



CHINA'S DIPLOMATIC COUP IN THE MIDDLE EAST: THE FACTS BEHIND THE HYPE

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INTRODUCTION

FRANÇOIS GODEMENT

Sometimes symbols speak louder than facts when they shouldn't. The public diplomacy focused on "development" that followed China's so-called mediation between Saudi Arabia and Iran, involved a dizzying series of visits and initiatives labeled in the usual propaganda style. They were loosely connected to China's various grand schemes for the planet – up to and including what the official *Global Times* now calls "Xivilisation".¹ This is aggrandized by all the talk about a vacuum in the Middle East, due to an American lack of strategic interest and Europe's limited influence.

To jump from this deployment of visits and rhetoric to the idea that China is becoming the great power of reference throughout the Middle East is tempting. It is particularly striking that **Chinese experts have moved away from what was a position of non-involvement in the region's many conflicts, contenting itself with outreach to all parties, to the advocacy of a larger role in the region's geopolitics, and not only geoeconomics.** Through years of track 1.5 exchanges before 2019 with the China Institutes of Contemporary International Relations (CICIR), China's leading geopolitical think tank under the Ministry of State Security, one could hear soundbites such as "whoever takes the road to Damascus, we will deal with them" about Syria's civil war, or messages to the West that could be summed up as "you broke it, you fix it". Yemen was seen through the lens of a chaotic society with one of the largest ratios of firearms to the population in the world – China has one of the lowest. Israel, with which China was acquiring a trade relationship all the more impressive as it did not rest on energy but on tech, was dealt with through a silent partnership. When immi-

grant Chinese workers were hit in the fields by rockets fired from Gaza, China, so prompt to emphasize the security of its citizens abroad, stayed mum. Even recently, China's numerous energy and transport infrastructure deals with a country such as Iraq were conducted on a strictly commercial basis, with Chinese companies

Chinese experts have moved away from what was a position of non-involvement in the region's many conflicts.

1. After Xi Jinping presented the Global Civilization Initiative (GCI), the English edition of *Global Times* referred to the president's idea as "Xivilisation" on March 26: Xu Liuliu, Li Qian, and Hu Yuwei, "The Global Civilization Initiative full of Chinese wisdom, injects fresh momentum into bright shared future", *Global Times*, April 17, 2023, <https://web.archive.org/web/20230426231851/https://www.globaltimes.cn/page/202304/1289306.shtml>

pulling off as soon as the work was completed. Yet one of the same voices from CICIR, namely Niu Xinchun, now claims “common values and common interests” with the Arab world and the arrival of a “never-seen-before new era”.²

There were two major exceptions to this hands-off attitude: China’s support for national liberation movements – starting with Algeria’s GPRA (Provisional Government of the Algerian Republic) from 1955, and continuing to this day with Palestine’s Fatah (recognized in 1988) and PLO (Palestine Liberation Organization), throughout the history of the Afro-Asian conference and the non-aligned movement. The other exception, more importantly, was China’s arms sales. These were indiscriminate: they include intermediate-range ballistic missiles to Saudi Arabia in the early 1980s, large weapon sales to Iran from the era of the Iran-Iraq war, including Silkworm anti-ship missiles, an Iranian copy of which struck an Israeli frigate in 2006. Yet China learned to observe red lines – not transferring ballistic missiles to Syria, for example, capping its sales to Iran including for drones. With more predictable partners, such as Saudi Arabia, China goes further – setting up drone production facilities and transferring missile technology.

Two elements have remained from this era. **One is the blame game: the United States and the wider West, usually left undefined, are responsible for everything that goes awry in the Middle East. The other is China’s claim to be a neutral and therefore fair partner.** Today, this is the basis from which propositions are made by China to solve crises through remarkably vague peace plans, and above all by the mantra of future development riding on “a wave of reconciliation” (和解潮).

China’s actual peace brokering record is much more modest, and its proposals are not always exempt from bias. Consider the Iran-Saudi Arabia “mediation” (调解). Talks between the two countries had long been going on in Baghdad, interrupted by a change of government in Iraq. **Beijing was a likely substitute for largely negative reasons:** Iran could never accept the good offices of the American Great Satan or its weaker auxiliary, Europe. Saudi Arabia’s crown prince has distanced himself from America on human rights issues since the Khashoggi assassination. It had long engineered a rapprochement with Russia, a patron of Iran, based on common interest in the price of oil: that agreement is now falling through, while China is the first taker of Russian oil. On the heels of the successful hosting of these talks, China’s special envoy for the Middle East – a position that exists since 2002 and has never created results – was sent with much fanfare and a peace plan to the Palestinian territory and to Israel. This current proposal merely echoes others made in the past by China – with the claim of helping to promote “intra-Palestinian reconciliation”, which means Hamas and Hezbollah. Meanwhile, China happily collects support from the Palestinian National Authority and from the Arab League on all of its core issues – including Xinjiang. Thus, **China’s peace plan for Palestine closely resembles its 12-point proposal to solve the “Ukrainian crisis”:** as biased in content as it is neutral in form.

