

Crouching Panda, Hidden Dragon: Contesting Chinese Subversion in the Middle East and Central Asia

Description

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Abstract

The People's Republic of China (PRC) presents itself as a gentle panda to obfuscate its global predatory behavior. But hiding inside the PRC's panda suit is a dragon seeking to prey on the Central Region as a core political and economic axis for its neocolonial aspirations. Unfortunately, the singular U.S. focus on Taiwan enables the PRC to capture global strategic geography and human terrain beyond the Indo-Pacific, specifically through its Belt and Road Initiative. To comprehensively shape PRC decision calculus over Taiwan and other areas of U.S. national interest, the United States must *exploit outsized gray zone deterrence opportunities via irregular warfare* in the Middle East and Central Asia. This counter-predation campaign would deny the PRC the access and influence it seeks to gain by raising the costs of its exploitative activities and strengthening partners against entanglements that usurp sovereign decision-making. As such, irregular warfare offers multiple ways to contribute to *deterrence by denial*—the cornerstone of pending Undersecretary for Policy Elbridge Colby's Taiwan strategy, manifesting through *cognitive* and *financial vectors* alongside traditional military capabilities.

Pandas, Dragons, and Irregular Deterrence—oh my!

With their charming appearance, gentle demeanor, and playful behavior, pandas are adored worldwide. The People's Republic of China (PRC) deceptively uses this disarming motif to present itself as a gentle giant while obfuscating its global predatory, neocolonial behavior. But hiding inside the PRC's cheap panda suit is a red dragon seeking to prey on the Middle East and Central Asia. Unfortunately, the singular U.S. focus on Taiwan creates blinders [enabling the PRC to securitize its](#)

[greater periphery](#) by capturing strategic geography and human terrain globally beyond the Indo-Pacific. To comprehensively shape PRC decision calculus over Taiwan and other areas of U.S. national interest, the United States must exploit outsized [gray zone deterrence opportunities via irregular warfare](#) in the [Central Region](#). Otherwise, bureaucratic and cognitive stovepipes will impede application of a *true trans-regional approach* to integrating deterrence as U.S. national [defense and security strategies](#) call for.

Forgotten in America's shift away from counterterrorism, the Central Region remains a core political and economic axis for the PRC's Belt and Road Initiative (BRI) to connect Asia to Europe. Beijing exploits access and influence opportunities along the BRI through [economic statecraft with military implications](#) opened by perceptions of [declining U.S. engagement](#) and [loss of credibility](#). Whether through [strategic fulcrums](#) like the United Arab Emirates or via states under massive debt distress like Tajikistan, the PRC can wield significant ideological, economic, and political power on the global stage. Today, we see the PRC [increasing its role in regional peace, security, and diplomacy](#), while trade with the region has [more than tripled](#) over the past 20 years. As the world's largest crude oil importer, the People's Republic sources [46% of its oil](#) from the Middle East. To wit the PRC is truly beginning to [win the Middle East](#) at the expense of U.S. national security.

To enhance deterrence or otherwise the United States must [approach the Middle East and Central Asia](#) as a [focal point for shaping Beijing's decision calculus](#) in both daily competition campaigning and any crisis-driven Taiwan contingency. The Central Region is fertile ground for a counter-predation campaign that would deny the PRC the benefits it seeks to gain by illuminating its exploitative activities and strengthening partners against entanglements with the PRC that usurp sovereign decision-making. [Irregular warfare offers multiple ways to contribute to deterrence by denial](#) the [cornerstone of pending Undersecretary for Policy Elbridge Colby's Taiwan strategy](#), that manifest through *cognitive* and *financial vectors* alongside traditional military capabilities.

All Under Heaven, or One Chinese Belt and Road?

When Chinese Communist Party (CCP) General Secretary [Xi Jinping introduced the One Belt, One Road in 2013](#) known in English as the more disarming Belt and Road Initiative he claimed a goal to promote peace, regional connections, and economic integration. However, in practice, the BRI is less about altruistic outreach than expanding China's worldwide economic and political power, and along with it, coercive and anti-sovereign influences. Though China advertises the BRI as benign, it is part of its strategy to supersede the United States as the [world's leading superpower by 2049](#) and make the world more conducive for autocracy. Fundamentally, the BRI is a mechanism of predatory economic colonialism that facilitates global encirclement of the West.

