolution, so it is essential to clarify what distinguishes mediation from these in order to properly assess China’s potential as a mediator.

The late Jacob Bercovitch – perhaps the best-regarded scholar of international mediation – presented a broad definition that is widely accepted by other scholars.

> Mediation is… a process of conflict management, related to but distinct from the parties’ own negotiations, where those in conflict seek the assistance of, or accept an offer of help from, an outsider (whether an individual, an organisation, a group, or a state) to change their perceptions or behaviour, and to do so without resorting to physical force or invoking the authority of law.

Mediation differs from arbitration in that the results are not legally binding. Physical force is not used because mediation is a voluntary process. Another significant difference between mediation and other forms of conflict resolution, such as consultation and ‘keeping good offices’, is the extent of third party involvement: actors who keep good offices are described as confining their activities “to technical aspects of helping the adversaries communicate with each other, such as providing a meeting place or transmitting messages”. On the other hand, mediators become party to the conflict, “make suggestions pertaining to the substance of the conflict, and seek to influence the parties to make concessions by exerting pressures and offering incentives”.

5
Mediation is a foreign policy tool. Despite the popular perception that mediators must be impartial third parties, there is no such thing as an altruistic mediator; they are self-interested players and, like the conflicting parties, they view mediation as a means of achieving certain policy goals. Biased mediators are actually considered more effective as they have more leverage in their negotiations between disputants.

While English-language scholarship of international mediation is well-developed, Chinese literature on mediation lacks clarity of the differences between various forms of conflict resolution; the terms ‘keeping good offices’ (woxuan, 斡旋) and ‘mediation’ (tiaoting, 调停) are often used interchangeably. Misunderstanding of mediation in China could be one reason behind the lack of scholarship in this field.

The supply and demand of international mediation

In 2006, Kyle Beardsley presented a comprehensive ‘supply-demand’ model for studying international mediation. ‘Supply’ refers to the willingness of the third party to become a mediator of the conflict, while ‘demand’ refers to the conflicting parties’ willingness or desire to seek mediation from a particular third party. As mediation is a voluntary process, it can only occur if the conditions for both supply and demand are met.

The supply of mediation depends on the third party’s cost-benefit analysis. The third party may be a state or non-state actor. The mediator inevitably expends political and financial capital, shoulders administrative burdens, and takes the risk of losing face and attracting bad publicity if the mediation attempt fails. On the other hand, successful mediation can bring collective and direct benefits. Collective benefits include preventing ‘negative externalities’ – improving the stability of the international system and reducing the likelihood of conflict spreading to neighbouring countries. Direct benefits are those aiding the mediator’s own economic, political, and/or security situations, as well as the gain of greater international influence. Humanitarian concerns can also be a motivation, as violent conflict attracts international attention and pressure, thereby creating greater reputational benefits for the mediator. When the benefits outweigh the costs, the third party has greater motivation to pay the costs associated with the supply of mediation.

As mediation is a foreign policy tool, the disputants also hope to gain from the mediation process. If the cost of seeking mediation outweighs the benefits of continued conflict, the party(ies) will not seek mediation, that is, there will be no demand for mediation. There are three main factors under consideration on the demand side. The first is the mediator’s position in the international system, which determines their ability to help disputants overcome information and commitment barriers. Beardsley’s quantitative analysis shows that great-power states have the most resources to meet conflicting parties’ needs and are therefore more effective mediators than non-great-power states, global and regional governance organisations, individuals or Non-Governmental Organisations. The second factor is the third party’s previous relationship with each disputant, and the third factor is their previous mediation attempts and experience.

Finally, the success of mediation depends on the balance of supply and demand on both sides. If the third party has few benefits and the demand for optimal mediation is low, then mediation will not occur at all. If demand is high but benefits for the mediator are low (or vice versa), suboptimal mediation will occur if at all. If the mediator is able to persuade the conflicting parties of the benefits of mediation, it is possible that
optimal mediation can occur. Optimal mediation occurs when there is high demand for mediation and great benefits for the mediator. It is very difficult to achieve this balance.

What the Israeli-Palestinian conflict tells us about China’s evolving activist diplomacy

China’s policy on the Middle East peace process

Xi Jinping’s presentation of a four point plan for the settlement of the question of Palestine was seen by many as a turning point in China’s Middle East diplomacy. The four points were:

1. Support the establishment of an independent Palestinian state according to 1967 borders, with East Jerusalem as its capital, in order to realise peaceful coexistence with Israel. An independent, completely sovereign state is the key to solving the question of Palestine. At the same time, Israel’s security concerns and right to exist should be fully respected.