China’s real strength lies elsewhere: in its vastly increased commercial and tech attractiveness on all parties, and in the resulting impossibility to ignore China as an unavoidable partner with the capacity to reward or to punish. It is telling that Israel’s Netanyahu is reportedly about to embark on a trip to Beijing,³ the country having to perpetually balance its security interests with America and China’s trade relationship and increasing nuisance potential. China’s public focus on development as the key to crisis solving is not followed by substantive aid – even on Palestine, U.S. aid is 500 times larger. Instead, China has successfully parlayed its dependence on Middle East oil and trade deficit into an export

2. Niu Xinchun, “Niu Xinchun: China-Arab relations are entering version 4.0 (牛新春: 中阿关系正迈入4.0版)”, *Kzaobao*, December 9, 2022, <http://web.archive.org/web/20230710093441/https://www.kzaobao.com/mon/keji/20221209/129301.html>

3. Tuvia Gering, “SCO expansion and India, mediating between Israel and Saudi Arabia, and the Jewish gang”, *Discourse Power*, July 7, 2023, <https://discoursepower.substack.com/p/sco-expansion-and-india-mediating>

drive that is now going upstream with investments financed by the region itself. This is not the BRI model used in the recent past with Iraq, in which Chinese loans finance local Chinese projects. At the height of China's FDI drive into Europe, Chinese firms used the euro market and its low interest rates. Today, China, itself the world's largest holder of foreign currency reserves, is leveraging its huge energy purchases from Saudi Arabia for a host of mega projects,⁴ from infrastructure to digital, weapon, alternative energy and industries that will tie the Kingdom to China in the post-oil age. This is already starting to balance the books in the economic relations between the two countries. Similar deals are underway with several of the Gulf States. China's economic magazine of reference, *Caixin*, notes that Middle East investors are teaming up with Chinese firms for local projects as much as for the China market.⁵

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In geopolitical developments related to this economic pull, the region's states, including NATO member Turkey, flock to the Shanghai Cooperation Organization (SCO). In a hardly credible development, the United Arab Emirates withdrew in May 2023 from the US-led Middle East Maritime Security Alliance. This followed closely a claim by Iran to be forming a "naval alliance" with Gulf Cooperation Council (GCC) states.⁶ In June, Iran's navy commander said that the trilateral naval coalition of Iran, Russia and China, which holds annual exercises, is developing.⁷ Iran's claims are likely excessive – the region could not possibly trust Iran for security in the Gulf. But the lack of denials is a sign that it is mixing continuing real dependence on U.S. force with actions designed to lower their risks.

In this context, China has considerable leverage. In a new development, it is also vastly increasing its oil and LNG purchases from Russia at lower prices, thanks to the Western sanctions on Russian energy. Russia became China's first oil supplier in early 2023. Thus, at the same time that it gained considerable influence over the Middle East, it could mitigate its own energy supply risks with Russia's resources. Even if it is not in the U.S. situation of energy self-sufficiency, it has more options than Europe or Japan, for example.

The writing is on the wall. **While we would do well to discard Beijing's proliferating rhetoric – what it calls "language power" – regarding the Middle East, we should heed the warning that its practical influence is delivering through these public diplomacy coups.**

4. Tuvia Gering, "Full throttle in neutral: China's new security architecture for the Middle East", *Atlantic Council*, February 15, 2023, <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/full-throttle-in-neutral-chinas-new-security-architecture-for-the-middle-east/>

5. Zhai Shaohui and JZhang, "In-Depth: Chinese Firms Flock to Saudi Arabia in Middle East Gold Rush", *Caixin Global*, May 4, 2023, <http://web.archive.org/web/20230513155343/https://www.caixinglobal.com/2023-05-04/in-depth-chinese-firms-flock-to-saudi-arabia-in-middle-east-gold-rush-102042468.html>

6. Seth J. Frantzman, "IRGC navy commander threatens US, Israel and Middle East - analysis", *The Jerusalem Post*, April 25, 2022, <https://www.jpost.com/middle-east/iran-news/article-705058>

7. Tasnim News Agency, "Iran Claims New Naval Alliance To Saudi Arabia, Other Countries", *Eurasia Review*, June 4, 2023, <https://www.eurasiareview.com/04062023-iran-claims-new-naval-alliance-to-saudi-arabia-other-countries/>

ABOUT

China Trends seeks understanding of China from Chinese language sources. In an era where the international news cycle is often about China, having a reality check on Chinese expressions often provides for more in-depth analysis of the logic at work in policies, and needed information about policy debates where they exist. China Trends is a quarterly publication by Institut Montaigne's Asia Program, with each issue focusing on a single theme.



MUCH MORE THAN OIL: THE DEVELOPING CHINA-MIDDLE EAST ENERGY PARTNERSHIP

The intricate relationship between China and the Middle East has witnessed significant transformations, especially in the area of energy cooperation. Historically, the Middle East has been a vital supplier of crude oil to China. However, over the past decade, there has been a notable shift towards diversification in China's energy mix. This shift is driven by China's aim to reduce its reliance on fossil fuels, mitigate environmental concerns, and enhance energy security. The country has thus intensified efforts to explore alternative energy sources, including natural gas, nuclear power, and renewable energy.

The relationship between China and Middle East countries nevertheless still resembles the traditional cooperation model between China and other resource-rich countries. Ding Long, a professor from Shanghai International Studies University's Middle East Institute, talks of the oil resource as both an "advantage and a curse" (红利与诅咒) for these countries, a situation that possibly contributed to their developmental stagnation (发展迟滞).⁸ As regards the cooperation per se, it includes oil, gas and the petrochemical industries. Middle Eastern countries are also an important market for Chinese energy technologies and infrastructure, such as transmission lines and grid interconnection tech. Last but not least, owing to the inevitability of the energy transition, renewable energy technologies are of interest to Middle Eastern countries and therefore gained more significance in Chinese-Middle Eastern relations.

The energy security narrative: inevitable Middle Eastern suppliers?