The PRC's self-serving activities demonstrate like the ancient tributary system of the Warring States period that the People's Republic is attempting to make all roads once again lead to Beijing.

The CCP's dominant master narrative is a romanticized version of China as *Zhōngguó* (Central Kingdom). This narrative stems from China's rich history and cultural heritage, and its adherents believe their civilization to be superior to all others. Beginning with the Han Dynasty (206 BC–AD 220), ancient China led a feudal system of vassal states where the Central Kingdom was the center of the world, and its leader—the Son of Heaven—ruled the known world. States in the Central Kingdom's orbit paid tribute to the Chinese emperor while recognizing Chinese civilizational superiority. This imperial worldview is encapsulated in the ancient cultural concept of *tian xià* [all under heaven](#).

However, this master narrative maintains that since the First Opium War (1839–1842), foreign imperial nations forced China to succumb to economic and political domination such as the 99-year lease of Hong Kong to Britain and Macau to the Portuguese. Beijing seeks to end that perceived ignominy, which it calls a Century of Humiliation (1839–1949), and gradually [reclaim its rightful place](#) as the dominant global power. To this end, CCP leaders have followed a Chinese idiom combining Confucian [benevolence with the brutality](#) of the Warring States period (481–403 BC): *wàiwàng nèi gǎng* (be outwardly benevolent, but inwardly ruthless). Thus, few in the West suspected that the PRC is not the gentle *panda* it claims to be.

Encircle to Win

The People's Republic maintains [investments in or ownership of approximately 129 foreign ports](#) around the world, processing nearly two-thirds of the world's container traffic. These [global port ventures](#) are clustered around major trade routes and strategic maritime chokepoints like the Bab al-Mandab Strait and Strait of Hormuz, that allow access to the Middle East. Additionally, the PRC has six port facilities around the world confirmed for both commercial and military use such as Djibouti and Gwadar.

Beijing envisions the world as a *wàiwàng qǐ* (encircling game) board game that involves surrounding one's opponent. Former Secretary of State Henry Kissinger observed that the United States instead approaches China like playing chess. In [Kissinger's view](#), chess teaches the player singlemindedness, whereas the *wàiwàng qǐ* player learns strategic flexibility [ironically, it was Kissinger's foreign policy efforts during the Nixon administration that led to the United States becoming economically entangled with the PRC]. Chinese thought thus cultivates achieving victory

through psychological advantage rather than direct conflict.

The PRC's economic practices, global acquisitions, and access to strategic overland routes, ports, and sea lanes harken to the *wǎi qū* strategy whereby Beijing uses the BRI to encircle the United States and its allies and partners to supplant the post-World War II, U.S.-led international order. Ultimately, this strategy conforms to the Sun Tzu axiom that *to [subdue the enemy without fighting is the acme of skill.](#)*

PRC Debt-trap Diplomacy

Debt-trap diplomacy involves a creditor country extending debt which is difficult or impossible to repay due to high interest, to a borrowing nation solely to increase the lender's political leverage. The West has been concerned for years that Beijing is pursuing this predatory lending practice (BRI loans are as high as 33%) to extort political support from its borrowers by [fostering economic dependency](#).

First, the PRC *does not support sustainable and transparent lending practices*. According to [analysis of one hundred BRI contracts](#), many contain non-disclosure agreements that obfuscate implementation details counter to globally accepted norms. Second, the PRC *employs widespread use of the [No Paris Club clause](#)*, which expressly prohibits borrowing nations from restructuring outstanding debts to the PRC in coordination with Paris Club creditors. Thus, PRC state-owned banks have positioned themselves as preferred creditors exempt from restructuring, outside the influence of the Western-dominated banking system. Finally, *PRC contracts give lenders discretionary authority to [cancel loans or demand full repayment](#)*. Therefore, BRI contractual terms afford PRC lenders an avenue for unduly influencing the domestic and foreign policies of the borrower.

Beijing's intransigence on debt restructuring and lack of transparency make it more difficult for borrowers to [negotiate debt relief](#). Based on PRC activity in Africa, where numerous countries are saddled with debt in return for economic partnerships with Beijing, some characterize the [BRI as *opportunistic mercantilism*](#). The PRC's predatory lending tactics allow Beijing to negotiate debt relief on its own terms, the results of which have facilitated PRC global superpower ambitions by accruing strategic dual-use port and land rights as collateral.

