

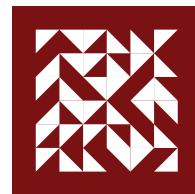
The Silent Rise:

How is China Changing the Middle East?



Strategic Estimates

September 2024



The Palestinian factions convened a reconciliation dialogue in Beijing from July 21-23, 2024, with the participation of 14 factions. This dialogue concluded with signing the Beijing Declaration, encompassing eight key points, including the critical objective of ending the division between Fatah and Hamas and forming an interim national unity government to administer the West Bank and the Gaza Strip. This move is viewed by some as an initiative to resolve the longstanding Palestinian-Palestinian dispute and to unify ranks ahead of a potential comprehensive reconciliation between Fatah and Hamas, following 13 previously signed but unfulfilled agreements between the two factions.¹ Beijing's mediation, which had previously succeeded in bridging the seemingly insurmountable divide between Saudi Arabia and Iran, underscores China's growing diplomatic influence.

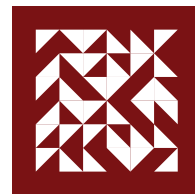
As Washington's focus has increasingly shifted toward the Indo-Pacific—a region central to United States diplomacy in recent years—the Middle East has seen a corresponding decline in American engagement. This strategic pivot has opened the door for China's rising regional influence. Over the past two decades, Beijing has reshaped regional security dynamics by signing strategic partnerships and memoranda of understanding with most Middle Eastern countries and by strengthening its relations with regional organisations such as the China-GCC Strategic Dialogue (initiated in 2010) and the China-Arab States Cooperation Forum (established in 2004).

The 2016 Arab Policy Paper has emerged as a blueprint for China's regional interests and policies, reflecting a notable shift in its approach over the past decade. Beijing's policies have expanded beyond energy resources to incorporate broader political and strategic considerations. Moreover, China's "non-interventionist" approach has garnered the attention of many regional actors, who view their burgeoning relationships with Beijing as diversifying their international engagements.

Over the past two decades, China has shown considerable flexibility in its policy of non-interference in states' internal affairs, as evidenced by a broader array of mediation efforts in conflicts across the Middle East and North Africa, including in Sudan, Libya, and Syria.²

China's recent diplomatic initiatives underscore Beijing's significant investment in deepening relations with Middle Eastern countries. In 2022, Beijing hosted the Arab-Chinese and Gulf-China summits, reinforcing its commitment to strengthening strategic partnerships within the region. These efforts aim to promote economic development beyond China's traditional energy interests, which continue to play a pivotal role in shaping the region's geopolitical landscape and bear significant implications for global politics.

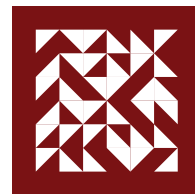
This paper examines the foundational pillars of Chinese cooperation and its strategic approach in the Middle East, emphasising how China's methods diverge from those of the United States (U.S.) in the region.



Beijing's Strategic Shifts in the Middle East

China has developed its Middle Eastern strategy through several key initiatives, summarised as follows:

- Establishing the China-Arab Cooperation Forum in January 2004, during then-President Hu Jintao's visit to Cairo. This forum was designed to strengthen relations and cooperation between China and Arab nations, with its inaugural meeting held at the Arab League headquarters in Cairo in September 2004. This forum has played a pivotal role in deepening Sino-Arab cooperation by facilitating discussions on regional crises. The most recent example was the 10th meeting of the China-Arab Cooperation Forum in May 2024, which produced outcomes aligning with the Arab perspective on the Palestinian issue. The forum emphasised the need for a ceasefire in Gaza, the uninterrupted flow of humanitarian aid to the Strip, a rejection of the forced displacement of Palestinians, and a resolution to the Palestinian issue based on the two-state solution.³
- Beijing's sponsorship of the historic agreement between Saudi Arabia and Iran in March 2023 marked the end of seven years of estrangement between the two nations, sending a strong signal to the U.S. that «**the axis of the Middle East is shifting**». ⁴
- Chinese President Xi Jinping's visits to key regional countries, including Saudi Arabia and Egypt in 2016 and the UAE in 2018, signalled China's increasing economic engagement in the region. These visits conveyed a clear message about the region's importance to China. President Xi's historic visit to Riyadh in December 2022, described by Chinese state media as "the largest and highest-level Chinese diplomatic engagement with the Arab world since the founding of the People's Republic of China", represented an unprecedented diplomatic achievement. During this visit, President Xi held bilateral meetings with 20 Arab leaders, and three significant summits took place: the Saudi-Chinese summit, the first Gulf-China summit, and the first Arab-China summit. This visit occurred amid shifting geopolitical, regional, and energy dynamics, drawing considerable attention to China's growing influence in the Middle East.⁵
- Beijing has issued three official documents that define its strategic approach toward the region. The first document, known as the "**Vision and Measures Plan**", was released in 2015 and outlined China's vision for the "**Belt and Road Initiative (BRI)**" and the "**21st Century Maritime Silk Road**". The second document, "**China's Policy Document toward Arab Countries**", was issued on January 13, 2016, as the Arab Policy Paper. This paper encapsulates China's strategic vision for the region, highlighting the formation of the (1+2+3) cooperation equation: "1" representing energy as the primary focus; "2" covering infrastructure, trade, and investment;