The energy security narrative is peaking in China. The coal capacity crisis of late 2021 and the Russian invasion of Ukraine urged China to diversify its global access to fossil fuels. Naturally, the resource-rich nations of the Middle East are high on that agenda. Nevertheless, though Chinese imports from the Middle East grew by 4% year-on-year in the period 2021-2022, Chinese imports from Russia grew by a larger percentage of 8% in the same period, the land border possibly



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appearing as a safer bet against growing maritime insecurity. **Russia and Saudi Arabia therefore exported comparable quantities of oil to China in 2022.** China is likewise diversifying towards other partners, such as Malaysia, with a sharp increase of Chinese imports, reaching around 40% of the Saudi Arabian quantities.⁹

But China's approach to securing energy resources in the Middle East is a multi-faceted strategy, encompassing trade, investment, infrastructure development, and strategic partnerships beyond the energy sector. Moreover, the importance of the region for China seems to go beyond energy supply as many observers point to the potential of further deepening the partnership.

A key turning point occurred when China became a net importer of crude oil in 1993, a date that is also an important marker according to Niu Xinchun's – the director of China Institutes of Contemporary International Relations' Middle East Institute – version 2.0 of China-Arab relations. Indeed, Niu puts forward a historical segmentation of these relations by going back to 1949.¹⁰ Since version 2.0, the Middle East has therefore been one of China's many suppliers, representing 50% of China's crude oil imports as of 2021.¹¹ Against this backdrop, **China's oil imports from the region nearly quadrupled between 2001 and 2012 and almost doubled between 2012 and 2022.**¹² Saudi Arabia, particularly, is making the headlines as the key regional partner for China's current and future energy security. Tang Tianbo, while commenting on Xi's visit to Saudi Arabia in December, uses the metaphor “two blossoms” (两开花) and describes the country as China's “ideal partner” (理想的合作伙伴) for traditional energies (meaning fossil fuel) and for new ones (nuclear and solar energies).¹³

China has strategically invested in major energy projects across the region. China's investments in Saudi Arabia's downstream sector, such as the Sinopec-Saudi Aramco joint venture in Yanbu, highlight the complexity of the energy relationship between China and Middle Eastern countries. Likewise, PetroChina and QatarEnergy recently agreed on long-term LNG supply to China, and the signed partnership in the North Field East LNG expansion project (NFE) is an additional proof of China's growing interest in all forms of gas available in the region.¹⁴

The announcements made in June during the Arab-China Business Conference of over 30 massive investments in China from Saudi Arabia and other Middle Eastern countries support the idea that the opposite is equally true. Besides agreements reached by Saudi Aramco, the most publicized was the 5.6 billion US dollar (5.1 billion euros) cooperation deal between the Saudi Ministry of Investment and the Chinese electric vehicle maker Human Horizons, which establishes a joint venture for automotive research, manufacturing, and distribution.¹⁵ This prompts Chinese experts such as Liang Haiming, director of Hainan University's Belt and Road Research Institute, to assert that “as U.S. assets are no

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8. Ding Long, “Arab countries are struggling to explore the road of development and transformation (阿拉伯国家艰难探索发展转型之路)”, *World Affairs*, No.18 (2022), pp. 19-22.

9. International Trade Center's Trade Map based on the General Customs Administration of China's figures: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c156%7c%7c%7c2709%7c%7c%7c4%7c1%7c1%7c2%7c1%7c2%7c2%7c1%7c1

10. Version 1.0 (1949-1978) focused on both sides' positions in the strategic game between major powers and in the context of independence movements but with overall limited trade. Version 2.0 (1978-2013) gave way to the energy and trade aspect of relations. Version 3.0 (2014-2022) saw the further expansion of the relation with a maturing of exchanges to include finance, investment, science and technology, and culture. Version 4.0 (2022-onwards) should achieve a more balanced economic, cultural, and political relationship, with the conclusions of the China-Arab States Summit as a starting point, and greater space given to regional security issues. See Niu Xinchun, “China-Arab relations are moving into version 4.0 (中阿关系正迈入4.0版)”, *Global Times*, December 8, 2022, <https://web.archive.org/web/202302020112825/https://opinion.huangqi.com/article/4AnNN9Gyaw8>

11. U.S. Energy Information Administration, “Country Analysis Executive Summary: China”, August 8, 2022, https://www.eia.gov/international/content/analysis/countries_long/China/china.pdf, p.5.

12. International Trade Center's Trade Map based on the General Customs Administration of China's figures: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c156%7c%7c%7c22%7c2709%7c%7c%7c4%7c1%7c1%7c2%7c1%7c2%7c2%7c1%7c1

13. Tang Tianbo, “President Xi's visit to Saudi Arabia promotes new development of China-Saudi Arabia relations (唐恬波: 习主席访问沙特推动中沙关系新发展)”, *China Institutes of Contemporary International Relations*, December 7, 2022, <https://web.archive.org/web/20230521023115/https://mp.weixin.qq.com/s/DO2VErkCi4oi3lRmkkdxGw>

14. “PetroChina Signs Cooperation Agreement with Qatar Energy Company (中国石油与卡塔尔能源公司签署合作协议)”, *PetroChina News Center*, June 21st, 2023, <http://web.archive.org/web/20230629133936/http://news.cnpc.com.cn/system/2023/06/21/030104816.shtml>

15. “10th edition of Arab-China Business Conference ends with landmark announcement of Riyadh Declaration”, *Saudi Press Agency*, June 13, 2023, <https://www.spa.gov.sa/en/f2be5d5ba9v>

longer a safe-haven asset with stable returns in recent years, the trend has been for global capital to move eastward to Asia, especially China".¹⁶