Implications for the Central Region

The Central Region is a critical axis for the PRC's Belt and Road to connect Asia to Europe. The BRI must pass through two areas in particular—the Central and South Asia (CASA) region and the

Gulf statesâ??to be most lucrative for Beijingâ??s strategic aims. These areas are subject to vulnerabilities driven by the need for foreign investment and the perception of declining U.S. engagement. This allows the PRC to play a role like one played by Victorian Britain and Tsarist Russia in the 19th Centuryâ??in the [original â??Great Game.â??](#)

The PRCâ??s â??New Great Gameâ?? in Central Asia

In the CASA region, multiple countriesâ??among them Tajikistan, Kyrgyzstan, and Pakistanâ??are facing â??debt distressâ?• after accepting billions of dollars in loans from Beijing with initially low interest rates. Central Asian states owe a [large percentage of their national debt](#) to the PRC: *Tajikistan* (52%), *Kyrgyzstan* (45%), *Turkmenistan* (16.9%), *Uzbekistan* (16%), and *Kazakhstan* (6.5%). The PRC exploits corrupt politicians within those governments who often pocketed borrowed funds to enrich themselves to secure deals favorable to the Peopleâ??s Republic. Beijing eventually increased those rates, which many governments were unable to repay. When recipient countries balked at PRC demands, Beijing leveraged the debt to coerce complianceâ??often translating into [influence over the domestic policies](#) of those countries.

As PRC surveillance technology becomes more integrated into the region, Beijing will increasingly weaponize it for intelligence collection.

Tajikistan and Kyrgyzstan provide [two cogent examples](#). In 2016, Tajikistan ceded the rights of two gold mines to a PRC state-owned enterprise (SOE) to repay debt for a power plant and a lavish \$230 million parliamentary complex. Chinese commercial culture is [rife with bribery](#), and SOEs use it as part of their corporate strategies. One tactic is charging customers inflated rates for their projects. For example, in Kyrgyzstan in 2018, following the mid-winter failure of a PRC-funded thermal power plant in Bishkek, an investigation revealed the Chinese firm that upgraded the facility had charged a 90% [inflated rate on construction materials](#). The then-prime minister was removed from office on charges of embezzlement, and 30 government [officials were charged with corruption](#) that cost the Kyrgyz government \$111 million.

More specifically, Pakistan is ground zero for PRC predatory lending. With a [debt-to-GDP ratio](#) of 87%, it is the second highest in South Asia after Sri Lanka. Moreover, Islamabad owes 22% of its [debt to the PRC](#). Beijingâ??s predation manifests most significantly in the China-Pakistan Economic Corridor (CPEC) and [Pakistanâ??s Gwadar Port](#). The CPEC is an overland network of roads and pipelines linking western China to Gwadar allowing the PRC to diversify access to the Arabian Sea by bypassing the Strait of Malacca. In terms of debt-trap diplomacy, Pakistan is struggling to repay its loans to China and has [asked for a \\$9 billion bailout](#) from Beijing.

The Gwadar Port illustrates the PRC's duplicitous bait and switch negotiation tactics designed to secure dual-use infrastructure. In addition to PRC naval bases in [Djibouti](#) and [Cambodia](#), Beijing's seemingly innocuous commercial port investment in Gwadar shifted to something more aggressive than just economic development. After building the deep-water port with Chinese workers and signing a 43-year lease, officials later admitted in 2015 that PRC naval access to nearby global shipping lanes presented a strategic opportunity. "There is an inherent [duality in the facilities that China is establishing in foreign ports](#), which are ostensibly commercial but quickly upgradeable to carry out essential military missions," notes Abhijit Singh, senior fellow at the Observer Research Foundation in New Delhi.