2. Negotiations are the only pathway to peace. Both sides should pursue peace talks and show mutual understanding. Urgent matters include stopping settlement activity, ending violence against blameless civilians, ending the blockade of Gaza, and resolving the issue of Palestinian prisoners, in order to create the necessary conditions for restarting peace talks.

3. The ‘land for peace’ principle should be supported. All parties should work together on the basis of existing agreements, including UN resolutions and the Arab Peace Initiative.

4. The international community should provide guarantees for the advancement of the peace process, and increase assistance to Palestine in human resources training and economic development.12

In reality, this was not the first plan or proposal of its kind. Including this one, Chinese officials have presented a total of 10 ‘point plans’ for solving the Israeli-Palestinian conflict to date. The first was a ‘five point plan’ presented at the United Nations General Assembly in November 1989 by China’s then Permanent Representative to the UN, Wang Shijie. Wang later became China’s first special envoy for Middle East affairs. Furthermore, Xi’s four point plan did not represent any significant change to previous proposals, and did not really offer any specific strategies for solving the crisis. Nevertheless, as the first such plan to be presented by the country’s President and Chairman of the Communist Party, it suggested that the conflict had gained a higher priority in China’s international affairs. This could be due to increasing economic interests in the region, or simply intended as a symbolic gesture to mark the simultaneous visits of Abbas and Netanyahu.

China’s policy on the peace process, as articulated by senior officials since the 1990s, is broadly in line with the international consensus and may be summarized as follows:

- The conflict can only be solved through political negotiations, on the basis of ‘land for peace’ and applicable UN resolutions.
- There must be a comprehensive, fair and long-term solution.
- There should be an end to extremism, violence, and military action on both sides.
- The Palestinian people’s humanitarian situation needs to be improved in a timely manner.
- Peaceful coexistence depends on an independent, sovereign Palestinian state.
- The international community must work together on resolving this conflict.

Over the last decade or so, China has made other — largely symbolic — contributions to the peace process. Following Jiang Zemin's official visits to Israel and the Palestinian Territories in 2000, the position of special envoy for Middle East affairs was created in 2002, apparently after leaders from both sides expressed the desire for China to play a more active role in the region. The envoy visits Israel and the Palestinian Territories at least once a year. Furthermore, since 2002, China has sent a representative of the Chinese government to attend the annual conferences convened by the United Nations Division for Palestinian Rights, who have raised China's views on the matter. In June 2013, China hosted the United Nations International Meeting in Support of Israeli-Palestinian Peace, themed ‘Reviving the collective international engagement towards a two-State solution to the Israeli-Palestinian conflict’. It is also possible that Xi’s four point plan was presented in anticipation of this event.

**China’s potential as a mediator**

As a foreign policy tool, China’s mediation of the conflict depends on its cost-benefit analysis, as well as the demand for China’s participation from the Palestinian and Israeli sides.

1. **Supply: China’s cost-benefit analysis**

China has significant economic and security interests in the Middle East, and solving the Israeli-Palestinian conflict therefore aligns with its long-term national interests. As Wu Sikehas stated, China’s policymakers believe that the Palestinian problem is at the core of all problems in the Middle East; if it is not resolved, there is no way to solve the myriad other problems the region faces.

Historically, the US has played the primary security role in the Middle East. However in recent years with its ‘pivot to Asia’ policy, the war weariness that has engulfed American politicians and the public, as well as reduced reliance on overseas energy supplies due to domestic production of shale gas, it has been argued that its emphasis on Middle East affairs will also diminish. Indeed, some US partners in the region already perceive this change. Even with the rise in regional instability since the so-called Arab Spring of 2011, as well as the onslaught of Islamic State (IS) beginning late 2014, the US has scaled back its presence quite significantly. As of June 2015, there were approximately 3050 US troops in Iraq. This is a stark contrast to 2008, when troop numbers peaked at 157,800.