The Middle East, a market for China's diversification towards renewable energies

Acknowledging the global shift towards renewable energy, China and several Middle Eastern countries therefore began to cooperate in this domain. As explained by Ding Long, China's "dual carbon" goals ("双碳"目标) will bring new opportunities for the energy cooperation in a setting where **"Arab countries have outstanding new energy endowments, while China leads the world in new energy technology and equipment manufacturing"** (阿拉伯国家拥有突出的新能源禀赋, 中国则在新能源科技和设备制造方面领先世界).¹⁷ Indeed, China has emerged as a significant player in the solar power sector, becoming the world's largest producer and exporter of solar panels. In return, Chinese commentators such as Liu Chang, assistant researcher fellow at the China Institute of International Studies, note that the Middle East, with its abundant sunshine, offers immense potential for solar energy production and opportunities for Chinese renewable companies.¹⁸

The recent strategic cooperation memorandum signed between Energy China and Al Jomaih Energy & Water Company for instance demonstrates this flourishing renewable energy cooperation.¹⁹ **2022 figures also show Saudi Arabia's undeniable interest in Chinese technologies since it imported 1.2 GW of Chinese solar modules last year compared to only 100 MW in 2021.**²⁰ The UAE's Mohammed bin Rashid Al Maktoum Solar Park will also witness the involvement of Chinese companies, assisting in the park's expansion and establishing clean energy infrastructure.²¹ However, despite the growing discourse on this "new energy cooperation", such projects still account for a relatively small portion of the funds compared to the fossil fuel projects that China still engages in within the region.

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According to Li Weijian, a researcher at the Institute of Foreign Policy of the Shanghai Institutes for International Studies and vice president of the Middle East Society of China, it is noteworthy that "many Arab countries are currently grappling with pressing energy and economic transition challenges due to mounting environmental and energy-related concerns, along with the global trend of accelerated development in green industries. China possesses a technological edge in these domains (...), Arab countries possess abundant renewable energy resources such as solar power and cleaner natural gas, while China leads the world in new energy technology and equipment manufacturing".²²

Sun Xia from the Shanghai International Studies University highlights an additional and critical aspect of China-Middle East cooperation in the energy transition, which involves **"actively participating in the formulation of international new energy technology standards"**. This dimension is considered vital for facilitating the financing of cooperative transition efforts and strengthening

16. "Middle East Capital Raises Position in China (中东资本加仓中国)", *National Business Daily*, March 30, 2023, <https://web.archive.org/web/20230629134917/https://mp.weixin.qq.com/s/yrk0Ugt8vbO7i8Mb7oyNfw>

17. "Experts talk about the milestone of the China-Arab Summit: deepening cross-regional cooperation for a better future (专家谈中阿峰会的里程碑意义: 深化跨区域合作共创美好未来)", *Nandu Jishi*, December 9, 2023, <https://web.archive.org/web/20230121011045/https://m.mp.oeeee.com/a/BAAFRD000020221209747620.html>

18. Liu Chang, "Gulf Arab countries turn to green development (刘畅: 海湾阿拉伯国家转战绿色发展)", *China Institute of International Studies*, February 2nd, 2023, https://web.archive.org/web/20230325230651/https://www.cis.org.cn/yjcg/sspl/202302/t20230217_8869.html

19. "Energy China and Al Jumeirah Holding Group signed a strategic cooperation memorandum", *The Paper*, June 18, 2023, https://web.archive.org/web/20230629134613/https://www.thepaper.cn/newsDetail_forward_23529892

20. Richard Chen, "China's module exports hit high in 2022", *InfoLink Consulting*, February 3, 2023, <https://www.infolink-group.com/energy-article/solar-topic-Chinas-module-exports-hit-high-in-2022>

21. Yuan Shenggao, "ACWA Power: Platform for Saudi-China long-term renewable collaboration", *China Daily*, December 9, 2022, <https://web.archive.org/web/20221209110506/http://epaper.chinadaily.com.cn/a/202212/09/WS63929133a31077689885152.html>

22. "Experts talk about the milestone of the China-Arab Summit: deepening cross-regional cooperation for a better future (专家谈中阿峰会的里程碑意义: 深化跨区域合作共创美好未来)", *Nandu Jishi*, December 9, 2023, <https://web.archive.org/web/20230216225114/https://m.mp.oeeee.com/a/BAAFRD000020221209747620.html>

the sustainable energy partnership, encompassing aspects such as “energy economy, dependence, and security”²³

Opportunities in grid development

Grid development in the Middle East is also a key topic. **Transporting electricity from regions with high renewable potential to regions with high demand will become a critical factor for the future energy system globally.**

This is especially true for regions intending to become suppliers to Europe, like Egypt, but also for other countries that aim to become green energy suppliers, such as Oman, where China already owns a 49% stake in the national grid company.²⁴

Chinese commentators have fully taken stock of the market potential coming from the current lack of regional grid interconnection among Middle Eastern countries. As such, two researchers from the Institute of Economics and Technology of the Global Energy Interconnection Development and Cooperation Organization, Zhang Rui and Yue Fengli emphasize that, despite political and security obstacles, China could become an important partner in Arab power integration.²⁵ This could especially be the case with the **use of China's advanced power transmission and distribution technology to boost the construction of national power grids and transnational power grids.**

This is not a new topic though as illustrated within the **China-Arab States Cooperation Forum 2020-2022 Action Plan** of August 2020, which already suggested that “close comprehensive cooperation in the field of electric power and smart networks should be pursued, and taking advantage of the experience accumulated by both sides, [they should] strive to strengthen cooperation in power grid planning and investment in energy projects” (应密切在电力和智能网络领域的全面合作, 利用双方积累的经验, 努力加强在电网规划和能源项目投资中的合作).²⁶

Geostrategic implications: incorporating non-energy factors in the equation

Market opportunities are however not an easy win. Sun Xia further notes that the bilateral energy cooperation relationship is restricted by many non-energy factors. These mainly include other major powers' Middle East policies, energy alliance relations (also with OPEC and IEA), energy transition trends, and competition for the right to speak in the areas of energy and climate.²⁷ This leads him to argue that **geopolitical competition interferes with Chinese investment projects in the region both for hard and soft infrastructures.**²⁸ In their energy cooperation, he moreover advocates that both sides “break the traditional path dependence (...) and take the initiative to accept the challenges brought by climate change and energy transition” (双方需要打破能源合作的传统路径依赖, 主动接受气候变化和能源转型对能源合作带来的挑战). Chinese observers further underline the Chinese-Arab energy financial cooperation has major potential but still lacks impetus, especially at the regional level.

