

## CHINA'S OVERTURES IN THE MIDDLE EAST

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*(Views expressed in the brief are those of the author, and do not represent those of ISSI)*



In the past decade, China's engagement with the Middle Eastern countries has been growing; a most recent example is Beijing's role in Saudi-Iranian rapprochement in March 2023. The recent visit of Syria's President Bashar Al Assad to Beijing in September 2023 further signifies China's deepening engagement with the region. China's growing influence can be likely viewed as a challenge for the United States. This increased engagement is illustrative of China's inroads into the Middle East and may have come amidst a perceived vacuum resulting from reduced U.S. involvement.

The most recent Hamas-Israel war is unlikely to deter Beijing, and China is expected to continue its efforts to act as a peace-broker in the region. China has expressed profound concern regarding the increased hostilities between Israel and the Palestinians and China's Special Envoy is expected to travel to the region shortly. The extent of U.S. engagement could likely lead to two potential outcomes: either affording China more room for influence as Washington diverts its attention to another military conflict; or enabling the U.S. to re-assert its predominant role while China remains in a secondary place.

China has registered steady progress in making inroads into the region through significant investments, with a special focus on sectors such as energy, infrastructure, and construction. China's economic ties with the Middle East continue to grow, as bilateral trade is also increasing as evident in the trade volumes with the Kingdom of Saudi Arabia and the United Arab Emirates. China's energy

needs are a major driver; China imports over half of its oil, and the Middle East is its largest supplier.<sup>1</sup>

Beijing has emerged as the primary investor in the region and the top trading partner for GCC countries, with total trade volume of \$330 billion in 2021.<sup>2</sup> China is also a major importer of natural gas from the region. China has substantially expanded its profile in the Middle East, primarily through the Belt and Road Initiative (BRI), which is a crucial instrument of Chinese foreign policy. The Middle East holds particular significance within the broader framework of the Maritime Silk Road Initiative (MSRI), owing to China's heavy reliance on energy imports from this region.

According to the China BRI Investment Report 2021, a majority of Chinese BRI investment projects in 2021 were directed toward the Middle East and North Africa (MENA) region. In 2022, Middle Eastern nations further intensified their collaboration with China, receiving approximately 23 percent of Chinese BRI investments, a notable increase from the 16.5 percent recorded in the previous year. China's investments in the Middle East included participation in the Red Sea Gateway Terminal, a cooperative venture between China's COSCO Shipping Ports and Saudi Arabia's Public Investment Fund, aimed at developing and operating a container terminal at Jeddah Islamic Port. Additionally, other projects encompassed developments in the TEDA area managed by the Suez Canal Authority and the operation of a new port terminal in Haifa Bay. Simultaneously, Iraq emerged as the leading recipient of China's BRI financing for infrastructure projects in 2021, with Iraq securing contracts worth approximately \$10.5 billion.<sup>3</sup> In addition to its economic interests, China also has important political and security interests in the Middle East. The region is home to several key strategic chokepoints, such as the Strait of Hormuz and the Suez Canal. Beijing is also concerned about the spread of terrorism and extremism from the Middle East to its own territory.

Between the years 2005 and 2022, China made investments exceeding \$273 billion in the Middle East, thus solidifying its position as the region's primary investor.<sup>4</sup> Additionally, China imports oil from Iraq, acquires gas from Qatar, and supplies weapons to nations such as Algeria, Morocco, Turkiye, Egypt, and Saudi Arabia. China is actively involved in assisting Egypt in the construction of its

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1 Edward Hunt, How the US could cut off Middle East oil to China if it wanted, June 7, 2023, Responsible Statecraft, <https://responsiblestatecraft.org/2023/06/07/in-the-middle-east-u-s-holds-china-at-risk/>

2 Nurettin Ackay, Beyond Oil: A New Phase in China-Middle East Engagement, *The Diplomat*, January 25, 2023 <https://thediplomat.com/2023/01/beyond-oil-a-new-phase-in-china-middle-east-engagement/>