and “3” encompassing cooperation in nuclear energy, satellites, and new energy sources. The third key document is the Arab-Chinese Executive Declaration, issued in 2018.⁶

Pillars of China’s Engagement in the Middle East

Beijing has solidified its influence in the region through several foundational principles, summarised as follows:

• Confucian Wisdom in a Turbulent World Order

Confucius emphasised the importance of justice, fairness, and constructive dialogue in resolving disputes between individuals and nations. He believed that war leads to chaos, destruction, and the collapse of civilisation, while peace fosters stability and social and economic development. Confucius advocated for achieving global peace through cooperation and mutual understanding among countries and peoples and ensuring justice and equality for all.

Since the early 2000s, China’s foreign policy has shifted from mere abstention from conflict to active engagement in conflict management. This transition began in the late 1990s with the launch of the «Going Global» strategy, which spurred Chinese investments in resource-rich regions such as Africa and the Middle East, expanding into new export markets. These economic incentives drew China deeper into these regions, increasing its risk exposure as its economic involvement grew more comprehensive. This exposure provided Beijing with opportunities to engage more deeply in conflict mediation. In response to recurring crises, Beijing adopted a more flexible and adaptive mediation approach, aiming to manage or resolve conflicts that threatened its interests in a manner favourable to China.

President Xi Jinping’s ideas aligned with those of his predecessors regarding the importance of peace and dialogue globally, particularly in regions crucial to China’s energy needs. In this context, Beijing supported mediation efforts between Riyadh and Tehran.

Chinese initiatives to replace conflicts with global peace have gained momentum. In April 2022, President Xi Jinping introduced the **“Global Security Initiative”** during his opening address at the Boao Forum for Asia Annual Conference, advocating for collective global security. This was followed by China’s announcement of a **“peace plan”** for the war in Ukraine, aimed at halting the conflict and initiating negotiations for resolution. Notably, this was not Xi’s first peace initiative; he had earlier proposed a new vision for peace in 2014 at the Shanghai Summit on Confidence-Building Measures in Asia. Beijing views prolonged conflicts between nations as “destabilising” and detrimental to its long-term commercial interests.⁷ Consequently, China is motivated to build on its



success in mediating between Saudi Arabia and Iran to further its agenda of peace and stability in the Middle East. Leveraging this stability, China will compete with the U.S. as a global superpower. Additionally, China stands to gain economically from regional stability.

• **Competition versus Confrontation**

China seeks to redefine its influence in the Middle East by employing its economic and political tools to expand its reach and gain greater geopolitical influence as the U.S.'s role in the region diminishes. The international community closely monitors China's potential to challenge the regional order long dominated by the U.S. China's strategy emphasises maintaining balanced relations with all countries in the region, avoiding partisanship. Analysts are keen to assess China's evolving role and the potential shifts in the regional order that may ensue.

While some US officials express concern over China's growing influence in the region, others view China's role as a mediator in regional conflicts as a positive development. China may also seek to enhance its military presence in the Middle East by expanding military bases or securing agreements with regional nations, potentially within the framework of the United Nations. The concept of competition versus confrontation between China and the U.S. is underscored by several indicators, including the deepening trade relations between Beijing and regional countries, China's leadership in the BRI, and strengthening its ties with Middle Eastern nations.⁸

Beijing perceives the decline of U.S. hegemony in the region as an opportunity to expand its influence. However, China recognises that instability does not align with its interests and lacks the capacity or desire to assume the U.S. extensive role in the region. Instead, Beijing strategically harnesses the dynamics of global competition, carefully calibrating its policies to maximise its competitive edge against the U.S. regionally and globally.