Experts thus remain cautious when it comes to the future of this relationship because of the impending energy transition China has to implement. Wang Meng and Wang Bochao, two scholars from Northwest University's Institute of Middle Eastern Studies, note that “China's upcoming energy consumption peak may weaken the growth thrust of Sino-Arab economic and trade development,

23. Sun Xia, “Non-energy factors and their influences in energy cooperation between China and Middle East countries (中国与中东国家能源合作中的非能源因素及其影响)”, *Arab World Studies*, No.4 (2022), pp. 21-39.

24. “State Grid of China to acquire 49% stake in State Grid Corporation of Oman” (中国国家电网收购阿曼国家电网公司49%股权), *Government of the People's Republic of China*, https://web.archive.org/web/20191216202206/https://www.gov.cn/xinwen/2019-12/16/content_5461557.htm

25. Zhang Rui & Yue Fengli, “Progress and obstacles to Arab power integration in the context of the energy Transition (能源转型背景下阿拉伯电力一体化的进展与阻碍)”, *Arab World Studies*, No.2 (2022), pp. 98-117.

26. “China Arab States Cooperation Forum 2020-2022 Action Plan (中国—阿拉伯国家合作论坛 2020 年至 2022 年行动计划)”, *China Arab States Cooperation Forum*, August 10, 2020, https://web.archive.org/web/20221209032846/http://www.chinaarabcf.org/lthyjwx/bzjhywj/dijbzjhy/202008/t20200810_6836922.htm

27. Sun Xia, “Non-energy factors and their influences in energy cooperation between China and Middle East countries (中国与中东国家能源合作中的非能源因素及其影响)”, *Arab World Studies*, No.4 (2022), pp. 21-39.

28. For Sun Xia, hard infrastructures (硬基础设施) include roads, ports, pipelines, and liquefaction stations, while soft infrastructures (软基础设施) include energy technology standards, environmental protection and emission reduction mechanisms, or energy finance.

but energy ties based on huge oil and gas imports will continue to be a driving force for Sino-Arab economic and trade development. China holds a huge deficit with most oil-producing countries except the UAE, Libya and Algeria and a huge surplus with all non-oil-producing countries (...) China's upcoming peak energy consumption may be the apex (顶点) of this relation".²⁹

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Of course, if China reduces its reliance on fossil fuels in the medium to long term, this development will impact its relationship with resource-rich countries. **Even if China starts exporting renewable technologies to these countries, it will never fully compensate for the extensive market that fossil fuels represent today and in the near future.** In light of this reality, Kang Xiao, associate professor at Beijing Foreign Studies University's School of International Relations, suggests that "energy structure and greenhouse gas emissions negatively reflect the key markers of China and Saudi Arabia in South-South cooperation on climate change (...) Saudi Arabia needs to rely on existing advantages of oil and gas resources to realize gradual economic transformation, so it is difficult to replace fossil energy with new energy on a large scale in the short term".³⁰

Hence, China's deepening energy relationship with the Middle East carries geostrategic implications and is part of a larger global reconfiguration of energy supply and demand. Some Western nations have concerns regarding China's access to critical energy infrastructure and its potential impact on regional stability whereas Chinese scholars see this as a crucial opportunity. **China's commitment to reducing carbon emissions and transitioning towards cleaner energy sources will impact its energy cooperation with the Middle East** but the country's energy transition is again part of a larger international energy strategy.

Trading in green energy does not yet equate to trading in a traditional commodity like gas or oil, not least because green energy does not currently have the same financial value as fossil fuels. Aside from a diversification of energy relations, we may also witness **a more energy independent China while the Middle East will rely on imported technologies to produce carbon-neutral electricity or hydrogen to trade with the rest of the world.** Until then and while it has the upper hand in negotiations, China will continue to represent a huge market for Middle Eastern commodities and with an ever larger share of these exports in the future.

29. Wang Meng and Wang Bochao, "A Multi-dimensional Perspective on the Development of China-Arab Economic and Trade Cooperation since the 21st Century (21世纪以来中阿经贸合作发展的多维透视)", *Arab World Studies*, No.1 (2023), pp. 25-49.

30. Kang Xiao, "Analysis of South-South cooperation between China and Saudi Arabia in addressing climate change (康晓: 中国与沙特阿拉伯应对气候变化南南合作探析)", *Arab World Studies*, No.2 (2023), pp. 3-24.



CHINA AND THE MIDDLE EAST: A NEW ECONOMIC EQUATION?

Over the course of three decades China has become the world's largest importer of oil, and even though it is itself a producer of oil, the fifth largest globally in 2021 and with an output roughly equivalent to that of Iraq. The surge in oil imports, and the rising demand for gas has led China to forge closer ties with the Middle East. But while energy has been at the heart of China's engagement with the region, economic relations have evolved and expanded over time. **Initially, Beijing's focus was on evening out the trade balance with oil exporting countries by selling consumer goods into the region**, facilitated by a long history of construction work as well as arms sales. Politically, it sought to keep the region at arm's length and prioritized bilateral relations over multilateral engagements. But China's economic footprint now extends to almost all the countries in the region, albeit with widely different trade volumes and encompassing different sectors.