The Israeli-Palestinian conflict is the thorniest, longest-running conflict in the Middle East and the world. Although there have been some achievements since the Middle East peace process began in the early 1990s, the problem of Palestine’s final status has not been resolved. From China’s perspective, since the US — the only superpower, and one that has maintained long-term contact and diplomatic relations with both sides — has failed to resolve the conflict, China would be even more powerless to do so. Geopolitically, the conflict is far from China’s shores and the direct benefits of mediation are few, but the costs are high.
a) Negative externalities of continued conflict

In contemporary Chinese foreign policy, the Middle East is not a priority. China’s main interests in the region lie in energy security, and at the moment it lacks deeper political or diplomatic interests. At the same time, China recognizes that the continuation of the Israeli-Palestinian conflict exacerbates regional tensions. It involves US-Israel, Syria-Israel, Egypt-Israel, Jordan-Israel, Lebanon-Israel, Turkey-Israel and Iran-Israel relations, as well as other bilateral relations between Arab states. The conflict therefore has an impact on both domestic and international politics and policies of countries in the region; as violent conflict erupts, it causes instability across the entire region, which in turn puts pressure on China’s energy needs and security, as well as the stability of the international system. These are all negative externalities that would be reduced if the conflict were resolved. The importance of economic factors in China’s calculation is exemplified by current Middle East special envoy Gong Xiaosheng’s assertions that the ‘one belt one road’ (yidai yilu, 一带一路) initiative may contribute to peace between Israel and Palestine.19

Since the advent of the Arab Spring and more recently IS, the international community has turned its attention towards more urgent problems such as the situation in Iraq, the Syrian Civil War, and turbulence in Egypt. Although US Secretary of State John Kerry continued to pursue the Middle East Peace Process in 2014, solving the Israeli-Palestinian conflict is not a priority, and mediation resources are therefore limited. In this environment, China would be unlikely to receive the international funding and attention necessary to support mediation. These factors all raise the costs of mediation.

b) Humanitarian concerns

To a large extent, humanitarian issues are at the core of the Israeli-Palestinian conflict. After the establishment of Israel in 1948, a large number of Palestinian refugees were displaced and went to Lebanon, Jordan, Syria and other neighbouring countries, as well as the Gaza Strip and West Bank. The Arab-Israeli war of 1967 created a second refugee crisis. According to most recent UN figures, there are 5 million registered Palestinian refugees.20 Palestinians in refugee camps face statelessness, and Israeli settlements in the West Bank, deemed illegal by international law, have drawn international condemnation. The Syrian civil war since 2011 has exacerbated this situation, as Syria is home to approximately half a million Palestinian refugees.

According to the Israel Defense Forces, there have been more than 11,000 rocket attacks into Israel from the Gaza Strip since 2005, which threaten the Israeli civilian population.21 In July 2014, partly in response to rocket attacks by Hamas, Israel launched Operation Protective Edge. Ensuing conflict resulted in 2104 Palestinian fatalities, including 1462 civilians, as well as 69 Israelis, including 4 civilians.22 Concern for civilians is a common feature of China’s plans or proposals for resolving the conflict.

The human tolls of continued and recurrent conflict are high. The international community has deep concerns about the humanitarian situation, and these concerns are a strong motivating factor behind the push to solve the conflict. This is demonstrated by the dozens of reports and resolutions passed by UN agencies on the human rights situation in Israel and the Palestinian territories. The most recent of these was the report of the independent commission of inquiry on the 2014 Gaza conflict, released by the Human Rights Council in June 2015.23 A five point peace proposal presented by Minister of Foreign Affairs Wang Yi in August 2014 explicitly stated China’s concern for the “humanitarian situation in Gaza”.24
c) Economic benefits

Currently, China’s interests in the Middle East are mainly economic. Since the initiation of its ‘going out’ (zouchuqu, 走出去) policy of encouraging outward investment through state and non-state owned companies beginning in the 1990s, China’s demand for energy security has visibly increased; in 1993 it became a net oil importer, and by March 2013 had overtaken the US as the world’s largest net oil importer. The oil-rich Middle East therefore has an influence on China’s economic development.

Between 2005 and 2009, China reported no foreign direct investment (FDI) in the Palestinian Territories. By 2013, China’s FDI in Palestine amounted to US$40,000. Although China’s FDI in Israel increases every year, it pales in comparison to other Middle East and North African states. As of 2013, China’s FDI stocks in Israel amounted to approximately US$34 million. This is slightly over a tenth of the value of Chinese FDI stocks in Iraq, and significantly less than the US$2.85 billion in Iran.

