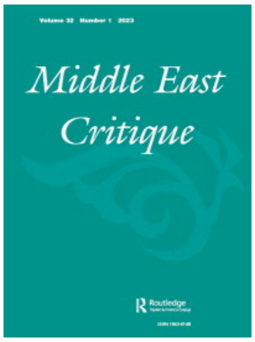

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China against US Imperialism in the Arabian Sea: The Case of Oman

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ABSTRACT: *When Oman joined China's Belt and Road Initiative to pursue economic diversification, the US intervened to stop it. Although the foundation stone for Chinese investment plans was laid in 2017, these projects were put on hold, while the US rushed to bolster its military presence in Oman. The article studies Chinese investment in Oman, accounts for what has developed so far, and highlights the reasons for which the US acted to stem the potential of non-oil development in Oman. The disruption of the China-Oman diversification project resembles the US's targeting of China's policy of expansion by mutual cooperation elsewhere, but with a twist: Oman sits close to two vital chokepoints, the Bab Al-Mandeb and the Hormuz straits. The article argues that such obstruction is central to the US's mode of accumulation by militarism. Keeping Oman from auto-developing and building its autonomy makes of it a pliable client state ready to serve as an imperialist post to empire.*

KEY WORDS: *Belt and road initiative; China; imperialism; Oman; string of pearls*

This article examines the reasons behind the US's obstruction of the Chinese Belt and Road Initiative (BRI) investment in Oman. For a long time, the Gulf countries have been vying to become more diversified economies and less dependent on oil exports. Although Oman is one such economy, with declining oil production and reserves, it is even more incapable of redressing its current account problems. Oman must industrialise and diversify or become dependent on geopolitical rents and thus less autonomous. In the short term, unlike its neighbours, Oman's oil reserves are declining and therefore it must find alternative income-producing sources to maintain healthy economic growth. Such an opportunity developed when China offered a multibillion US-dollar industrial investment package towards that goal in 2016. Yet to date, few of these Chinese investment funds have been received. In fact, Asian News International reported in October 2022 that "Muscat has grown wary of China and is on the course of thwarting Beijing's ambitions."[1] In reality, given the geostrategic position of Oman between the Bab al-Mandeb and the Hormuz straits, it is the US that has spared no effort to hinder the implementation of these Chinese-financed development projects for Oman. The article studies Chinese investment in Oman, accounts for what has

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[1] Asian News International (ANI) (2022) Oman's growing concern over Chinese influence in Gulf region, (22 October 2022). Available at https://www.aninews.in/news/world/asia/omans-growing-concern-over-chinese-influence-in-gulf-region20221022185551/, accessed 25 October 2022.

developed so far, and highlights the reasons why the US has acted to stem the potential of non-oil development in Oman.

The article is structured in three main parts. First, it provides a succinct review of Oman's maritime history and more recent economic conditions. Then, it analyses recent data on Chinese investment in Oman, data we compiled from the Asian Infrastructure Investment Bank (AIIB) and from other Chinese sources. As will be shown, the data reveals that Chinese investment has targeted different non-oil sectors in Oman, especially logistics, thereby meeting Oman's plans for economic transformation. We also highlight that the materialization of Chinese projects in Oman remains politically contingent. As long as the US interferes in Omani politics, it is difficult for Chinese investment to take effect. We note that out of many anticipated projects, only one factory has opened in the China-Oman industrial park located in Duqm. We examine specifically the Duqm case, a port town on Oman's seaboard. Duqm's multi-purpose seaport is open to international shipping routes. We argue that Duqm was set to act as a potential operating base for Chinese businesses, where final products can be distributed to export markets in the Persian Gulf, the Middle East, the Indian subcontinent, and East Arica. Nevertheless, Duqm's joint Omani-Chinese industrial city and port expansion attracted US attention, especially, when China signed an industrial investment deal with Duqm's Special Economic Zone Authority. Typically, western think-tank accused China of aiming to enhance its military presence in the Arabian Sea.[2] The US hurried to install a military base at Duqm port in 2019. Finally, we deconstruct the notion that China presents a threat to the developing world along the lines of the "String of Pearls" proposition, which argues with a half truthful stance that China does so as it enlarges its naval presence across the Indian Ocean. On the contrary, we contrast the US strategy of accumulation by militarism vis-à-vis China's strategy of building capacity in the developing world and conclude that China's enhancement of Third World productivity is a significant anti-imperialist measure.

Situating the Issue

Oman is one of the main Middle Eastern countries that supplies energy to China. Looking at the map of Oman, it is obvious that the country serves as a gateway to the Persian Gulf and is also an important passageway to the horn of Africa. It is a potential hub in the trans-oceanic supply chain routes. This geostrategic position had pushed Oman onto the radars of ancient empires (i.e. the Persian), and in the modern period, the Portuguese occupation in the 16th century), as well as the UK (late 19th century to 1972 and US influence for the past 50 years. While these later imperialist states aimed at setting up military bases in Oman without offering a development plan, only China has put forward an economic cooperation plan that aligns with the Omani masses' desire for diversification. China specifically is interested in developing Duqm, a small city on the Arabian coast in the south-eastern part of Oman, into an industrial and trade hub.

[2] Joshua White (2020) *China's Indian Ocean Ambitions: Investment, Influence, and Military Advantage* (Washington, DC: Brookings). Giorgio Cafiero and Victoria Shakespeare (2018) Oman's port strategy, *Lobe Log* (31 August). Available at: https://lobelog.com/2018/08/, accessed 15 August 2022.

For energy supply security reasons, China has been interested in Arabia. However, its connections to the Near and Middle East are no novelty. The old Silk Road had linked China and the Middle East together in an ancient system of globalisation that passed overland from China through Central Asia, ancient Persia (Iran) to the Middle East and its seaports. After the Silk Road was disrupted by the Mongol invasions into Central and West Asia in the 13th century, Chinese traders began crossing the Indian Ocean and Arabian Sea to transport and trade textiles, silks, ceramic crafts, cotton, and spices from Far East to the Near East and the West. More commonly, however, after the century of Mongol invasions ended, Chinese and other merchants resumed traveling over the Silk Road, although many ancient cities remained in ruins, such as Baghdad, Rayy (next to modern Tehran), Tus (near modern Iranian city of Mashhad), Herat and Balkh (both in Afghanistan). In the 15th century, Europeans began travelling via sea routes that sailed around Africa to the Red Sea, Gulf of Aden and the Persian Gulf to access the Arabian Sea, Indian Ocean and the Far East to obtain Asian goods and produce for European markets. With this trade also came the diffusion of ideas between civilisations.