Sri Lanka's debt profile is like Pakistan's, and the [case of the Hambantota port](#) on the periphery of the Central Region is a cautionary tale of the PRC's predatory economic colonialism. In 2017, when Sri Lanka defaulted on \$8 billion debt, in part due to presidential corruption, the PRC coerced the government to sign a 99-year lease of the port in a debt-for-equity swap. On the day of the transfer, Xinhua, the CCP's official news agency, gloated on Twitter that [Beijing had usurped](#) foreign territory. This, and other 99-year port leases in Australia and Greece are [reminiscent of the former leases](#) of Hong Kong and Macau, which Beijing considers humiliating acts of Western imperialism. Indian officials have also maintained that the CPEC and other BRI ports across the Indian Ocean and Arabian Gulf are intentional [PRC efforts to encircle India](#). As the BRI expands, the PRC will logically seek to [expand its naval capabilities to protect strategic supply](#) lines from the Middle East to China.

Middle East Encroachment—Slow, but Intertwined

China views select [Middle Eastern states as "strategic fulcrums"](#)—conduits through which it can build military, ideological, economic, and international political influence. The United Arab Emirates—a BRI signatory since 2018—is one such fulcrum where the PRC has been building a secret military base at the Khalifa Port in Abu Dhabi. The Emirati government reportedly unaware that China intended the [facility to serve the PRC's expansionist agenda](#) halted construction on the controversial facility in late 2021. The facility would have not only served in an intelligence collection capacity endangering the operational security of U.S. forces stationed in the country, but it also represented the first possible step of a PRC naval access agreement. China is unlikely to cede access to the Emirates so easily, and its activities suggests that Beijing is willing to conduct [duplicitous activities in other BRI signatory nations](#) to advance its strategic objectives.

[Israel is another](#) of the PRC's little-known Mideast strategic fulcrums. In 2020, after a period of significant PRC investments in Israel's high-tech sector, the U.S. government engaged emphatically

to warn Israel to prevent PRC multinational tech corporation Huawei from developing the country's 5G network out of concern it would compromise Israel's sovereignty. In protest to the deepening Israeli-PRC relationship, the United States initially refused to allow the U.S. Navy's 6th Fleet to berth in Haifa following PRC control over the port. As a result, Israel scaled back PRC investments and continues to consult with U.S. officials regarding future economic ties with Beijing that may [impact the important U.S.-Israeli partnership](#).

Partner-nation collaboration with the [PRC's Huawei to develop Smart City / Safe City](#) networks also places traditional U.S. relationships at risk for PRC exploitation beyond financial leverage. Israel, Saudi Arabia, and Egypt have invested heavily in such technology, with the latter seeking to create a new administrative capital to replace Cairo based on this platform. As PRC surveillance technology becomes more integrated into the region, Beijing will increasingly weaponize it for intelligence collection. The threat is twofold: it encourages authoritarian behavior within states against their own populations, and it allows the [PRC to conduct intelligence operations against the host country](#) governments and their peoples.

Big-data collection opens the door for the PRC to freely monitor the leaders of participating BRI nations, to include their private diplomatic discussions and intimate relations. Collection on the latter creates opportunities for blackmail. Dr. Evan Ellis, a professor at the U.S. Army War College, warns about the global technological threat: "When you're at a stage where [China has that amount of knowledge over partner nations](#)! the ability to resist or work against China will become extremely difficult."

In the [language of deterrence and compellence](#), this reality creates an entirely new understanding of *holding assets at risk* outside of conventional and nuclear warfighting modalities. More specifically, it allows the PRC to pressure critical nodes in partner political networks to effect strategic-level political outcomes counter to U.S. interests aspects that [U.S. military campaigns struggle to address](#) due to cognitive and bureaucratic self-constraints.

The focus on traditional U.S. partners becoming PRC strategic fulcrums merits continued attention. However, U.S. adversaries like [Iran and Syria also provide China opportunity](#) to expand unfettered regional access. In March 2021, the PRC and Iran drafted a 25-year strategic accord injecting \$400 billion of PRC infrastructure, banking, and telecommunications investments in exchange for a steady supply of heavily discounted Iranian oil. Worthy of note, even within the Iranian government critics protested that Tehran was giving too much away to China.

Similarly, in January 2022 the Assad regime desperate for foreign capital signed a memorandum of understanding [allowing Syria to officially join the BRI](#). Leveraging Syria's

need for foreign assistance to rebuild its country after a decade-long civil war presented the chance for Beijing to offer purported humanitarian aid and financial investments to promote its interests in the Eastern Mediterranean. Ultimately, it is asserted that the PRC seeks to build a railway through Iran and Turkey into Syria, onward to the Lebanese port city of Tripoli. A Levant BRI corridor would allow the PRC to diversify its trade routes and reduce dependence on the Suez Canal, but [risk associated with the ongoing Syria conflict](#) and the fall of the Assad regime tempers Beijing's current ambitions.