Chinese companies rise up the value chain, they contend with competition for higher quality goods from the US, Europe and Japan, as well as lower priced goods from India and Southeast Asia.

China's views of the region as an export market have evolved to consider new sectors, including telecoms, health-care, clean tech as well as e-commerce even though the scope for substantial increases remains limited. Interestingly, though, **as Chinese companies rise up the value chain, they contend with competition for higher quality goods from the US, Europe and Japan, as well as lower priced goods from India and Southeast Asia.** Chinese companies also lament bureaucratic complexities and cultural differences that hinder deeper ties. But the deep geopolitical

divides in the world, due to China-US tensions and to the Russian invasion of Ukraine present new trade and political opportunities for China in the region. Beijing's economic diplomacy in the Middle East, which is becoming distinctly more multilateral, could support China's efforts to shape global governance. Even though Beijing will not replace or displace the US in the Middle East, **its economic footprint is increasingly seen as a tool not just to mediate in regional hotspots, but also to reform global governance.**

A numbers game

As China's economy has grown and developed, its appetite for imported oil has increased, leading it to rely more heavily on the Middle East. Indeed, in 2021, oil imports from the region were valued at \$130.58 billion (€116.87 billion at July 2023's exchange rate),³¹ or over one-third of two-way trade



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between China and the Middle East (which was valued at \$330.3 billion – or €295.63 billion – that year)³², and accounted for 71.3% of China's total imports from Arab countries. And **while China runs a large trade deficit with its largest oil supplier, Saudi Arabia, its overall trade with the region is relatively balanced**; it is the outcome of years of efforts to market producer goods – mainly manufactured goods and electronics – into the region. In 2022, China's two-way trade with the region surged to \$507.15 billion (€453.9 billion), rising from 2021 levels by 27%: exports to the region were valued at \$228.9 billion (€204.87 billion), while imports from the region reached \$278.2 billion (€249.4 billion).³³ China's trade with GCC countries alone is now four times greater than GCC trade with the US.³⁴

While GCC countries and oil producers play an outsized role in the numbers game, China has long been enjoying trade relations with most countries in the region. In the 1980s, it exported labour and construction services to a variety of countries including Kuwait, Iraq, Yemen, as well as Israel, the UAE, Afghanistan and Egypt, with the region accounting for just under half of China's total export of labour services.³⁵ While China has also been a large weapons provider to the region,³⁶ the analyses reviewed here do not mention that part of the trade relationship.

Trade relations have evolved substantially since the 1990s, with authors noting two important turning points. The first one was the announcement of the Belt and Road Initiative in 2013 and the articulation in 2016 of China's "1+2+3" regional policy framework,³⁷ with "1" being the "core" of energy trade as well as investments in the upstream (mainly in Iraq but also in Iran and the UAE) and in the downstream (in Saudi Arabia). To complement this, relations include "two wings" (两翼) of "infrastructure construction and trade and investment facilitation"; and "three breakthroughs" (三突破口) which include nuclear energy, space satellites, and new energy. The second turning point was the post-COVID period, when Chinese companies made inroads into healthcare, and more significantly into e-commerce in the region. The same period coincides with a relative reduction of US focus and engagement in the region, in part because of the Russian invasion of Ukraine. This leaves more space for China to engage commercially, and even politically, with regional states.

Relations include "two wings" (两翼) of "infrastructure construction and trade and investment facilitation"; and "three breakthroughs" (三突破口) which include nuclear energy, space satellites, and new energy.

A changing investment landscape

The BRI's significance was mainly in the expansion of Chinese investments into new countries and new sectors. Previously, **Chinese companies were most actively present in Iraq, Saudi Arabia, Syria and Egypt; but post-BRI, investments in the UAE saw a marked increase.** And in the aftermath of the Syrian civil war, China has been actively engaged in post-war reconstruction. In the mid-2010s, Chinese firms have been active in large infrastructure projects including ports, railway, ultra-high-voltage transmission projects, 5G networks, and big data centres.

31. Wang Meng and Wang Bochao, "A Multi-dimensional Perspective on the Development of China-Arab Economic and Trade Cooperation since the 21st Century (21世纪以来中阿经贸合作发展的多维透视)", *Arab World Studies*, No.1 (2023), pp. 32.

32. Niu Xinchun, "China-Arab relations are moving into version 4.0 (中阿关系正迈入4.0版)", *Global Times*, December 8, 2022, <https://web.archive.org/web/20230202112825/https://opinion.huanqiu.com/article/4AnNN9GyawB>

33. He Liuying, "Middle East businessmen gathered at the Canton Fair, China and the Middle East economic and trade relations continue to 'warm up' (中东客商云集广交会 中国与中东经贸关系持续"升温")", *21st Century Business Herald*, April 29, 2023, <https://m.21jingji.com/article/20230429/278197166757b928d558c2c9b07fe058.html>

34. The total US-GCC trade was estimated at \$83.5 billion (€74.3 billion) according to the International Trade Center's Trade Map based on the US Census Bureau data: https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c842%7c%7c%38%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1%7c1

35. Wang Meng and Wang Bochao, "A Multi-dimensional Perspective on the Development of China-Arab Economic and Trade Cooperation since the 21st Century (21世纪以来中阿经贸合作发展的多维透视)", *Arab World Studies*, No.1 (2023), pp. 25-49. This figure is also cited by Liu Dong.