According to China’s most recent statistics of crude oil imports (2011), Saudi Arabia is the largest supplier of crude oil, providing approximately 20 percent of all imports. The Philippines ranks lowest on this list, providing only 0.01 percent of all crude oil imports. Israel and Palestinian Territories are nowhere to be seen on this list. As neither are oil producers, in this regard they are not significant to China, and successful mediation would not be seen to directly secure China’s energy security.

Mediation is not a short-term commitment. In most circumstances, the mediator shoulders the burden of implementing and monitoring peace agreements. As any solution to the Israeli-Palestinian conflict would potentially involve the return of Palestinian refugees, the creation of a new state and security guarantees for both Israel and Palestine, the potential economic costs for China are extremely high, and would most likely become a decades-long responsibility. Thus, for China, mediating this particular conflict would create economic costs that on the whole are higher than the indirect economic benefits.

From another perspective, if mediation were to end in failure, it could actually exacerbate existing tensions and lead to further regional unrest, creating an even greater economic loss for China. In sum, economic costs would outweigh the direct benefits of mediation.

d) International reputation

Along with the rise of China’s international position, the international community has increasingly expressed the hope that China will also play a more positive and active role in international affairs. Therefore, China’s mediation of the Israeli-Palestinian conflict is presumably beneficial to China’s international reputation.

At the same time, the failure of mediation can lead to undesirable consequences, such as ‘loss of face’ and negative publicity. If China were to become a mediator but the two sides failed to reach an agreement, or if the situation deteriorated because of the attempted mediation, it would have a significantly negative impact on China’s reputation.

Since the Israeli-Palestinian conflict continues despite decades of attempts, both unilateral and multilateral, it is difficult to be optimistic about the future as the perceived risk of failure remains high. For this reason, the potential reputational benefits to China do not overcome reputational risks.
Although successful mediation would be beneficial to maintaining regional stability and security; ease the humanitarian situation; have some economic benefits and improve China’s international reputation, the cost of China’s involvement in this conflict are very high. With these factors in mind, China currently does not have sufficient incentives to supply mediation of the Israeli-Palestinian conflict. Therefore, the chances of China becoming a mediator are relatively low.

The costs could be mitigated if China were to partner with other states or organisations in mediating the conflict, as responsibility for implementation of agreements would be divided among the different parties, as would the blame for unsuccessful mediation. This was one factor behind China’s participation in the Six Party Talks on the North Korean nuclear issue. China was also happy to be seen as a key negotiator of the recent nuclear framework agreement with Iran, while the US will in fact shoulder much of the responsibility of implementation and monitoring.

With this in mind, China has expressed greater receptiveness to the possibility of cooperation with multilateral organisations in mediating the Israeli-Palestinian conflict. Shortly after Xi’s 2013 four point plan was presented, then special envoy for Middle East Affairs Wu Sike said that while China would maintain contact with the Middle East Quartet (the UN, European Union (EU), US and Russia), it was not considering becoming a member. However, in January 2014, Wang Yi stated that China was “keeping an open mind”, and would participate if the Quartet wanted them to. However, as the Quartet is more or less defunct as a mediating party – its website describes the organization’s mandate as improving economic development, rule of law, and access for goods and people in the Palestinian Territory – a successful, durable outcome would be unlikely. This reduces the likelihood of this approach.

2. The demand for mediation: Palestine and Israel’s cost-benefit analysis

Although China lacks sufficient motivation to become a mediator of this conflict, it could still be an attractive mediator from the disputants’ perspectives. Demand for mediation is determined by the third party’s rank as an international power, their previous relationships with the disputants, and their previous mediation attempts.

a) China’s rank

According to the Cox-Jacobson scale for measuring the relative power of states, as of 2012, China was second after the United States. This marks a dramatic change from 1993, when China ranked tenth alongside Australia and India.

China’s high ranking relative to disputants Israel and Palestine is an indication of the power and resources it has available for mediation, which in turn demonstrates its potential for having material leverage and influence to employ in the mediation process. These factors are vital in overcoming information and commitment barriers between the two parties.

b) Previous relationships with the disputants

The mediator’s influence, leverage and legitimacy are connected to their relationships with the disputing parties. Third parties who maintain friendly relations with the disputants or have common interests are seen as more valuable mediators. Regardless of the third party’s neutrality or lack thereof, their relationship – or the perception of
the trajectory of their relationship — makes them acceptable as a mediator. In this context, the disputants can protect common as well as selfish interests. These factors make the relationship between all sides a vital element in deciding who will mediate.