Starting in 1600, European colonization rose to become the dominant form of globalisation and Western subordination of the East. European powers created their own militarised corporations, which colonized much of the Third World. Global trade was no longer the protection of caravans from the East hauling luxury goods, but rather control of the East, including the forcible conquering of and rule over India, Indonesia, the Philippine Islands, and various Chinese ports.

Nineteenth century England rose to hegemony over strategic chokepoints, such as the Suez Canal (opened in 1867, as a shipping short-cut from Europe to the Indian Ocean) the Malacca Straits, and the Gulf of Aden.[3] In relation to the subject of this work, it ensured British control of the Indian Ocean before the transfer of power to the US in the mid- 20th century. Western colonization, masquerading as *mission civilisatrice* was characterised by invasion, harsh rule over the native populations, and policies aimed at ensuring efficient extraction of raw materials, cheap labour, and other resources. In the process, indigenous societies were wasted.[4] Since 1945, direct forms of Western colonization have ended, but more pernicious indirect forms have persisted through comprador and ideological domination. The US, which dominated international politics and economics after WWII, managed to create vassal states around the globe that transfer willingly their wealth to its treasury; otherwise, its military bases and NGO armies could wreak havoc upon dissenting nations. The alternative neo-colonization and system of vassal states have surfaced as an equal substitute for direct colonialism.[5] Oman is an example of such a vassal state.

In 2013, China took concrete steps toward putting in place bilateral economic relations with developing states as part of rejuvenating the old Silk Road. By borrowing the historical symbol of the ancient Silk Road, China embraced the concept of mutual

[3] Andre Gunder Frank (1978) *World Accumulation, 1492-1789* (Berlin: Springer); Immanuel Wallerstein (1980) *The Modern World-System II: Mercantilism and the Consolidation of the European World-Economy, 1600-1750* (New York: Academic Press).

[4] For a discussion pertinent to the issue of waste and imperialism, see the introductory piece in this Special Issue, Matteo Capasso & Ali Kadri, The Imperialist Question: A Sociological Approach, *Middle East Critique*.

[5] Michael Parenti (2002) Myths of Underdevelopment. In Bill Bigelow and Bob Peterson (eds.) *Rethinking Globalization: Teaching for Justice in an Unjust World* (Wisconsin: Rethinking Schools).

development and actively pursued economic partnerships with the modern countries through which the ancient Silk Road would have passed.[6] Its foreign policy affirms building community with a shared future and shared responsibilities with other countries. In implementing this strategy, China has paid special attention to the Arab region, because of its fossil fuel dependency and the fact the region stands as a natural partner along the Silk Road. Since 1990, Sino-Arab trade has risen from almost nothing at an average of nearly 20 percent a year to become the major trading partner of the Arab world.[7] Initially, Chinese outward investment in the region has targeted its energy sector. It is estimated that nearly 40 percent of China's oil supply is imported from the Persian Gulf. The Arab region stands as the 8th trading partner with China, while the latter is considered the Arab region's first international trading partner.[8] China has been interested in joining efforts with Arab states while both sides have agreed to make use of the oil sector to develop investment cooperation in its upstream and downstream activities. Chinese BRI-investment also has targeted other sectors, including—but not limited to—infrastructure, logistics, and industrial sectors that can boost the diversification plans of Arab countries. China's BRI therefore has presented a window of opportunity to Arabs, some of whom, such as in Iraq and Syria, have been trapped in oil and war, Western-imposed sanctions, and prolonged political instability.

Oman in Context

Oman is a trading and seafaring nation, whose population is renowned for ship-building skills. Historically, the ports of Sohar, Sur, and Dhofar were regional centers of ship-building and ship repairing services.[9] According to Chinese records, as early as 671 CE, vessels built in Oman sailed across the Indian Ocean and reached the city of Guangzhou in the south of China.[10] The port of Sohar, for instance, was considered "the gateway to China."[11] Oman fell first to the Portuguese in the 16th century and to the British East India Company in the 18th century. Although Britain de-facto left Oman in 1971, it left behind sufficient military, legal, ideological, and operational baggage to remain omnipresent in its affairs—as it did with the other sheikhdoms on the Arabian Peninsula. Located between two regional powers, Saudi Arabia and Iran, Oman is at the heart of regional tensions. Appearing to be neutral on many fronts, Oman kowtows ultimately to an imperialist position. Its recent (since 1976) political

[6] Roland Boer (2021) *Socialism with Chinese Characteristics: A Guide for Foreigners* (Berlin: Springer). Ali Kadri (2021) *China's Path to Development Against Neoliberalism* (Singapore: Springer).

[7] UNCTAD *Comtrade Database*, available at: https://comtrade.un.org/ (various years), accessed 20 November 2021.

[8] CGTN (2018) China and the Arab World: Revitalising the ancient Silk Road (10 July). Available at https://news.cgtn.com/news/3d3d514f77417a4e78457a6333566d54/index.html, accessed 20 November 2020. Global Times (2022a) What is the significance of the milestone of China-Arab summit (7 December), available at https://www.globaltimes.cn/page/202212/1281285.shtml, accessed 10 December 2022.

[9] Zhibin Han and Xiaoqian Chen (2018) Historical Exchanges and Future Cooperation Between China and Oman Under the "Belt & Road" Initiative, *International Relations and Diplomacy*, 6(1), pp.1-15.

[10] UNESCO (2022) *Silk Roads Programme*, available at https://en.unesco.org/silkroad/countries-alongside-silk-road-routes/oman, accessed 14 October 2022.

[11] Xiaoqian Chen (2018) 中国与阿曼共建"一带一路"评述 [Review of the "One Belt One Road" project between China and Oman] *International Study Reference* 9, pp. 35-39.

Table 1. GDP by economic activity at constant prices (base 2010).