At the regional level, Beijing is systematically positioning itself for the emergence of a new polarity rooted in the strategic competition between China and the U.S. in the Middle East.⁹

• **Growing Trade**

Chinese exports to Middle Eastern countries reached approximately \$209.5 billion in 2022. Middle Eastern imports to China amounted to nearly \$270.7 billion in the same year, underscoring the robust cooperative relationship between the two sides.

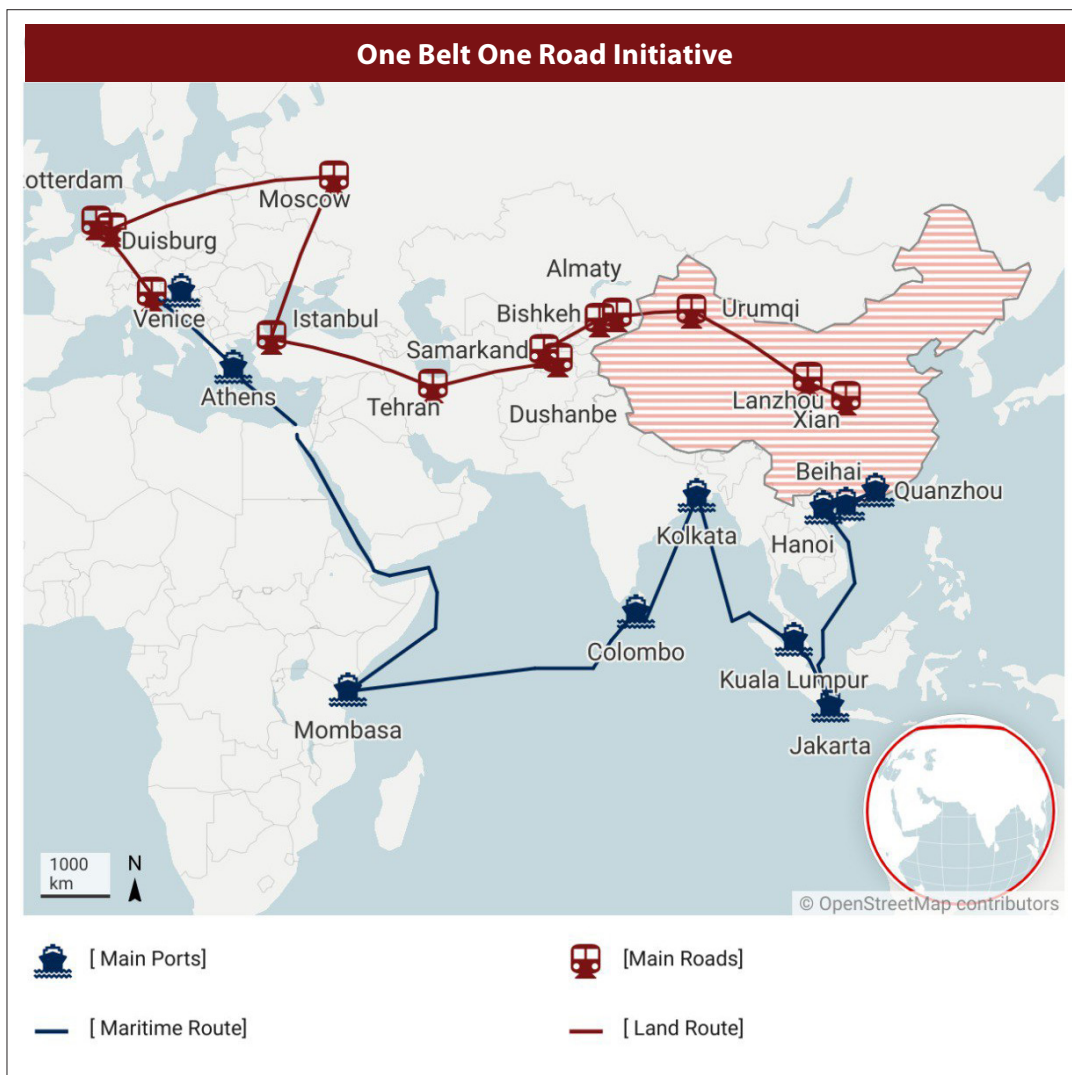
Beijing has also secured significant deals with U.S. partners in the region, such as Saudi Arabia, while seeking to bolster its presence in an area it has viewed as geo-strategically crucial since the

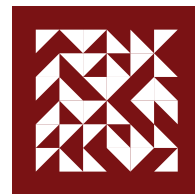


1980s. Amid the current U.S. administration’s shift in focus from the Middle East to the Asia-Pacific region, China has been proactive in filling the void left by America. Beijing has astutely leveraged the U.S. led security framework in the region to finalise numerous deals.