A Way Forward: Irregular Deterrence through Counter Predation

Mark Green, former administrator of the U.S. Agency for International Development, observed that the [BRI is Beijing's strategy](#) to "stimulate its own economy, gain critical foreign natural resources, obtain strategic assets within recipient nations, and convert economic access into geostrategic influence—all at the expense of the self-reliance and freedom of the PRC's purported partner nations." The PRC's self-serving activities demonstrate "like the ancient tributary system of the Warring States period—that the People's Republic is attempting to make all roads once again lead to Beijing. However, this does not need to be the case. The PRC's predatory behavior sows the seeds of its own demise, offering sufficient opportunity to illuminate and amplify PRC missteps and subversive behavior through multinational and interagency partner networks.

As such, the Central Region is a focal point to enhance deterrence. More specifically, the Central Region is fertile ground for a counter-predation campaign that denies the PRC the benefits it seeks to gain—by illuminating its anti-sovereign activities, raising the costs of its exploitative approach, and inoculating partners against deals with the PRC that usurp their independent decision-making. [Irregular warfare activities](#) provide multiple ways to contribute to [deterrence by denial](#) that manifest in the Central Region through cognitive and financial vectors.

First, [cognitive access denial](#) works by fostering partner nation [resilience against PRC influence operations](#). The aforementioned cases of PRC SOE corruption in Tajikistan, Kyrgyzstan, and UAE are perfect examples of potential inoculation against future PRC attempts to usurp sovereignty. Explaining the backdoor dealing of SOEs to illuminate the debt trap in which partner nations are about to be ensnared is an essential tool.

In the case of Pakistan, fiscal problems with the BRI are compounded by public resentment over high unemployment amid the importation of Chinese workers to complete infrastructure projects. [Protesters claimed that the PRC profits](#) from BRI projects at the expense of local workers. Public distrust, at least partly due to Pakistan's \$60 billion infrastructure debt trap, resulted in a [no confidence vote for Prime Minister Imran Khan's leadership](#) in April 2022—demonstrating the [catalytic potential of people power to deny the PRC's coercive and anti-sovereign goals](#) in the Central Region.

[Financial access denial via counter-threat finance](#) and intelligence support to partner nations and the U.S. interagency offers a complementary way to [deny the PRC the benefits derived from its coercive and illicit economic statecraft](#). Illuminating and targeting prohibited financial activities such as the illegal Iranian-Chinese oil trade, alongside the PRC's predatory BRI investments that endanger partner sovereignty are [high-payoff financial targets](#) which present additional risk to host-countries of penalties such as sanctions and status in the G7's Financial Action Task Force.

Starving the Dragon

The [2021 annual DoD report to Congress](#) on the status of PRC military and security developments concluded that the BRI's objective is to develop deep economic integration with selected countries, shape their interests to align with the PRC's autocratic practices, and prevent criticism of the CCP's policies on sensitive issues like [internal subjugation of its Uyghur Muslim population in Xinjiang](#). Therefore, the BRI is not a grand, benign venture for global peace and cooperation, but a cleverly disguised PRC vector for achieving global economic hegemony and foreign dependency.

The PRC's global behavior demonstrates it is a predatory neo-colonial power *a dragon in a panda suit*. Global campaigning against the PRC must exploit what the PRC truly seeks for partner nations across all geographic combatant commands, not just the Indo-Pacific Command: *second-class dependency* at the expense of *sovereign prosperity and security*.

Taken together, [cognitive](#) and [financial vectors](#) constitute a *counter-predation campaign* that could deny the PRC the benefit of its neo-colonial approach. Illuminating subversive behavior, inoculating partners against sovereign exploitation, and providing [interagency escalation options](#) across the financial and economic instruments power are three critical elements that irregular warfare can bring to a strategy of deterrence by denial. To comprehensively shape PRC decision calculus over Taiwan and other global areas of national interest, the United States must exploit these outsized [gray zone deterrence opportunities via irregular warfare](#) to starve the Chinese dragon in the Central Region.

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