	2015	2016	2017
1. Total Petroleum Activities	42%	42%	41%
2. Total non-Petrolem Activities	65%	65%	66%
Agriculture &Fishing	2%	2%	2%
Industrial Activities	19%	20%	19%
Services	44%	43%	44%
GDP at Basic Prices	104%	104%	104%
Plus: Taxes less Subsidies on products	−4%	-4%	-4%
GDP at Market Prices	100%	100%	100%

Source: National Centre for Statistics and Information (NCSI). Statistical Yearbook 2018. Muscat: NCSI. N.B. The highest constituent of industrial activities is petrochemical output.

stability in a sea of regional instability, may be attributed to imperialist victory over the Dhofar revolution and the efforts to stabilise the social ground beneath the military bases on the Gulf.[12] The upkeep of the Sultan by outright economic and military support represents a division of labor between local comprador and empire to maintain the value usurpation flows. Unlike other Gulf oil-producing economies, oil and gas represent a smaller share of total income. As shown in Table 1, petroleum activities contributed about 40 percent of GDP during 2015–17, while non-petroleum activities occupied the remaining portion. The sectoral breakdown of the nation's GDP shows that services accounted for the lion's share of GDP in 2017 (44 percent), followed by industrial activities (19 percent), and agriculture and fishing (2 percent) (Table 1). Given the economy's deficiency in food production, Oman has been food dependent, and imports more than 60 percent of its food products.[13] Food insecurity has rendered it vulnerable on the security front and to fluctuations in international food prices.

Still, debt service does not represent a heavy burden upon government. Oil and gas accounted for more than 80 percent of Oman's fiscal revenues and 65 percent of its total exports.[14] However, its oil revenues dropped significantly during 2015–2020, due to the collapse of oil prices. Pressured by the sharp drop in world oil prices in 2014, the Sultanate borrowed on international markets to cover its trade and current account shortfalls. Public debt increased from about 5 percent of GDP in 2014 to an estimated 45 percent in 2017.[15] In 2017 alone, the Omani government borrowed $3.5 billion at concessional rates from Chinese financial institutions.[16]

The Sultanate's Ninth Five-Year Development Plan (2016–2020) set economic diversification as its primary goal. Although Oman enjoys significant mineral reserves,

[12] Al-Omari, M-Saeed (2004) ظفار: الثورة في التاريخ العماني المعاصر [Dhofar - The Revolution in Contemporary Omani History] (Beirut: Riad El-Rayyes Books).

[13] National Centre for Statistics and Information (NCSI) (2017) *Statistical Yearbook 2017* (Muscat: NCSI). Times of Oman (2018) Dependent on imports, Oman takes steps for food security (14 July). Available at https://timesofoman.com/article/138099/oman/dependent-on-imports-oman-takes-steps-for-food-security, accessed 25 November 2021.

[14] Ibid.

[15] Economist Intelligence Unit (EIU) (2018) *Oman Country Report* (London: EIU) (September 2018).

[16] Jabarkhyl, N. (2017) Oman Counts on Chinese billions to Build Desert Boomtown. In: *Reuters* (5 September). Available online at: https://www.reuters.com/article/us-oman-china-investment-idUSKCN1BG1WJ, accessed: 27 October 2022.

minerals accounted for only 4 percent of total exports in 2016.[17] Most of these resources remain untapped and minerals await to be extracted. In addition to its recent discovery of a large reservoir of gas in 2017, Oman has plans to exploit the Al-Wusta region (Duqm is one of the provinces of Al-Wusta), being rich in mineral reserves, to increase its production of marble, limestone, copper, and gypsum. Oman can leverage both its strategic location and competitive pricing of natural gas to promote foreign investment in light and heavy industry, as it promotes mineral and manufacturing exports.[18] The development of the logistics sector also was identified to help the nation in its diversification.

The Ministry of Transport and Communications (MOTC) issued the Sultanate of Oman Logistics Strategy (SOLS) in 2015, stating logistics can enable the economy to diversify away from oil and gas dependency. SOLS aims to raise the logistics contribution to Oman's GDP from 5 percent in 2015 to 12 percent by 2040.[19] The government plans to build a national rail network linking Oman's three deep seaports (Sohar, Salalah and Duqm) and its inland mineral resources with the planned GCC railway network.

Chinese Outward Investment in Oman

In 2017, Oman received its first loan from the Asian Infrastructure Investment Bank (AIIB) for the construction of ports, roads, and railways to connect various cities within Oman together.[20] Also, some Chinese enterprises have invested moderately in Oman, because of roundabout access to GCC markets.[21] As elsewhere, the Chinese companies in Oman mainly are state-owned companies, such as the China National Petroleum Corporation (Oman Branch), the Greatwall Drilling Company (Oman Branch), and the Sinohydro Group (Oman Branch). Private companies include Sany Group and Huawei Technology Company (Oman Branch).[22]

Chinese firms engaged the Omani economy at different junctions. In terms of engineering, procurement, and construction (EPC) contracts, Powerchina International Group contracted to undertake the Omani Ibri photovoltaics project. The China Petroleum Pipeline Bureau contracted to revamp the Raysut terminal in Salalah. In terms of management and operation, the China National Petroleum Corporation holds a 50 percent stake in Daleel oil field project and manages it accordingly. The Chinese companies also have been involved with the Omani government in overseas cooperative

[17] NCSI (2018) *Statistical Yearbook 2018* (Muscat: NCSI).

[18] Oxford Business Group (2018) A range of incentives available at Oman's special economic zones, in *The Report: Oman 2018* (London: Oxford Business Group). Available at https://oxfordbusinessgroup.com/analysis/free-and easy-range-incentives-are-available-special-economic-zones, accessed 28 October 2022.

[19] AIIB (2016a) *Duqm Port Commercial Terminal and Operational Zone Development Project* (Beijing: AIIB).

[20] In August 2017, Oman signed a five-year bank loan with Chinese banks to alleviate its fiscal and trade bottlenecks. See Chen, Review of the "One Belt One Road."

[21] According to Oman's national statistics, China and India have been the first- and second-most-important destination points for Oman's nonoil exports, registering 29 percent and 22 percent of Oman's total exports to Asia, respectively in 2016. See NCSI *Statistical Yearbook 2018.*

[22] Chen, Review of the "One Belt One Road"; and Xiaoqian Chen and Zhibin Han (2017) 中东变局以来阿曼国家治理转型述评 [A Review of Oman's National Governance Transformation Since the Middle East Change], *West Asia and Africa* 4, pp.106-126.

construction. For instance, the China Merchants Holdings International Company is building BagamoyoPort Project, the biggest port in East Africa to be completed with total investment of $10billion. The project also is backed financially by Oman's State General Reserve Fund. Chinese private companies, such as Huawei and Chery cars, also have ventured into the Omani market.[23]

According to the AIIB, Chinese investment in Oman plans to target different non-oil sectors. The total reported costs of earmarked AIIB projects are estimated at $880.3 million, for which feasibility studies have been conducted.[24] The contracted ventures involved projects in Oman's railway system and transport, logistics, Duqm port expansion, and telecommunication sectors. Table 2 reveals the projected financing of AIIB projects in Oman. According to these project documents, the AIIB promised to finance more than half of these projects through loans (61 percent). The remaining portion (39 percent) is expected to be financed by local parties—the Special Economic Zone Authority of Duqm (SEZAD), the Oman Global Logistics Group (OGLG), and the Oman Broadband Company SAOC—and by equity and cash that may be generated from future operations of these projects.[25]