China is the largest importer of Saudi oil, with bilateral trade between the two nations totalling around \$80 billion in 2021. Similarly, the trade exchange between China and Iran reached \$16 billion, reflecting China’s deepening economic ties in the region.¹⁰

In the broader context, China’s BRI, known as the (One Belt One Road) aligns closely with the region’s interests and is gradually enhancing cooperation with other significant regional initiatives. These include Saudi Arabia’s Vision 2030, Oman’s Vision 2040, Qatar’s Vision 2030, Kuwait’s Vision 2035, and Egypt’s Vision 2030, all geared toward economic and social reforms. A critical component of China’s BRI is the plan to develop and expand the Maritime Silk Road, primarily connecting China





to the Mediterranean through the South China Sea, the Indian Ocean, and the Suez Canal. The strategic maritime chokepoints along these routes drive Beijing to invest heavily in infrastructure projects and other investments across the Middle East.

China holds substantial stakes in the Middle East, mainly because the region is home to China's largest crude oil suppliers. China has also recently increased its oil imports from Iran, benefiting from lower prices. To safeguard its strategic interests amid escalating regional tensions, China will likely deepen its military ties, primarily as external powers focus on adapting to the region's rapidly changing geopolitical landscape.

Several regional countries are eager to participate in China-led multilateral frameworks, such as the Shanghai Cooperation Organization (SCO), which expanded its scope in 2017. Egypt, Saudi Arabia, and Qatar have recently been granted **"dialogue partner"** status in the SCO, with Bahrain, Kuwait, and the UAE expected to follow.¹¹

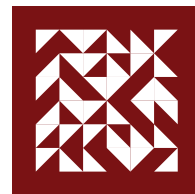
Saudi Arabia and Iran have expressed interest in joining the BRICS+, an initiative supported by China. Should this group expand to include three Middle Eastern countries, it could emerge as a formidable economic bloc and political force, potentially exerting additional pressure on the current global order, which is increasingly unstable due to the spread of conflicts and the use of economic and military force.

While Beijing's interests in the Middle East have traditionally been driven by a need for energy resources, its relationships in the region have become increasingly diversified. Over the past few decades, China has become a key partner for Middle Eastern countries across various sectors, including infrastructure, investment, trade in goods and services, digital technology, and defence.

• **Soft Military Deployment in the Middle East**

As China's comprehensive power expands, Beijing navigates two strategic depths: its natural borders as a sovereign nation and the artificial borders formed by its external economic interests. To secure its influence abroad, China increasingly relies on soft military deployments, particularly in the Middle East, to safeguard its commercial interests and provide public goods to the international community, thereby mitigating the risks to multilateral relations.

While Chinese diplomatic principles traditionally reject the **"spheres of influence"** mentality, they allow temporary military deployments when Chinese interests are threatened. In recent years, the Chinese Navy's non-military missions have expanded under the banner of peace and development. Essential tasks now include maritime diplomacy, anti-piracy operations, disaster relief, and ocean



rescue, reflecting a broader regional role. Military exchanges between China and several regional countries have intensified, laying the groundwork for deeper military cooperation in the western Indian Ocean and the Arabian Gulf.¹²

Since deploying Chinese naval forces to Somali waters in 2008, China has engaged in joint anti-piracy exercises and conducted naval visits to neighbouring countries and regions, thereby practising military diplomacy. China has also established temporary technical service stations in Djibouti, Oman, Saudi Arabia, and Sudan, creating optimal conditions for its overseas military presence.

The further expansion of China's soft military footprint abroad is deemed necessary to protect its burgeoning foreign trade investments and other strategic interests, including the safety of Chinese expatriate workers. This expansion is politically feasible, given Beijing's firm adherence to the principles of non-alignment, respect for international borders, and non-interference in the internal affairs of other nations.

