

# China's Increasing Influence in the Middle East

Written by Suhail Ahmad Khan

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<https://www.e-ir.info/2021/09/20/chinas-increasing-influence-in-the-middle-east/>

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Both China and the Middle East have a long civilizational history. Relations between China and the Middle East date back to some 2000 years when China was ruled by the Han dynasty (Zhang 1999). In the coming centuries, trade played a vital role in improving relations between China and the Arab lands. Trade was mainly carried out in jade, silk, and other goods, and these commodities would later become a part of the Silk Road (Chen 2011, 1).

After the founding of the People's Republic of China (PRC) in 1949, relations between China and the Middle East remained limited. This fact was especially true during Mao's era as China was more involved in events happening in its periphery. Given this state of relations with the Middle East during Mao's regime, nine Arab states did not recognize the People's Republic of China until the early 1970s (Zhang 1999).

Relations improved between China and the Middle East when, in 1978, Deng Xiaoping initiated the economic reforms in China. Improving ties with the Middle East was important for Deng Xiaoping, as he needed energy imports from the region to push his modernization process. In the coming decade of the 1980s, relations further improved, and by 1992, China had developed diplomatic relations with all the Middle Eastern states (Zhang 1999). In 1993, China became the net importer of petrochemical products from the region and, eventually, began to foster close economic ties with the region (Lyll 2019). But it was only at the turn of the 21<sup>st</sup> century that China-Middle East relations marked a significant improvement (Chen 2011, 1).

This essay looks at two important questions. First, it seeks to investigate how China has strengthened its foothold in the Middle East[1] since the beginning of the 21<sup>st</sup> century by examining the relationship in two phases: from 2001 to 2010, and from 2010 to 2020. Secondly, it examines how China is achieving its goals in the Middle East. The paper argues that China is using diplomatic and economic means to strengthen its foothold in the Middle East.

The essay has been written by using journal articles, website articles, and other research articles published on a website of an institute monitoring Middle East politics (i.e., Middle East Institute). These sources have been used because they cover all aspects of relations between China and the Middle East and the fallout of these relations.

### China-Middle East relations: 2001-2010.

The Chinese economy was growing at an annual rate of 9% between 1990 and 2000. To sustain this growth, China needed to find new regions to secure energy imports and export manufactured goods to keep its factories running (1). The Middle East became an important destination for the Chinese to export their goods and secure energy imports since the Middle East is one of the largest suppliers of hydrocarbons. Thus, when, in 2001, the CPC adopted the strategy of "going out" (*zou chu qu*), a large number of Chinese businessmen, private actors, and even the Chinese government itself started investing in the Middle East, and as a result of this, economic and diplomatic relations witnessed new dawn (Chen 2011,1).

However, from 2001-2010, relations mostly centred around fostering economic ties. To enhance these economic relations, China used different diplomatic forums. For example, in 2004, China used the Gulf Cooperation Council (GCC) for negotiations on the China-GCC free-trade agreement. Similarly, the China Arab States Cooperation Forum (CASCF) was established in the year 2004, when President Hu Jintao on his visit to Egypt met with the Arab League

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Secretary-General, Amr Moussa (Fulton 2019a, 5). The talks on the China-GCC free-trade agreement halted, but the CASC helped to increase cooperation between China and the Middle East. For example, between 2005 and 2009, trade between the Middle East and China increased by 87%, and Middle Eastern exports to China grew by 25%. Chinese investments into the Middle East also increased from \$1 billion in 2005 to \$11 billion in 2009 (2). Besides, Chinese construction companies played an important role in developing major projects in the region. For example, China Railway Construction Corporation, a state-owned Chinese company, was handed the Mecca monorail project by Saudi Arabia, which went into operation in November 2010 (Chen 2011, 2).