In addition to the above, Oman and China consented to a $10.7 billion deal in 2016 to establish an industrial city in Duqm's Special Economic Zone (SEZ).[26] The SEZ offers investment a variety of benefits, ranging from income tax exemptions, to lifting of customs on imported goods, usufruct right of state land for up to 50 years, and competitive land lease prices. The Omani government abolished the traditional restrictions on investment and allowed for 100 percent foreign ownership of project capital in the SEZs. While it removed the minimum capital requirement, it maintained the "negative list" that prohibits foreign ownership of real estate to safeguard the Sultanate's national security. Instead, the land needed for investment can be allocated by usufruct or 50-year lease.[27] Overall, this is pledged Chinese investment that has been approved but was not accorded feasibility study. The project is to be undertaken by a Chinese consortium, named Oman Wanfang. Should this project be approved, it will be one of the most ambitious BRI-infrastructural projects to be undertaken by Chinese firms in the Middle East. Chinese enterprises from Ningxia Hui Autonomous Region and Hebei province signed agreements to enter the industrial park.[28] The planned projects include

[23] Chen, Review of the "One Belt One Road."

[24] AIIB, *Duqm Port Commercial Terminal and Operational Zone Development Project;* AIIB (2016b) Sultanate of Oman: Railway System Preparation Project (Beijing: AIIB); and AIIB (2017) Project Summary Information: Oman Broadband Infrastructure Project, Project No: 000027 (Beijing: AIIB).

[25] See Ibid. In particular, SEZAD is a public entity with financial and administrative independence. It manages, regulates, and develops all economic activities in Duqm's special economic zone. OGLG instead acts as a government development arm to manage logistics sector investment, and Oman's Ministry of Finance owns it. The Oman Broadband Company SAOC is incorporated as a private company to carry out the task of providing fibre network to end-users.

[26] Xinhua (2017) 财经观察:"一带一路"倡议花开阿曼 中阿产能合作提速. [Financial Watch: "One Belt, One Road" Initiative Will Speed up the Production Capacity Cooperation between Oman and China] (22 April), available at http://www.news.cn/, accessed 28 January 2022; Eoghan Macguire (2018) Can Duqm become the Arab world's next "great city"?, *CNN* (4 June), available at https://edition.cnn.com/2018/06/03/middleeast/oman-duqm-ime-diversification/index.html, accessed 25 January 2022; and Oxford Business Group, A range of incentives available at Oman's special economic zones.

[27] See SEZAD (2018) *Investment in Duqm*, 3rd issue*:* (Muscat: Special Economic Zone Authority).

[28] Xinhua, Financial Watch: "One Belt, One Road" Initiative; Belt and Road Portal (2017) China-Oman Industrial Park boosts China-Oman cooperation, *Belt and Road Portal* (24 April) (Beijing: Belt and Road Portal), available at https://eng.yidaiyilu.gov.cn/home/rolling/11648.htm, accessed 18 February 2022.

Table 2. Breakdown of sources of finance of AIIB projects in Oman.

Total Reported Cost ($ million)	Total AIIB Funding ($million)		Total SEZAD Funding ($ million)		Total OGLG Funding ($ million)		Funding via equity & operating cash from project ($ million)	
880.3	541.0	% of Total 61%	88.3	% of Total 10%	24.0	% of Total 3%	228.0	% of Total 26%

Source: AIIB (2016a and b) and AIIB (2017).
N.B. With a total financing of $239 million, phase one of the Broadband project already has been implemented.

a methanol plant, building materials industry, marine industry, pipe factories, vehicle assembly plant, and manufacturing base for solar panels.[29]

It goes without saying that these investments raise productive capacity. What makes them more attractive is the low-rate Chinese finance—namely, long-term loans from official or quasi-official Chinese financial institutions at low rates. These projects also cohere with Oman's national plans, especially its Ninth Five-Year Development Plan (FYP) and Vision 2040, that set economic diversification as one of the Sultanate's primary objectives. Curiously, they also envisage linkages that transfer technologies from China to Oman. Chinese enterprises are keen to shift their assets and equipment from their sunset industries in China. This enhances the local manpower skills, which synchronises with the increasing capital stock.

From a welfare perspective, these projects mobilise local labour and resources. In terms of creating employment opportunities for the local labour force, while Chinese firms, at times, insist on employing Chinese labour in their projects, such measure nonetheless will serve mutual interests as they generate employment opportunities in co-lateral contracted Omani sectors. Despite the Omani government placing restrictions on employment of foreign labour over the last decade, the ratio of foreign labour to local labour remains considerable.[30] These unrealised investment projects are contingent upon geopolitical power balances. So long as these investments may boost Omani autonomy based on the betterment of social conditions, it is unlikely that China may realise its plans for Oman because such an outcome disfavours US hegemony.[31] Of

[29] Xinhua, Financial Watch: "One Belt, One Road" Initiative; and Jabarkhyl, Oman Counts on Chinese billions.

[30] The Omani labour market depends heavily on foreign workers, who constituted 77 percent of the overall workforce in 2020. See ILO (2022) *Skills needs in the Oman labour market: An employer survey* (Geneva: International Labour Organization).

[31] Insofar as diplomatic history is concerned, the US pressures Oman to comply with its directives through the embassy or by telephone. In 2022, for instance, the US foreign secretary, Antony Blinken, called his Omani counterpart hours before a Chinese delegation arrived to indicate Washington's resentment of such a meeting. See Al-Arab (2022) عين بكين على الدقم كمركز دعم لوجستي لقوتها المتنامية في المحيط الهندي[Beijing has an eye on Duqm as a logistical support hub for its growing power in the Indian Ocean], *Al-Arab newspaper*, (29 April), available at https://alarab.uk/%D8%B9%D9%8A%D9%86-%D8%A8%D9%83%D9%8A%D9%86-%D8%B9%D9%84%D9%89-%D8%A7%D9%84%D8%AF%D9%82%D9%85-%D9%83%D9%85%D8%B1%D9%83%D8%B2-%D8%AF%D8%B9%D9%85-%D9%84%D9%88%D8%AC%D8%B3%D8%AA%D9%8A-%D9%84%D9%82%D9%88%D8%AA%D9%87%D8%A7-%D8%A7%D9%84%D9%85%D8%AA%D9%86%D8%A7%D9%85%D9%8A%D8%A9-%D9%81%D9%8A-%D8%A7%D9%84%D9%85%D8%AD%D9%8A%D8%B7-%D8%A7%D9%84%D9%87%D9%86%D8%AF%D9%8A#off-canvas, accessed 20 August 2022).