Beijing has capitalised on the desperation of U.S. sanctioned countries in the Middle East, such as Iran and Syria, to highlight the importance of Chinese defence exports to regional powers. China's deepening military ties with Saudi Arabia, Egypt, Iran, and the UAE have become crucial in understanding the evolving geopolitical dynamics of the region. As the U.S. now prioritises mechanisms, alliances, and security arrangements to contain Chinese ambitions in the Middle East, Washington's regional allies may, to some extent, limit their military cooperation with China. Nevertheless, China actively participates in joint naval exercises, enhancing cooperation in non-traditional security operations with its regional partners.

• Investing in Infrastructure

Beijing has significantly expanded its infrastructure projects across the Middle East, strategically channelling most of its BRI investments into the region by 2021. China secured a 20% stake in the Red Sea Gateway Terminal project, a joint venture between China's COSCO SHIPPING Ports Co. Ltd. and the Saudi Investment Fund, to develop and operate a container terminal at Jeddah Islamic Port.¹³

Additionally, China has undertaken several significant projects, including partnerships with TEDA in the Suez Canal Economic Zone and managing the new port terminal in Haifa Bay by the Shanghai International Port Company for 25 years, with investments reaching up to \$1.7 billion. Chinese companies have also been involved in various projects in Israel.¹⁴



Iraq became the largest recipient of China's BRI infrastructure investments in 2021, receiving approximately \$10.5 billion in construction contracts.¹⁵ Of particular significance is the "comprehensive strategic partnership" agreement between Iran and China, valued at \$400 billion—10% of China's total BRI budget—focused on the joint development of Chabahar port and a new oil terminal near Jask port, south of the Strait of Hormuz.¹⁶

• **Laying the Foundations of Diplomacy**

As a rising global power, China is vested in maintaining peace and stability in the Middle East. Middle Eastern countries, in turn, have increasingly viewed China's principle of non-interference and commitment to safeguarding common interests through independence and autonomy as an appealing alternative as they seek to diversify their economic and security relations. This approach aligns with the region's desire for greater independence and flexibility in foreign relations. China's stance as a neutral and non-aligned actor in the Middle East has thus enabled Beijing to play a growing role in peace-building and mediation efforts, particularly in significant regional conflicts like those in Syria and Yemen.

China has made three diplomatic efforts to address the Palestinian issue since 2010, alongside its involvement in the JCPOA negotiations. However, its most notable diplomatic success came in 2023 with the promotion of an agreement between Iran and Saudi Arabia, a "victory" that has succeeded in easing regional tensions and drawing Middle Eastern countries closer to Beijing's sphere of influence.

China has also been bolstering its regional soft power through various humanitarian initiatives. These include providing medical assistance during the COVID-19 pandemic, promoting cultural ties with a focus on strengthening people-to-people connections—primarily through a recent tourism boom—initiating educational exchanges and cooperation through universities, and establishing 15 Confucius Institutes in the Middle East by 2021. These efforts aim to secure a positive image for China in the region, underscoring its role as a responsible power and reliable partner.¹⁷