In addition to economic relations, China also expanded its military footprint in the region. It is much debated that China is a free-rider in the region, benefitting from the "security umbrella" provided by the US (Lyll 2019). However, China did help in providing security in the Middle East through multilateral operations. For example, in 2006, China was one of the first countries to contribute to the UN peacekeeping forces in Lebanon (Fulton, 2019b). Similarly, in 2008, China sent its navy vessels to the Gulf of Aden to take part in anti-piracy operations following a resolution of the United Nations (3). Moreover, throughout the decade of the 2000s, China exported arms to the region, thus, expanding trade in the military sphere as well. For example, from 2005-2009, China's arms trade with the region stood at \$600 million (Chen 2011, 3). Apart from the aforementioned military activities, this decade did not see any entanglement of China in the geopolitical conflicts of the region. For example, it simultaneously cultivated friendly relations with both Hamas and Israel (Singh 2014, 6). Thus, from 2001-2010, China-Middle East relations were flowering, and slowly, China was making a ground for itself in the region.

## Dawn of a New Era

Since the beginning of the new decade in 2011, China began to take a special interest in the Middle East. Elnagger (2020) argues that "the MENA region was largely excluded from China's pivot toward Asia and Africa, and it was not until the Arab Spring in 2011 that China adopted a more engaged policy towards the key countries in the region." The Arab Spring, aimed at democratizing the Arab states, raised concerns for the Chinese Communist Party (CCP) as more democratic states in world politics would have rendered it difficult for the CCP to continue its authority within China. Therefore, the Arab Spring proved to be a turning point in China-Middle East ties, as the CCP began to tacitly support the authoritative rulers in the region to avoid any threats to its regime at home.

Now, with this turn of relations between the two, China pursues several interests in the region. The three identified by Sun (2019) are; (a) It wants to increase its political influence in the region, through diplomatic and military means, to assert its great power status in the world; (b) it wants to promote the idea of sovereignty and territorial integrity and advocate non-interference in internal politics of the Middle Eastern states. Conspicuously, China's advocacy for non-interference has to do with the US interference in the politics of the region and the latter's subsequent efforts to promote liberal democracy in some countries of the Middle East. And (c), it has considerable commercial interests in the region, trade and energy interests, in particular.

## Politics and Partnerships

The decade of the 2010s is witnessing the rise of China, ready to assert a major political role in international affairs. For example, China is increasing its political influence in the MENA region by using different strategic means. Fulton argues that China carries out its relations with the MENA region by using the strategy of "partnership diplomacy" rather than alliance politics. He further asserts that China's relations with the Middle Eastern states are hierarchical and divides these relations into five types[2]; (1) Comprehensive Strategic Partnerships; (2) Strategic Partnerships; (3) Comprehensive Cooperative Partnerships; (4) Cooperative Partnerships; and (5) Friendly Cooperative Partnerships (2019a, 3). These partnerships, based on a bilateral understanding of China and its partner countries, has helped China in two ways; (1) they provide China with enough strategic autonomy to deal with the countries of the region, and; (2) they orient China's focus on issues of convergence rather than of conflict. Moreover, the hierarchical nature of partnerships signals to the Middle Eastern countries that their positions may improve in this stratified setup of political relations upon fostering goods relations with China. Conclusively, it follows that these countries may seek to continue fostering strong ties with China, which can further enhance China's influence in the region.

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Among the aforementioned categories, Comprehensive Strategic Partners are the most important for China and include five states viz., Algeria, Egypt, Iran, Saudi Arabia, and the United Arab Emirates (4). It is noteworthy to mention that all comprehensive strategic partnership agreements between China and these states were signed in the present decade. For example, China signed comprehensive strategic partnership agreements with Egypt and Algeria in 2014, with Iran and Saudi Arabia in 2016, and with the United Arab Emirates in 2018 (Fulton 2019a, 4). What these agreements reflect (especially the ones in the case of Iran and Saudi Arabia) is that China has been able to maintain balanced relations in the MENA region. These even-handed relations are further made possible by China's adoption of a "zero enemy policy" (Sun 2019). However, China's adoption of different policies and its use of peaceful diplomatic means can only become successful if it backs them with its military presence in the region; in order to announce its growing interests in the Middle East.

Accordingly, China has increased its military operations in the MENA region. For example, during the 2011 Libyan Civil War, the People's Liberation Army (PLA) sent its naval and air force units to evacuate 35000 Chinese citizens stranded in Libya (Elnaggar 2020). Another example is that of the People's Liberation Army Navy (PLAN) building its first overseas base in Djibouti in 2017 (Headley 2018). The Chinese Ministry of National Defence reported that there are at least 1000 troops at this base to conduct anti-piracy operations (Sun 2019). However, the base is not only for anti-piracy purposes but also serves China's important geostrategic interests in the Horn of Africa.