the nearly $11 billion earmarked for investment, the only implemented project—apart from the land lease agreements—is Duqm Hongtong Pipe Company's factory (completed in 2021 in the industrial park of Duqm and worth only several million dollars).[32] It produces reinforced polyethylene pipes, which are used in the oil and gas industry, mainly for the collection and transfer of hydrocarbon fluids.[33] Such an investment adds several value-added processes to the raw material of oil and increases the windfalls from trade.[34] Currently, this new factory has an Omanization rate of 17 percent and seeks to increase it to 30 percent, as it plans to employ more Omanis in various technical and administration jobs.[35] The project also has exhibited positive spill-over effect through outsourcing and interaction with local suppliers, especially with Omani small and medium enterprises. Such a mechanism creates a virtuous cycle of income and employment growth, through which the correspondence of national labour to the acquired capital undergoes a process of learning by doing. This is in contrast with other Gulf states that experienced a build-up of capital stock, yet labour skills lagged far behind.

Geopolitics of Duqm

China's proposal to develop Duqm aroused Indian, British, and US attention. Duqm is not only a new container, transhipment, and logistics port. Its area features a dry dock, an oil refinery and few petrochemical plants. From a geostrategic standpoint, the port of Duqm is located outside the flammable Persian Gulf. It is somewhat in between the Strait of Hormuz and Bab Al-Mandeb Strait or distanced equilaterally from various war zones: Yemen, the volatile Persian Gulf, and Iraq.[36] As the city of Aden under the British rule served as a transhipment, logistics port, and security post, so the port of Duqm is expected to serve a similar purpose. In times of Gulf instability, Duqm may provide an alternative route for international ships.[37] In 2013, *The Economist* reported in a tone of commercial advertisement that "if Duqm took off, sleepy Oman might …

[32] Conrad Prabhu (2021) First Manufacturing project of China-Oman Industrial Complex set for Q2 launch, *Oman Daily Observer* (29 June), available at https://www.omanobserver.om/article/4330/Business/first-manufacturing-project-of-china-oman-industrial-complex-set-for-q2-launch, accessed 22 January 2022.

[33] *Times of Oman* (2021a) First factory to open at China-Oman industrial city in Duqm (23 October), available at https://timesofoman.com/article/108381-first-factory-to-open-at-china-oman-industrial-city-in-duqm, accessed 22 January 2022.

[34] Jörg Mayer, Arunas Butkevicius, and Ali Kadri (2002) *Dynamic Products in World Exports*, *UNCTAD Discussion Paper No. 159* (Geneva: UNCTAD).

[35] See *Times of Oman* (2021b) New Duqm factory sets target of 30% Omanisation in two years (26 October), available at https://timesofoman.com/article/108552-new-duqm-factory-sets-target-of-30-omanisation-in-two-years, accessed 22 January 2022.

[36] About 30 percent of seaborne oil passes through the Strait of Hormuz, while the Bab Al-Mandeb is the gateway to the Suez Canal. See EIA (2017) World Oil Transit Chokepoints, *US Energy Information Administration* (Washington: US Energy Information Administration).

[37] To protect the lanes of trade in the Arabian Sea, the Chinese navy has visited the port of Salalah of Oman (in 2009) to conduct anti-piracy escort missions in Somali waters, see Chen, Review of the "One Belt One Road." Such a precedent highlights China's awareness of sea trade safety measures. Moreover, the BRI infrastructural investment in ports across the Indian Ocean affords China with cost-effective routes to export commodities. Its investments in Gwadar port, Hambantota port, and the rent of land in Duqm port (project still pending) are motivated by its concern for guaranteeing alternative shipping routes as well as maintaining efficiency in the delivery of goods. Coincidentally, in relation to the BRI, the old Chinese saying "smooth roads, smooth money" may still hold.

challenge nearby Dubai's dominance as the region's trading hub."[38] Similarly, AIIB stated, "an operationalized Duqm port will enable the Duqm SEZ to be fully plugged into the global logistics chain."[39]

While Duqm city and port may operate as a global hub, given the multiple services that they aspire to offer, the port as it stands now is far from beating out Dubai's Jebel Ali port as a key logistics hub in global maritime trade. Recent data reveals that, while Jebel Ali ranked 11th in the world, handling 14.1 million Twenty Foot Equivalent Unit (TEU) containers in 2019, Oman's ports and logistics sector remains in its infancy. The largest port, Salalah, is three times smaller by volume compared to Jebel Ali and is ranked 47th globally.[40] Nonetheless, Duqm is a meeting point between the production markets in the Far East and consumer markets in the Indian subcontinent, Near East, East Africa, and the West. Duqm port is near Saudi Arabia's oil fields, such as those at Shaybah, located near Oman's border. AIIB estimates that once the port facilities are constructed, the time and cost for the transportation of cargo from Shaybah to Duqm can be reduced by over 50percent.[41]

Hence, Duqm retains a strategic position along China's land and sea-based Silk Road. China may connect Duqm with its other infrastructural investments in Gwadar port in Pakistan and Djibouti port in the Eastern Horn of Africa. Duqm may function as an operating base for Chinese firms and their distribution of final products to neighbouring countries or their shipment to broader countries. Chinese firms also may access hydrocarbon resources inside the Gulf countries by railway or pipeline.[42] In turn, Oman canbenefit from Chinese projects in Duqm by tapping into economic opportunities offered by two parallel routes, the China-Pakistan Economic Corridor (CPEC) (stretching from Gwadar through Islamabad to Kashgar in Xinjiang Province) and the Gulf maritime route (stretching from Kuwait through the Gulf to Gwadar and finally to Kashgar).