36. Hiddai Segev and Ofek Riemer, "Not a Flood, but a Rising Current: Chinese Weapons Sales to the Middle East", *INSS*, August 2019, available at <https://www.inss.org.il/wp-content/uploads/2019/08/Hiddai.pdf>

37. "China's Arab Policy Paper", *The State Council of The People's Republic of China*, January 13, 2016, http://english.www.gov.cn/archive/publications/2016/01/13/content_281475271412746.htm

By 2016, China surpassed the US and UAE to become the largest foreign investor in the region, accounting for 31.9% of foreign direct investments.³⁸ With Middle East countries looking to develop their knowledge economies based on the Internet and artificial intelligence, tech and innovation diplomacy have become a significant part of China's engagement with the region, with cooperation expanding to communication technology, aerospace, biotechnology, big data, and cloud computing.

The **“Digital Silk Road” has offered Chinese companies significant inroads into the region:** China's Huawei is building 5G networks in Saudi Arabia, UAE, Kuwait, and Oman, with all countries seemingly oblivious to Washington's concern about the company. Satellites are another priority: China's satellite navigation system Beidou is now in use across the Middle East, with applications in telecommunications, maritime security, and precision agriculture. In the digital space, there is scope for China to go beyond equipment sales and infrastructure investments, and to shape digital governance. China, Saudi Arabia, Turkey, UAE, and others jointly launched the Belt and Road Digital Economy International Cooperation Initiative in December 2017 and the Arab League signed a Data Security Cooperation Initiative with China in March 2021.

The COVID-19 pandemic and the associated rise in e-commerce (and in the Middle East, more fundamentally, the increase in digital platforms and acceptance of e-commerce) has opened new doors for Chinese companies: between 2017 and 2021, China's cross-border e-commerce volumes increased ten-fold, reaching 1.98 trillion yuan (€247 billion at July 2023's exchange rate) in 2021, a year-on-year increase of 15%.³⁹ Yet the surge in e-commerce is concentrated mainly in the GCC and Egypt, where increasingly tech-savvy and affluent young consumers are leading the charge. **Despite the enormous potential in light of the burgeoning market and Chinese firms' expertise, regulatory barriers remain a constraint:** not only are policies inconsistent at times and trade barriers are high, but logistics are also a challenge given the rapid rise in demand and the inability of logistics and warehousing to keep up.

Match China's production capacity advantages with the needs of Arab countries, carry out advanced, applicable, effective, employment-friendly, green and environmentally friendly production capacity cooperation with Arab countries, and support the industrialization process of Arab countries.

The issue of supply chains has been picked up by other authors too. Liu Dong, a director of the China Middle East Society, highlights the vast potential for Chinese investments in regional manufacturing capabilities, only to end up with a long list of challenges. The Chinese government aims to “match China's production capacity advantages with the needs of Arab countries, carry out advanced, applicable, effective, employment-friendly, green and environmentally friendly production capacity cooperation with Arab countries, and support the industrialization process of Arab countries” (对接中国产能优势和阿拉伯国家需求, 与阿拉伯国家开展先进, 适用, 有效, 有利于就业, 绿色环保的产能合作, 支持阿拉伯国家工业化进程).⁴⁰ It is cognizant of the need to create local

38. Shaobiao Wen, Yao Chen, “China's Middle East Economic Diplomacy in the New Era”, *Chinese Journal of International Review*, Vol. 4, No. 2, December 2022.

39. Liu Bin and Yang Hang, “The current situation, challenges and countermeasures of Sino-Arab cross-border e-commerce cooperation (中阿跨境电子商务合作的现状、挑战与对策建议)”, *Arab World Studies*, No.3 (2023), pp. 3-20.

40. Liu Dong, “Strategic transformation of industrial development in Arab countries and Sino-Arab production capacity cooperation (阿拉伯国家工业发展战略转型与中阿产能合作)”, *Arab World Studies*, No.3 (2022), pp. 4.

value add and support Arab countries' efforts to develop their economies. Yet the reality remains challenging.

A number of countries in the region, including Egypt, the UAE and Saudi Arabia have issued more supportive policies for foreign investment in manufacturing but "a poor business environment in some Arab countries" (一些阿拉伯国家营商环境相对较差), **cultural differences and geographic distance mean that Chinese companies still prioritise investments closer to home.** Perhaps one oblique reference to the fact that investments post-BRI are challenging is the remark by Wang Jinyan, deputy director and associate researcher of the Social and Cultural Research Office of the China-Africa Institute, that "**China's promotion of the 'Belt and Road' construction has entered the stage of 'fine brushwork' from 'freehand brushwork'**" (我国推进"一带一路"建设已从"大写意"进入"工笔画"阶段). This perhaps alludes to the idea that the broad brush mandate by the Chinese government to invest in BRI countries has now changed, with a clear quest to find new and interesting opportunities, given China's current economic slowdown. Notwithstanding this, "the cooperation between China and the Arab countries in jointly building the 'Belt and Road' is deepening, improving in quality and increasing in volume" (我国与阿拉伯国家共建"一带一路"合作正在走深走实, 提质增量).⁴¹

Location, location, location

Despite the Chinese government's stated desire to support Arab countries' efforts to rise up the value chain, doing business in the GCC and Egypt is much easier: government policies have become increasingly supportive, the physical and business infrastructure has improved. Chinese companies, especially in technology, communications and even in renewable energy seem to be focusing on these more established markets.