3 Mohammad Eslami and Maria Papageorgiou, China's Increasing Role in the Middle East: Implications for Regional and International Dynamics, *Georgetown Journal of International Affairs*, June 2, 2023, <https://gjia.georgetown.edu/2023/06/02/chinas-increasing-role-in-the-middle-east-implications-for-regional-and-international-dynamics/>

4 Danish Hanif, China's Growing Role in Revamping Middle Eastern Politics, June 3, 2023, <https://thegeopolitics.com/chinas-growing-role-in-revamping-middle-eastern-politics/>

new capital near Cairo and has been responsible for the development of the metro rail network in Makkah, which caters to pilgrims. In December 2022, Chinese President Xi Jinping embarked on a three-day visit to Saudi Arabia, during which he conducted Beijing's inaugural summits with both the Arab League (AL) and the Gulf Cooperation Council (GCC). Saudi Crown Prince Mohammed bin Salman characterized the visit as the inception of a new historical period in the relationship between China and Saudi Arabia, which was reciprocated by President Xi who called it a "new era" in ties.<sup>5</sup>

China's political and security involvement in the Middle East has been welcomed by some countries in the region, who see it as a counterweight to the United States. The United States, historically the predominant influencer in the Middle East, has seen its influence dwindle. The American withdrawal from the Iran nuclear agreement in 2018, its fluctuating relationship with Saudi Arabia, and its extended involvement in and turbulent exit from Iraq in 2011, followed by the withdrawal from Afghanistan in August 2021, has served to raise questions about its commitment and credibility. Concurrently, domestic political issues have diverted the attention of the United States, and there is a growing sense of caution among the American public regarding the nation's decades-long role as a global leader.<sup>6</sup>

The Iran-U.S. nuclear deal was a major diplomatic achievement and helped to reduce tensions in the region. However, the United States withdrew from the deal in 2018, thus ending any hopes for U.S.-Iran compromise.

China has also been involved in mediating the Syrian conflict as it has urged all sides to come to the negotiating table and find a peaceful solution. China has also provided humanitarian assistance to Syria, signifying its growing role. China has also supported a peaceful solution in Yemen and called for a ceasefire and a negotiated settlement to the conflict, with Beijing providing humanitarian assistance to Yemen.

At the start of the Asian Games in Hangzhou, in September 2023, Syrian President Bashar al-Assad arrived in China for an important bilateral summit with President Xi Jinping. This visit, which took place amidst a 12-year-long civil war that has severely restricted President Assad's international movements due to extensive sanctions as well as diplomatic isolation, marked a significant turning point in the relationship between China and Syria. While Western countries continue to distance themselves from the Syrian President, regional powers in the Middle East have cautiously reached

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<sup>5</sup> China, Saudi Arabia cement ties with deals including Huawei, December 8, 2022, Al Jazeera, <https://www.aljazeera.com/news/2022/12/8/saudi-crown-prince-meets-chinas-xi-in-push-to-deepen-ties>

<sup>6</sup> Erin Hale, Can China replace the US in the Middle East? April 25, 2023, Al Jazeera, <https://www.aljazeera.com/features/2023/4/25/can-china-replace-the-us-in-the-middle-east>

out to him, with notable high-level meetings occurring in both the UAE and Saudi Arabia. His participation in the Arab League summit in May 2023 served as clear evidence of this gradual process of reconciliation.

Even though China's influence in the Middle East is steadily increasing, it still lacks the capacity to replace the United States, which maintains numerous military bases in the region and has commitments to defend its allies. Presumably, Beijing would not be inclined to assume any such responsibility at this point in time. Presently, China can gain advantages from growing diplomatic and economic sway, while allowing the United States to retain its lead role in addressing the region's security issues.<sup>7</sup>

While China's engagement offers enhanced economic opportunities for the region, it also raises geopolitical complexities, as China's influence intersects with existing power dynamics and regional conflicts, shaping the Middle East's evolving landscape. The United States may feel challenged by China's growing influence as it potentially threatens America's long-standing dominance in the region. China's strategic partnerships, investments, and diplomatic efforts could challenge U.S. interests, requiring a reevaluation of American policies to maintain, influence and stability in the Middle East.

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<sup>7</sup> Ibid.