Robert Kaplan emphasised the importance of Duqm not only within the Arabian Peninsula, but also the broader Indian Ocean. His position does not require much in the way of imagination to explain. He recited the US's "bomb Iran" mantra:

> "*As China continues its growing involvement in Indian Oceans ports [...] the United States will seek to preserve the balance of power in the Indian Ocean with its own military and commercial footprint. The reported new emphasis on Duqm would be a giant step toward the US Navy becoming an Indian Ocean-Pacific sea*

[38] The Economist (2013) Sleepy No More (6 April), available at: https://www.economist.com/middle-east-and-africa/2013/04/06/sleepy-no-more, accessed 22 January 2022. See also, See Alquds Alarabi (2021) المونيتور: عمان تطمح لمزاحمة "موانئ دبي" وتقدم أفضل بديل للسعودية في منافستها مع الإمارات[Monitor: Oman aspires to compete with Dubai Ports and offers the best alternative to Saudi Arabia in its competition with the UAE] (27 November), available at https://www.alquds.co.uk/%d8%a7%d9%84%d9%85%d9%88%d9%86%d9%8a%d8%aa%d9%88%d8%b1-%d8%b9%d9%85%d8%a7%d9%86-%d8%aa%d8%b7%d9%85%d8%ad-%d9%84%d9%85%d8%b2%d8%a7%d8%ad%d9%85%d8%a9-%d9%85%d9%88%d8%a7%d9%86%d8%a6-%d8%af%d8%a8%d9%8a/, accessed 20 January 2022.

[39] AIIB, *Duqm Port Commercial Terminal and Operational Zone Development Project*, p.7.

[40] World Shipping Council (2019) *The Top 50 Container Ports* (Washington: World Shipping Council).

[41] AIIB, *Duqm Port Commercial Terminal and Operational Zone Development Project*

[42] The port can also act as a transhipment hub for Chinese consumer goods which target the Gulf countries, the broader Middle East, the markets in East Africa, and the Indian subcontinent. Currently, Salalah port in southwest Oman handles all transhipment, but there is anticipation that there will be sufficient commercial trade from the East African markets and Indian Ocean routes that can rely on Duqm's services.

> *force instead of an Atlantic-Pacific one, as it has been for all its previous history. From Duqm, the US Navy would still be close enough to the Persian Gulf to bomb Iran, yet without American warships being as hemmed-in and exposed to attack as they are in Bahrain*" [our emphasis].[43]

That the US could bomb Iran from Duqm with minimum fuel spent also meant that by 2019 the US had installed a military foothold in Duqm port,[44] which shifted further the balance of power in its favor and counterbalanced the Sino-commercial effect. It is well-known that whenever political tension between Iran and the US escalates, Iran threatens to close the Strait of Hormuz. However, sanctions against Iran are some four decades old, and its threats of closure influence only the risk premia on oil transport, raise oil prices, and tax financial transactions in a way that increases the supply and demand for the US dollar—political tensions contribute to oil price variations. Naturally, growth in the dollar money supply benefits the US-led financial markets. In this regard, Iranian hubris around closing the Hormuz Strait serves as a financial tributary that props up the combined power and profits of US capital. Moreover, the setting up of US military bases close to Iran also secures dollar issuance and raises the sort of tensions that buoy Western markets. After all, since oil is priced in dollars and demand for oil at higher prices unleashes more demand for dollars, the geo-strategizing à la Kaplan represents a market activity that contributes to US growth via militarism. US financial resources rise by the amount of instability that the US sows abroad.[45] The US's dollar hegemony is founded upon its geostrategic control of oil areas and oil price variability,[46] which keeps China ill at ease on the energy security front.

Like any other capitalist economy, the US expands by issuing credit, while it is fomenting conflicts abroad, especially in geostrategic areas, which increases circularly the supply of credit upon which economic activities at home grow. Hence, the ironclad relationship between war drumming and economic gains.[47] In other words, the degree to which regimes in oil areas are insecure is the degree to which the US gains in returns from others seeking its financial safe haven. Notably, the dollar is the risk-free asset and funds from abroad lodge in it to offset the US's chronic current account deficit. It may be as well to mention that since 1971 and the collapse of the gold standard, the dollar principally has been backed by the US's control of strategic commodities.[48] The Gulf states are thus collaterals against US indebtedness in its own currency. While a potential war against Iran may boost the global business cycle by the activation of the domain of militarism, threats and sanctions on Iran play out as under the surface wars that buttress the US' power and financial position.

To date, serious oil supply shortages have not occurred—not even in the 1973 crisis.[49] There is a cushion of extra supply that redresses glitches in production, storms,

[43] Robert Kaplan (2014) The Indian Ocean World Order. *Stratfor* (9 April), available at: https://worldview.stratfor.com/article/indian-ocean-world-order, accessed 28 January 2022.

[44] Middle East Eye (2019) With an eye towards Iran, US reaches strategic port deal with Oman, *Middle East Eye* (24 March), available at https://www.middleeasteye.net/news/eye-towards-iran-us-reaches-strategic-port-deal-oman, accessed 10 February 2022.

[45] James Petras (2014) *The Politics of Empire: The US, Israel and the Middle East* (Atlanta: Clarity Press). Ali Kadri (2015) The *Unmaking of Arab Socialism* (London: Anthem Press).

[46] Prabhat Patnaik (2009) *The Value of Money* (New York: Columbia University Press).

[47] Petras, *The Politics of Empire: The US, Israel, and the Middle East.*

[48] Patnaik, *The Value of Money*.

and minor wars. However, closing Hormuz without provisions of alternative supply routes to the Arabian Sea would represent a real supply shortage. The case is especially exacerbated since the Houthis (Iranian allies) also may disrupt passage of oil from Bab Al-Mandeb Strait. More simply, damming these chokepoints brings the world to a halt. However, this threat was neither serious and nor has there been a possibility for Iran to put into effect. Iran has no interest and could not realistically close these passageways. If it could, such a possibility ex-ante would be perceived by the market and the US would step down from atop the capitalist pyramid. The perceived weakness of the US before Iran also would unseat the dollar as the world reserve currency and leave the US with unserviceable debt. Although rarely efficient, the 'efficient market hypothesis' is efficient in this case. Its information is quite solid because it is based on the assessment of the military balance of power. Iran is being construed as powerful, non-human rights obliging, and aggressive only to the degree financial resources flow as it foments crises. Depending on the outcome, an all-out war with Iran corresponds to a structural shock that revitalises the sphere of militarism. As outlined in the introductory article, militarism is a principal domain of accumulation under capital,[50] which must remain buoyant both as a building block of capitalist production and as countercyclical activity attendant upon higher rates of exploitation.

So far, while the US also alludes to unleashing armed conflict in or near the Strait of Hormuz, it also imposes sanctions not only on Iran, but also indirectly upon the entire region. Sanctions mobilise much of regional resources to war and regime security, and whether or not a state is de-facto under sanctions, the masses suffer from the lost opportunity of resources being put to useful ends. While the sanctions and the fear of war expand finance and the industry of war, the other spinoff of tensions in the Gulf pours into the containment of China. Cyber-attacks and (un)resumed nuclear deal negotiations with Iran not only pressure it, but also impact China, as less civilian-end related resources remain with which China can engage.