In addition to the above-mentioned military activities, China also increased its military foothold in the region through peacekeeping operations. For example, in 2012, it contributed 700 peacekeeping forces to the UN mission in Sudan (Lyll 2019). Similarly, in 2013, the Chinese army escorted UN ships that were carrying chemical weapons out of Syria to Cyprus, and as of 2018, China was the largest contributor of peacekeeping forces to the MENA region with about 1800 soldiers (Sun 2019). In a way, all this reflects that China is trying to increase its influence and assert its status as a major political force in the MENA region by adopting strategies such as partnership diplomacy, zero enemy policy, and by involving in multilateral operations. Nonetheless, there is also a possibility that it is merely trying to gain experience of the MENA region, where it has heavy commercial interests, such as in countries like Sudan.

## Democracy as a Threat

China has been consistent in its efforts to promote its policy of non-interference in the internal affairs of the MENA states. China has gone so far to advocate its idea of non-interference in the MENA region that it strongly opposes both the US intervention in the region and the latter's efforts to promote democracy in the region (Singh 2014, 7). China's opposition to US promotion of democracy in some countries of the region can partly be defined by the threat it poses to the CCP's authority in China. The CCP understands that a growing number of democratic political systems can produce a domino effect, and the Chinese population may then wish to seek democracy in China. Thus, to ensure its hold on power and to thwart US efforts to promote democracy in the MENA region, the CCP has adopted the policy of "developmental peace" towards the region, which is in contrast to the Western concept of democratic peace. The underlying idea of developmental peace is that "the root cause of regional instability is economic stagnation, high unemployment, poor infrastructure, rapid population growth, and brain drain rather than a democracy deficit" (Sun 2019). Conclusively, it can be argued that by advocating its principle of non-interference and adopting policies such as developmental peace, China promotes the status quo in the region for its own domestic purposes.

## Renewed Economic Interests

Economic ties still form the bedrock of China-Middle East relations. In 2016, when Xi Jinping visited the Middle East, the CCP released *China's Arab Policy Paper*, which highlighted the Chinese vision for the region. The paper introduced the "1+2+3 cooperation pattern". Energy security forms the core of this pattern, followed by investment in and trade with the region, and developing nuclear energy in the Middle East comes at the end (Fulton 2019a, 5).

The Middle Eastern states are rich in oil and liquefied natural gas (LNG) resources. During the present decade, as was the case in the preceding decade, China needs energy resources to keep its economy expanding. Therefore, the present decade has seen a manifold increase in China's energy imports. In 2015, China surpassed the U.S. to

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become the world's largest crude oil importer (Lons 2019), and 40% of the country's oil imports come from the Middle Eastern states (Fulton 2019b). For example, in 2018, Saudi Arabia, Iraq, and Oman "were Beijing's second, fourth, and fifth-largest crude oil suppliers" (Yahya 2019).

The above evidence suggests the importance of the Middle East for China's energy security. In order to secure the energy resources of the region, China aspires for more "upstream involvement in energy projects as opposed to reliance on the market to meet its supplies" (Singh 2014, 2). Besides, China also tries to ensure the operation of key Sea Lanes of Communication (SLOCs), such as the Strait of Hormuz, for the flow of energy imports (Al-Tamimi 2019). However, the evidence still does not allow an exhaustive understanding of China's economic interest in the region, and a better understanding requires an evaluation of China's infrastructural investments in and trade relations with the region. The two subsections will evaluate these two mentioned aspects.

## *Belt and Road Initiative: A Run through the Middle East*

The Chinese government announced the Belt and Road initiative to achieve its goal to become the centre of global trade. The Belt and Road initiative has six corridors and one of the corridors, *the China-Central West Asia Economic Corridor (CCWAEAC)*, connects Central Asia to Iran and ends in Turkey (Fulton 2019a, 2). Turkey, a Middle East country, acts as a bridge between Central Asia and Europe, thus, the Middle East has become an important region for the success of the BRI. This partly describes the reason behind China's decision to "designate the Middle East as a neighbour region" in 2013. The categorization of the Middle East as a neighbour means that the region has become a "top-priority strategic zone" for China (Lyall 2019).