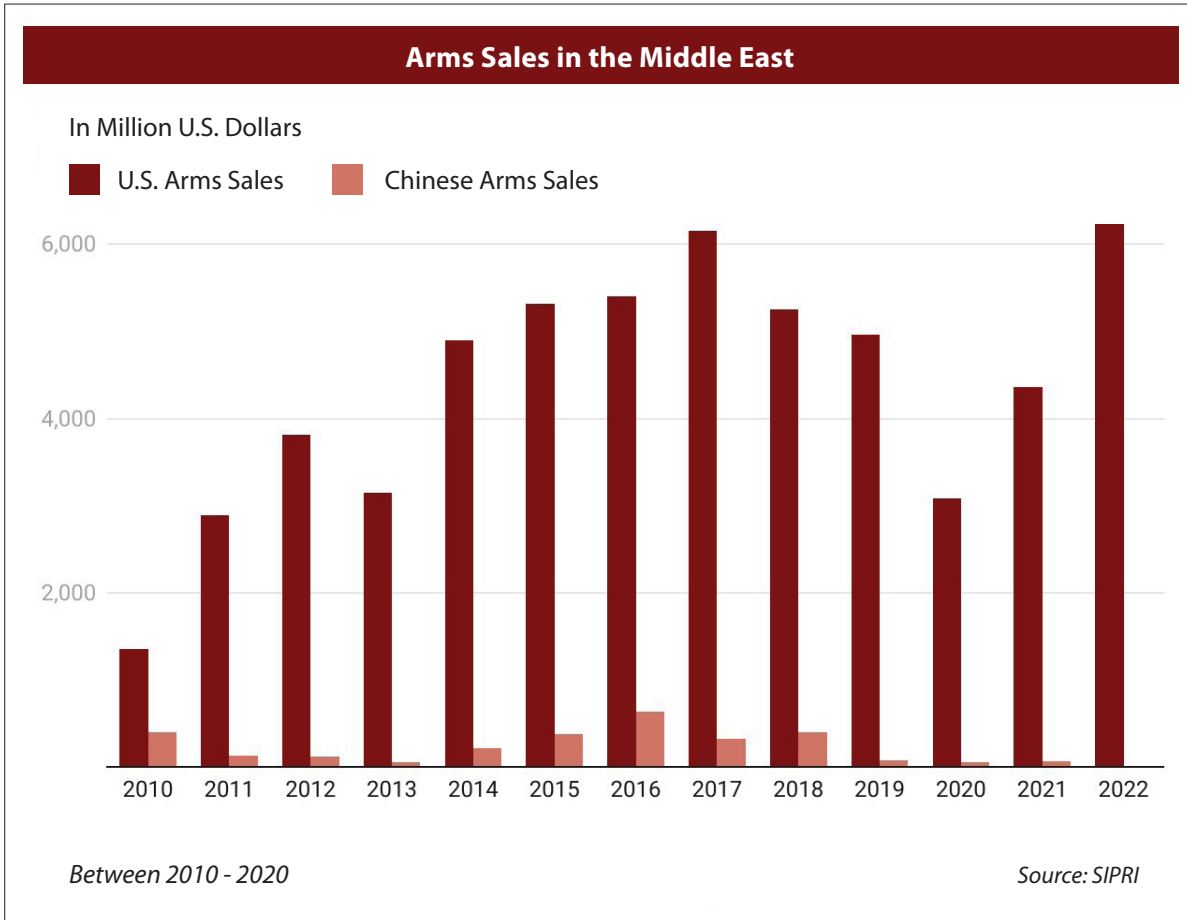


Peace for Development vs. Peace for Arms

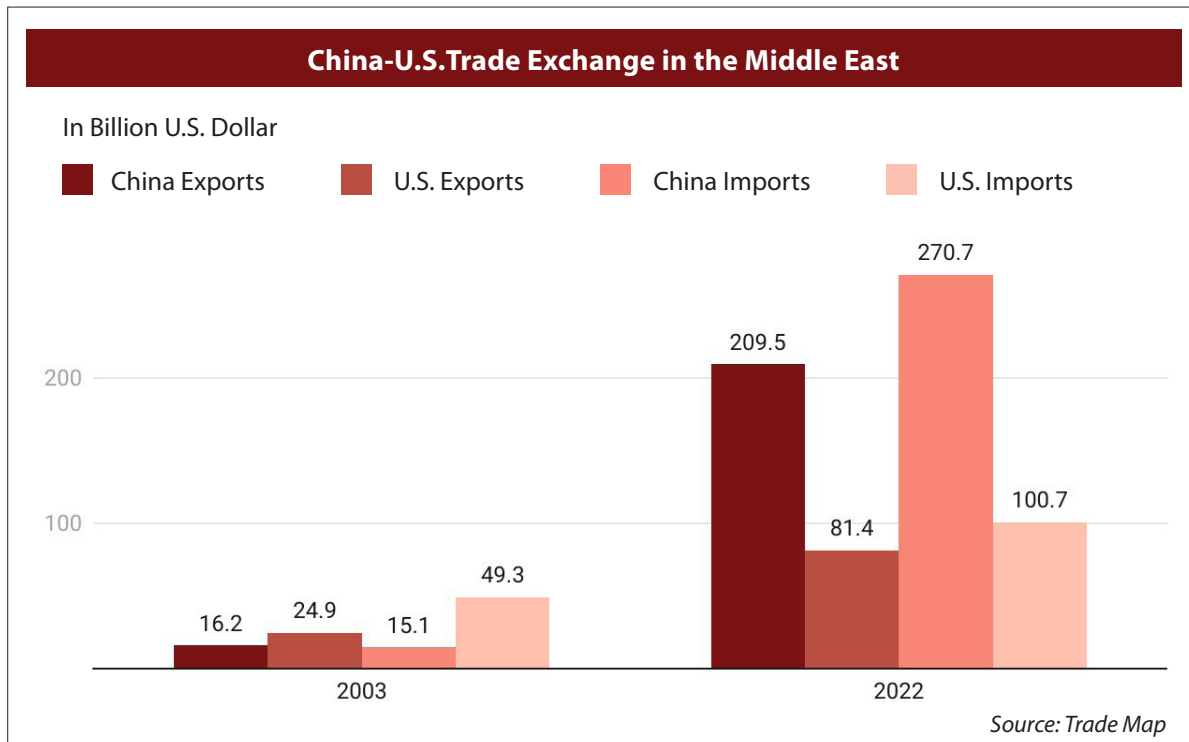
The U.S. has historically embraced peace initiatives in the Middle East, recognising the region's economic and geostrategic importance since the 1970s. Successive U.S. administrations have been committed to maintaining stability and security in the Middle East, primarily to serve American interests and to ensure the preservation of Israel.