Conjunctionally, increased US presence in the port of Duqm enhances its direct influence on the conflict in Yemen. The scare element imposed on China from the possible loss of the trade and energy Bab al-Mandeb route forces it to shift more of its resources to defence. Thus, through a combination of war and neoliberalism, the US so far has de-developed the region.[51] In contrast with the US, China's interconnectivity fosters mutual development with other countries. Building infrastructure with low-interest rate loans is a very different strategy than injecting geopolitical risks and lending in dollars to debilitate developing economies.

Is the "String of Pearls" Strategy Convincing?

China's expansion into the Indian Ocean has been dubbed a "String of Pearls" sea-lane strategy,[52] and its commercial and military presence increasingly will be felt with the progress of time. China's mode of accumulation grows by commercial/industrial activity rather than military expansion; thus, its ruling Communist Party understands

[49] Ibid.

[50] Rosa Luxembourg (1913) *The Accumulation of Capital* (London: Butler and Tanner Limited).

[51] Kadri, *The Unmaking of Arab Socialism*.

[52] Juli MacDonald, Amy Donahue, and Bethany Danyluk (2004) *Energy futures in Asia* (McLean: Booz-Allen & Hamilton).

that it should take precautionary measures of self-defence against an empire that grows by war. Despite the commercial nature of these Chinese port connections, either by potential dual-use or by their bearing upon China's growth, they influence its clout.[53] While Chinese military force sits in Djibouti, China has not aggressed against other countries, and this military base acts as an early warning system regarding US activity near the Bab al-Mandeb.

The "String of Pearls" descriptive proposes further that China expands its naval power at chokepoints along sea lanes from the Middle East to the South China sea in order to protect its hydrocarbon shipments and prevent potential disruption to its energy imports.[54] The argument also suggests that Chinese infrastructural investment in the ports of Myanmar, Pakistan, Sri Lanka, and the building of container port facility along the Bay of Bengal (Bangladeshi port of Chittagong), are all part of a Chinese plan to enlarge its naval presence across the Indian Ocean. However, such an expansion is not a plot against an empire with hundreds of military bases strewn across the world. China views these measures as self-defence against an empire, whose weight of history includes permanent military and ideological aggression against the developing world.

Furthermore, China's strategy, according to this proposition, represents a security dilemma to the West. On the one hand, increased Chinese influence is considered a threat to Western hegemony over the Indian Ocean, and on the other, it emboldens peripheral states to renegotiate many of the security/trade treaties and conventions existing since 1945. In such a negative sum game analysis, Robert Kaplan and Jeremy Page,[55] among many others, claim that China has invested in commercial and civilian port facilities for the sole purpose of controlling strategic chokepoints. China is said to be transforming itself into a global maritime power similar to Britain's strategy during the 19th century. The half-truth element in this position surfaces in its omission of a history of UK and US gunboat politics vis-à-vis Chinese expansion, which is about doux commerce and capacity building.

Kaplan epitomises the logic of one-winner-takes-all: "to be sure, we live in a post-modern world of eroding distinctions: a world where coast guards sometimes act more aggressively than navies, where sea power is civilian as well as military, where access denial can be as relevant as the ability to engage in fleet-on-fleet battle and where the placement of warships is vital less for sea battles than for diplomatic

[53] China's attempt to reroute its trade around the Strait of Malacca through gaining access to ports across the Indian Ocean gains grounds by the day, see Qing Liu (2010) "珍珠链战略"之说辨析 [Analysis of "String of Pearls Strategy"]. *Contemporary International Relations* 3, pp. 8-14. It is estimated that more than 60 percent of China's hydrocarbon imports passes through the Strait of Malacca, see Harsh Suri (2021) Explained – The Strait of Fear – Malacca, *The Geostrata* (27 May), available at https://www.thegeostrata.com/post/explained-the-strait-of-fear-malacca, accessed 22 January 2022. As the US tries to encircle China, one way to support this strategy is through blockading the Strait of Malacca to implicate huge losses to China's imports of energy and restrict China's trade with the outside world. Its maritime BRI investment reflects its desire to ensure alternative sea routes that can support energy transport. With its port projects, it can guarantee access to modern deep-water ports in littoral states of the Indian Ocean.

[54] *The Washington Times* (2005) China builds up strategic sea lanes (17 January), available at https://www.washingtontimes.com/news/2005/jan/17/20050117-115550-1929r/, accessed 20 January 2022.

[55] Robert Kaplan (2010) *Monsoon: The Indian Ocean and the Future of American Power* (New York: Random House). Jeremy Page (2016) China Builds First Overseas Military Outpost, *Wall Street Journal* (19 August), available online at: https://www.wsj.com/articles/china-builds-first-overseas-military-outpost-1471622690, accessed 29 January 2022.

ones."[56] The transference between non-military and military powers depends on the nature of the mode of accumulation. The Chinese mode revolves around the production of civilian-end use commodities. The US's mode relies on militarism. Militarisation hampers China's growth. The formulaic way of putting such a point across is military spending and instabilities that reduce incomes of partner nations and their demands for Chinese products.

However, there is merit to the idea that any increase in Chinese investment and geopolitical influence in the Indian Ocean corresponds to increased Chinese military capabilities. Higher development in China enhances capacity all around, including military and naval capabilities. Relatedly, for a US financial class that flourishes on militarism, its suspicion/fear of being dethroned by China's economic rise is well founded. However, by highlighting the half-truth of right-wing jargon, it is only the US financial class that stands to lose, not the masses struggling to make ends meet in the US and elsewhere. China threatens a US-led class leadership, which already has brought the planet to the brink. Moreover, unlike imperialist powers, China's strategy is not about outright control. Its naval capabilities across the Indian Ocean have been limited to anti-piracy activities, maritime security, and the usage of port facilities for logistics and supply.[57] As David Brewster argues, "while China's naval capabilities in the Indian Ocean are growing there is as yet little evidence that it is pursuing a naval strategy of sea control in that theatre in the manner we have seen the United States or Britain exercise."[58] Moreover, since China's energy security depends upon open and secure sea lanes across the Indian Ocean, it has no interest in escalating tensions to provide justification for US aggression. Its cooperative relationships with countries where it can gain access to port services and logistics tally with its objectives of smooth maritime commercial activities.