A useful tool for understanding relationships between states in the context of mediation is distinguishing whether they are formal allies, friendly, states with common interests, or enemies. The closer they are or have been in the past, the more effective the mediator will be in overcoming information and commitment barriers.

**China and Palestine: friendly relations**

From Palestine’s perspective, a major advantage of having China as a mediator is its historically friendly diplomatic relations. As early as 1964, China became one of the first states to recognise the PLO. In order to facilitate the PLO’s revolutionary goal of realising an independent state, China provided military aid and training. In 1965, when a PLO delegation visited China, Mao Zedong declared “imperialism is afraid of China and the Arabs. Israel and Formosa are bases of imperialism in Asia”.31

In November 1988, at the 19th Palestinian National Council in Algiers, a Declaration of Independence was adopted, in which Jerusalem was to be the capital of a new Palestinian state. China expressed its support for this, and elevated the status of the Palestinian Representative Office to Embassy. Since 1989, when China presented its first proposal for solving the conflict, subsequent proposals have clearly opposed Israel’s occupation of Palestinian territories. In January 2009, just a few days before the ceasefire that ended the armed conflict in the Gaza Strip that year, China expressed support for “realising an independent Palestinian state, and the peaceful coexistence of both ‘countries’”.32

Unlike many other states, China has been willing to maintain communication with Hamas, which is considered a terrorist organisation by the US, EU, Canada, Japan and Israel. In China’s view, all Palestinian and Israeli parties to the conflict have an influence on peace talks, and therefore should not be excluded.

In 2012, China voted in favour of a UN General Assembly resolution for Palestine’s non-member observer status, while the US — the principal mediator in the Middle East peace process — voted against. Due to China’s support and aid for Palestine in the past, China is seen as more likely to play a role in the realisation of Palestine’s goal of establishing an independent state.

Nevertheless, compared with the US, recent provision of material aid to Palestine has been limited. Since 2008, the US has consistently provided high levels of aid. At the height of the conflict in Gaza in 2009, US aid to Palestine reached US$960 million, while China only provided US$1 million dollars in emergency aid that year.33 Although Palestine enjoys a friendly relationship with China, material aid is what changes the situation on the ground. In this respect China lacks influence.

**China and Israel: states with common interests**

In 1950, Israel became the first Middle Eastern state to recognise the People’s Republic of China, but the two states only established formal diplomatic relations in 1992. For a long time, China did not recognise Israel, but when negotiations on establishing diplomatic relations began in the late 80s and early 90s, China started to publicly show greater warmth towards Israel. China’s 1989 five point plan noted that
Israel’s security should also be guaranteed, reflecting a change in China’s attitude towards the country.

Although both China and Israel have a relatively short history of formal diplomatic relations, they have cooperated in other ways. For example, the lack of diplomatic relations did not prevent Israel from selling weapons to China in the 1980s.

While Israel is a Middle Eastern state, to a large extent China sees its relationship as an extension of US-China relations. Because of the influence of the so-called Israel lobby on US domestic policy, as well as historical US economic, political and military support for Israel, there is a strong sense of identification between the two countries that in turn has a strong political impact.

In the early 90s, military cooperation between China and Israel caused tension in the US-Israel relationship as the US developed security concerns, and it began to pressure Israel to reduce its level of cooperation with China. Similarly, in 2000, under pressure from the US, Israel cancelled its contract with China for the sale of the Falcon early warning system, thereby straining Israel-China relations. This demonstrates the important role that the US plays in Israel’s calculus, as well as the scepticism with which China views forging closer ties with Israel.

In spite of these tensions, Israel enjoys growing trade relations with China. As of 2012, two-way trade volume reached US$9.9 billion, seven times greater than 2002. Israel and China are set to begin negotiations on a bilateral free trade agreement this year, and both share a fundamental interest in the stability of the Middle East.