Concerning China's BRI interests in the region, China has signed BRI agreements with 21 states of the MENA region, including 18 Arab states (Sun 2019). The Chinese have begun to invest in several construction projects in these states, and the projects are most likely linked with the BRI initiative. At the ministerial meeting of the China-Arab States Cooperation Forum, held in 2018, the Chinese announced their BRI connectivity model for the MENA region known as the *industrial park-port interconnection-two wheel and two wings approach* (Fulton 2019a, 6). The model proposes to link supply chains in the MENA region by connecting the Chinese built industrial parks in the region with several ports. In this regard, the identified industrial parks are "Khalifa Port Free Trade Zone (KPFTZ) in Abu Dhabi, UAE; Oman's Duqm Special Economic Zone Authority (SEZAD); the Jazan City for Primary and Downstream Industries (JCPDI) in Saudi Arabia; and the TEDA-Suez zone in Ain Sokhna, Egypt, while the identified ports are "Khalifa Industrial Zone Abu Dhabi (KIZAD); SEZAD in Oman; the People's Liberation Army Support Base in Djibouti; and Port Said in Egypt" (7). The infrastructural upgrading of these ports, thus, becomes important for the success of BRI in the region and that is why Chinese investments in the region have seen a surge. For example, in the year 2018, the MENA region was placed second in terms of the total investments received by any region from China (Sun 2019). By 2019, the total Chinese investments in the region were numbered at \$177 billion and the bulk of the money i.e., \$70 billion flowed into the countries of the Gulf Cooperation Council (Yahya 2019). However, China's increased investments in the MENA region may lead to the "debt trapping" of economically weaker countries, and China may then, like it did in Sri Lanka[3], demand for leasing of important strategic places from these countries to improve its geostrategic positions in the region.

## *Touching the Sky: China-Middle East Trade Relations*

As in the previous decade, China needs Middle Eastern markets to export its manufactured goods, and the Middle Eastern states need China for oil exports. Therefore, the trade relations between China and the Middle East are on a rise during this decade. The trade between China and the Arab states stood at \$244.3 billion, as reported by the Chinese Ministry of Commerce in 2018. Similarly, Sino-Israel trade was placed at \$13.9 billion, and Sino-Turkish trade was placed at \$21.6 billion (Sun 2019). The trade relations are bound to improve as the Middle Eastern states, especially the Gulf countries, are in a quest to diversify their trade relations, and these states see China as a potential ally with whom to improve their trade relations.

## **Evolving ties**

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The above sections explain the evolving ties between the Middle Eastern states and China. Moreover, they suggest that China is making continuous efforts to strengthen these ties to safeguard its energy interests, which it often considers to be one of the core objectives of its foreign policy (Heath 2016, 187). On the other hand, the Middle Eastern states are also eager to foster close ties with China, primarily to diversify their trade relations and reduce overdependence on the US. This is especially true of the Arab monarchies who are often scrutinized by the US for their violation of human rights. Nonetheless, the US remains an important player in the region, but China's growing influence can alter the geopolitics of the region.

## Conclusion

China has strengthened its foothold in the Middle East in the 21<sup>st</sup> century. It has improved its economic and diplomatic relations with the countries of the Middle East (or more broadly with the countries of the MENA region) for primarily three objectives: (1) It wants to increase its political influence in the region and contest the US's policies in the region; (2) to ensure continuous energy supplies from the region to keep its economy expanding and (3) to translate the BRI initiative into a global success with the cooperation from the Middle East states. China started to secure its energy interests in the region in the early 2000s, while it only began to pursue its other two objectives in the decade of 2010s by using different strategic means. Among these means include policies such as partnership diplomacy, zero-sum policy, and developmental peace. Due to these policies, China has maintained friendly relations with most of the MENA states and has become their potential ally.

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[1] The paper will broadly include North Africa in its analysis as well, thus it concerns the MENA region. The MENA countries include Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, Palestine, Yemen, Sudan, and Turkey.

[2] Here, the relations are categorized in a descending order.

[3] Sri Lanka had to lease Hambantota port to the Chinese as they failed to repay their debt.