Since the launching of the BRI, China has managed to improve inter-country connectivity through diplomatic negotiations. By the end of 2021, China has signed more than 200 cooperation documents with 150 countries and 32 international organizations to initiate infrastructure construction, economic and trade partnership, industrial capacity cooperation, ecological and environmental protection, cultural and people-to-people exchanges, and fight against pandemics.[59] By 2018, China's accumulated trade in goods with countries along the BRI had exceeded $5 trillion, and its direct investment in foreign countries exceeded $60 billion. China's outward investment has become an important driver of total foreign direct investment in host economies.[60]

Yet, the principal issue for US-led imperialism remains the inexorable rise of China, the largest trading country in the world.[61] The relatively shrinking US economy enacted protectionist and inward-looking policies, while China still held on to its

[56] Robert Kaplan (2013) China's String of Pearls, *Stratfor* (13 February), available at https://worldview.stratfor.com/article/chinas-string-pearls, accessed 28 January 2022.

[57] David Brewster (2017) Silk Roads and Strings of Pearls: The Strategic Geography of China's New Pathways in the Indian Ocean, *Geopolitics* 22(2), pp. 269-291; Rediff (2009) No Chinese military bases in Indian Ocean, says Menon, *Rediff News* (11 September), available online at: https://news.rediff.com/report/2009/sep/11/no-chinese-military-bases-in-indian-ocean-shivshankar-menon.htm, accessed 20 January 2022.

[58] Brewster, Silk Roads and Strings of Pearls, p. 280.

[59] China National Bureau of Statistics (2022) *Data* (Beijing: National Bureau of Statistics of China).

[60] Chen, Review of the "One Belt One Road."

[61] World Bank, *World Development Indicators* (WDI) (2021), available at http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators, accessed 20 January 2022.

policy of growth by openness. The weight of China contributes to global growth and poverty alleviation in significant ways.[62] Trade with China is either of low-cost goods and/or of positive linkages, such that it releases value in developing countries to be used for welfare purposes.[63]

More countries during the COVID-19 pandemic relied on Chinese products and assistance. While China continues to beef up its command of the real commodity value chain, most developing countries will continue to look East rather than West. This Eastern shift process may push peripheral countries to part with US dominance, its dollar hegemony, and its neoliberal ideology. Down the line, if China solidifies its control of the commodity use-value circuit, this will imply necessarily control of the exchange or money form of value chain at a future date. If China produces most commodities, it likely will evolve to trade and price these commodities in its own currency. Careful steps toward de-dollarization and alternative payment mechanisms are sprouting but remain distant from deposing the much deeper US financial market. However, as the US loses leverage over its vassal states, it will intensify the weaponization of the dollar, in what amounts to a global lose-lose process.

While the “String of Pearls” narrative invites more US military presence across the Indian Ocean, the mainstream’s Chinese debt trap ruse tries to sway opinion away from China. It alleges that Chinese loans will lead to “debt build-up” and “debt defaults” in host economies. If developing states cannot service the loans, China supposedly will exploit them by “seizing their national assets.” As a case in point, the BRI-investment in Sri Lanka has been subjected to such smears since 2017. However, when the debt portfolio of Sri-Lanka is studied in detail, one finds that Chinese debt constitutes only 10 percent of total debt, with the remaining loans borrowed from international markets and the Asian Development Bank.[64] In the Sri-Lankan case, neither national property was seized nor foreign debt went unforgiven. In fact, a Chinese state-owned enterprise leased the port for $1.1 billion that was used by Sri-Lanka to service its Western debts.[65] Moreover, in 2021, Beijing signed a 10 billion yuan currency ($1.5 billion) swap deal for a three-year period with Sri Lanka to alleviate the latter’s financial crisis.[66]

A developing nation can rely on internal or external borrowing to kick-start its economic activity as long as the financial assets translate into physical capital, while the debt remains serviceable over the long run. The expected revenue stream out of an operating investment project can be used to service the debt. Even some IMF researchers argue what is at stake for developing states is not the debt trap but the underdevelopment trap.[67] They state that the repercussions of reducing debt deliberately can be

[62] World Bank (2022) *Four Decades of Poverty Reduction in China: Drivers, Insights for the World, and the Way Ahead* (Washington DC: World Bank)

[63] Kadri, *China’s Path to Development Against Neoliberalism*.

[64] Lee Jones and Shahar Hameiri (2020) Debunking the Myth of ‘Debt-trap Diplomacy’ How Recipient Countries Shape China’s Belt and Road Initiative, *Chatham House Research paper* (August 2020) (London: Chatham House); Global Times (2022b) Accusations over China creating a ‘debt trap’ in Sri Lanka an organized smear by the West and India against BRI (7 April), available at https://www.globaltimes.cn/page/202204/1258752.shtml, accessed 28 August 2022.

[65] See Ibid.

[66] *Daily News* (2021) Sri Lanka, China finalise Yuan 10 B swap (24 March), available at https://www.dailynews.lk/2021/03/24/local/244853/sri-lanka-china-finalise-yuan-10-b-swap, accessed 27 January 2022.

[67] Jonathan D. Ostry, Prakash Loungani, and Davide Furceri (2016) Neoliberalism: Oversold?, *Finance and Development* 53(2), available online at: https://www.imf.org/external/pubs/ft/fandd/2016/06/ostry.htm, accessed 28 January 2022.

larger than the benefit. The latter strategy necessitates raising taxes and/or reducing government expenditure that curtail investment and demand, inhibiting a nation from moving out of its underdevelopment trap. In hindsight, Western debts precipitated Sri Lanka's crisis, which Chinese Official Development Assistance relieved. After China leased Hambantota, the Sri Lankan navy was stationed at the port; Indian and US naval vessels also recently have visited the port.

Conclusion

This article argued that when Oman joined the BRI to move out of its underdevelopment and oil dependency trap, it was ensnared by the US and the bulk of developmental projects were put on hold. By looking into AIIB project reports, contracted Chinese investment in Oman targeted non-oil sectors, such as railway, transportation, port, logistics and telecommunications sectors. Other pledged projects include the Sino-Oman industrial park in Duqm's SEZ that captured international attention due to its geostrategic importance. However, little of the planned investment has been implemented. From a developmental standpoint, the fact that China builds productive capacity in the host country is anathema to US-led imperialism. The US must keep the Gulf countries as dependent non-sovereign states; otherwise any margin of manoeuvre bolstered by increasing local capacity may lead the Gulf to a position of neutrality or one of supporting China. With China growing continually via trade and mutual capacity building projects, the article argued that from the prism of accumulation by militarism, the US must curb China's advance by maintaining the underdevelopment of Oman and similar nations around the globe.

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EIA (2017) *World Oil Transit Chokepoints* (Washington: US Energy Information Administration).
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