In sum, despite significant advancements in trade relations between China and Israel over recent years, in other aspects there is a distinct lack of trust between the two. This reduces the likelihood of bilateral ties expanding beyond economic interests and into the political domain.

c) Previous mediation attempts

Apart from its mediation of the second North Korean nuclear crisis with the Six Party Talks, China has not had any actual international mediation experience to date. Although China hosted a total of five rounds of Six Party Talks between 2003 and 2005, the North Korean nuclear issue is ongoing, and tensions continue to rise on the Korean Peninsula. China established the mechanism of special envoy for Middle East issues and released 10 proposals for solving the Israeli-Palestinian conflict, but has not made any substantive contributions to the mediation process, as it has refrained from getting directly involved in any peace negotiations.

Overall, China is unlikely to be considered an attractive mediator on the basis of previous mediation experience.
Conclusion: mediation and the direction of China’s diplomacy

Optimal mediation can only occur if both the demand for and willingness to supply it are high. If both demand and supply are low, mediation will not occur at all. Mediation is likely to be suboptimal if one side has a greater desire for mediation than the other.

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<td>Negative externalities</td>
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<td>Humanitarian concerns</td>
<td>Y</td>
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<td>Economic benefits</td>
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<td>Reputational benefits</td>
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<th>Demand factor</th>
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<td>China’s rank</td>
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<td>Previous relationships</td>
<td>Palestine: Y; Israel: N</td>
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<td>Previous mediation attempts</td>
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</table>

As the table above illustrates, although China is the world’s second largest economy and second ranked state on the Cox-Jacobson scale, it currently lacks the supply and demand conditions required for optimal mediation of the Israeli-Palestinian conflict.

Firstly, on the supply side, although China’s mediation would be beneficial for maintaining regional stability and security, ease the humanitarian situation, and have limited economic and reputational benefits, the long-term costs of both successful and unsuccessful mediation attempts are very high. There are also very few direct economic benefits. Thus, the possibility of China becoming a supplier of mediation is low.

On the demand side, to date China has not made any substantive contributions to the peace process. Because China’s mediation experience is limited, its provision of material aid to Palestine lacking, and its history of diplomatic relations with Israel short, China is currently unlikely to supersede the US as the principal mediator of the Israeli-Palestinian conflict.

As the supply of and demand for mediation are both low in this case, under current circumstances China won’t become a mediator of the Israeli-Palestinian conflict.

As David Shambaugh has argued, China is a ‘partial power’: “it is a member of most international organisations, but is not very active in many … China often makes known what it is against, but rarely what it is for. It often stands aside or remains passive in addressing international security challenges or global governance issues … China possesses little soft power, if any, and is not a model for other nations to emulate”.36

Making a creative diplomatic contribution would promote China’s transformation into a genuine stakeholder. In order to achieve this, China would need to make some adjustments to its ‘hiding strength and biding time’ approach by putting greater emphasis on ‘making a difference’ (yousuo zuowei, 有所作为) 37 by contributing its own substantive ideas.

Although it requires a degree of intervention, international mediation does not contradict China’s diplomatic principles. China frequently states its belief in political solutions to international issues, and its opposition to military interference. Furthermore,
international mediation, as opposed to intrastate mediation, does not interfere in the *internal* affairs of other states. As a non-aggressive, non-military act of diplomacy, mediation aligns with China's Five Principles of Peaceful Coexistence, which include mutual respect for sovereignty and territorial integrity; mutual non-aggression; non-interference in each other's internal affairs; equality and mutual benefit, and peaceful coexistence. Therefore as a mediator, China would be in a position to seek a more active diplomatic role while still preserving its diplomatic principles.

As China's interests in the Middle East continue to expand, and relationships with both Palestine and Israel become more important in realising these interests, it is possible that it could attract demand from the Israeli and Palestinian sides in the future. In turn, as the benefits of mediation become greater, so would China's willingness to become a mediator. However, for now at least, China is content with being seen to encourage negotiations between the two sides by making symbolic gestures from afar.
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Notes

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10 Kyle Beardsley, Politics by means other than war: understanding international mediation (doctoral thesis), University of California, San Diego, 2006.
11 The concept of mediator ranking, previous relationships with disputants, and previous experience is drawn from Jacob Bercovitch& Allison Houston, ‘influence of mediator characteristics and behavior on the success of mediation in international relations’, International Journal of Conflict Management, vol. 4, no. 4, 1993, pp. 297-321.
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spending, population size, and territorial size. It does not take into consideration ‘soft power’ factors as they are not adequately measurable.


37 Although this is frequently overlooked, the phrase ‘hiding strength and biding time’ is followed by ‘make a difference’ (有所作为).