China is following a similar path but with a distinctly different approach. Unlike the U.S., China is advancing several initiatives to achieve peace in the Middle East and foster regional development and prosperity. Recent diplomatic efforts underscore Beijing's deep commitment to enhancing relations with Middle Eastern countries. In 2022, China hosted the first China-Arab States and the inaugural China-GCC Summit, signalling its dedication to building strategic partnerships and promoting economic development beyond its traditional focus on energy interests. Beijing ties its interest in regional security and development in the Middle East to the global development agenda under the BRI, framing it as a beneficial public good for the region and the world. China's strategic use of humanitarian and peacebuilding narratives in longstanding conflicts has bolstered this perspective.

While the U.S. has played a vital role in establishing the foundations of security and stability in the Middle East, it has failed to resolve the region's oldest conflicts. The U.S. has often viewed the Middle East primarily as a source of energy and arms sales, neglecting the economic and commercial development that China has emphasised. Moreover, U.S. interference in the internal affairs of Middle Eastern countries, under the guise of supporting democracy and human rights, has alienated many in the region. These nations have found China's respect for state sovereignty and non-interference more appealing. The figure below illustrates the trajectory of U.S. arms sales in the Middle East, which surged from \$1.3 trillion in 2010, doubled in 2011 following the Arab Spring revolutions, and reached \$6.3 trillion in 2022. In contrast, Chinese arms sales in the region were \$397 million in 2010 and dropped to \$65 million by 2021.



The figure below shows the trade exchange between China and the Middle East; Chinese goods exports to the Gulf countries jumped from \$16.2 billion in 2003 to \$209.5 billion in 2022. Meanwhile, U.S. exports to the Middle East reached \$24.9 billion in 2003 and \$81.4 billion in 2022.



In conclusion, China’s engagement in the Middle East has become increasingly crucial for the Middle East and beyond, and under President Xi Jinping, Chinese relations in the Middle East have become pragmatic and commercially oriented. Although the energy sector remains the most critical area of cooperation, Beijing has expanded its reach over the past decade, and the region has become a growing market for Chinese products, including affordable consumer goods, technology, and services. The BRI, massive investments in megaprojects, and a focus on the digital Silk Road have helped Beijing position itself as a material player in the region. As great power competition escalates, the countries in the middle cannot afford to be left alone, and Beijing has succeeded in balancing its relations with all parties in the region, including Iran, Saudi Arabia, and Israel.

The Chinese model has found great popularity in the Middle East, significantly since China does not interfere in the internal affairs of countries, and the model based on partnership for development is the most welcomed in the region. Some indicators have proven that the presence of the U.S., which continued for several decades, was aimed at dominating the region’s resources, especially energy, and has turned to drain the region once again by drowning it in a quagmire of conflicts and wars so that U.S. arms sales in the region can flourish.

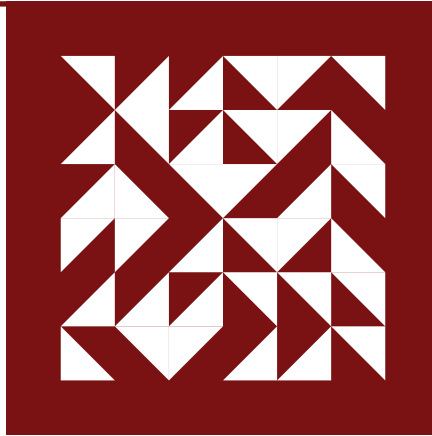


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Strategic Estimates

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