Saudi Arabia in particular is China's most significant trade and geopolitical partner, beyond oil. With Chinese firms becoming more competitive, they have secured investments in the energy space in the Kingdom and have benefitted from Saudi Arabia's "Vision 2030" – a plan to promote private business and foreign investment – and the rapid rollout of supportive policies. Meanwhile, **investment from US dollar funds in China has fallen rapidly and as a result, some Chinese investment funds and businesses are seeking to raise capital, looking to the Middle East and mainly to Saudi Arabia to plug the gap.**⁴² On the one hand, the Middle East with its abundant and low cost energy resources (both fossil fuels and the potential for renewable energy) could become an important base for industrial clusters. Given the proximity to Europe, it could serve as an important base for Chinese manufacturers looking to enter the European market as restrictions on Chinese direct investments are mounting. On the other hand, Chinese goods still struggle to compete with products from Europe, America and Japan, limiting the prospects for further growth (还无法撼动欧美日等国产品在中东高端市场的地位).⁴³

A divided world

The new opportunities that have opened up post-COVID are enhanced by geopolitical trends such as deteriorating US-China relations and global fragmentation since the Russian invasion of Ukraine. According to Chinese sources, not only do most countries in the region think that the US and NATO are key in stimulating the Russian use of force (认为美国和北约的政策是刺激俄动武的主要原因, 并批评美国等西方国家对俄乌冲突和中东冲突持双重标准) but also the US's waning attention to the region has left more space for

41. Wang Jinyan, "Exploring the Prospects and Paths for Building the 'Belt and Road Initiative' between China and Arab Countries in the Context of the US-China Contest (中美博弈背景下中国与阿拉伯国家共建"一带一路"的前景与路径探析)", *World Socialism Studies*, No.11 (2022).

42. Zhai Shaohui and JZhang, "In Depth: Chinese Firms Flock to Saudi Arabia in Middle East Gold Rush", *Caixin Global*, May 4, 2023, <https://www.caixinglobal.com/2023-05-04/in-depth-chinese-firms-flock-to-saudi-arabia-in-middle-east-gold-rush-102042468.html>

43. Wang Meng and Wang Bochao, "A Multi-dimensional Perspective on the Development of China-Arab Economic and Trade Cooperation since the 21st Century (21世纪以来中阿经贸合作发展的多维透视)", *Arab World Studies*, No.1 (2023), pp. 25-49.

Chinese companies. **The normalization of relations between Israel and four Arab states in 2020 is also conducive for China to employ an integral economic diplomacy toward the whole region.**⁴⁴

44. Shaobiao Wen, Yao Chen, "China's Middle East Economic Diplomacy in the New Era," *Chinese Journal of International Review*, Vol. 4, No. 2, December 2022.

At the same time, there is now space for China to assume a more prominent role in regional governance, starting with special envoys to the region since the 2010s and culminating in the China-GCC summit in 2022. This is interesting because not only has China expanded its activities within multilateral regional fora – which it had largely resisted in the past –, but **Chinese analysts also seem to be articulating how economic diplomacy could begin to shape global governance, and how China could use its clout to promote peace in the region.** According to Wen Shaobiao and Yao Chen, respectively assistant researcher at Shanghai International Studies University's Institute of Middle East Studies and a scholar of Shanghai International Studies University's School of International Relations and Public Affairs, "economic diplomacy also acts as an essential means for China to mediate conflicts in the Middle East. Due to its limited political influence and mediation tactics in the region, China is inclined to reconcile regional conflicts and advance the political solution through economic means". At the same time, "economic diplomacy is an important instrument for a great power to shape ideas and institutions for global economic governance".

Chinese analysts also seem to be articulating how economic diplomacy could begin to shape global governance, and how China could use its clout to promote peace in the region.

So, as China's trade relations with the region have grown and deepened, and especially as US presence has diminished, China's vision of a multipolar order in the Middle East based on non-interference and interstate partnerships is starting to take shape.



INTERPRETING CHINA'S CHANGING APPROACH TO SECURITY ISSUES IN THE MIDDLE EAST

Iran and Saudi Arabia have surprised the world by announcing they agreed to resume diplomatic relations after decades of enmity and a formal cutting of ties in 2016. What made the agreement even more surprising is the fact that it arrived in Beijing, with Wang Yi, China's most senior diplomat and director of the Office of the Central Foreign Affairs Commission, playing the role of host. Indeed, China is one of the parties to the agreement.

Unsurprisingly, Chinese commentators were ecstatic. For example, Ding Long, a professor at the Middle East Studies Institute of Shanghai International Studies University (SISU), wrote that this event was proof of a paradigm shift in China's Middle East policy: China has finally managed to translate its national power into "diplomatic soft power" (外交软实力), something that, according to him, Beijing had not managed to achieve in the past.⁴⁵ Fan Hongda, another scholar at SISU, similarly argued that "the successful mediation between Saudi Arabia and Iran will, to a certain extent, change the **perception of China in the Middle East as a country that mainly focuses on economic issues and neglects security issues**" (关注经济议题而轻视安全等议题的固有印象).⁴⁶

This leads to the main question for all, inside and outside China: is this the beginning of a new stage of Chinese involvement in Middle Eastern security issues? Or is China's participation in the rapprochement between Tehran and Riyadh an outlier to its long-held "quasi-mediation"⁴⁷ approach?

Chinese sources suggest the answer to both questions is "yes": on the one hand, a variety of influential voices in China have been talking about the necessity to change the current approach to the region. On the other hand, there is also a clear awareness of the limits and potential costs associated with a more proactive involvement in regional and security affairs.

The need for a new Middle East policy

Approach to the region focused solely on economic engagement has become less effective.

Debates among Chinese foreign policy experts suggest that two key and interconnected factors are pushing China towards a more active involvement in the Middle East: the goal to live up to the image of a responsible great power (负责任大国) and, more pragmatically, the understanding that a hands-off approach to the region focused

solely on economic engagement has become less effective in either protecting or expanding Chinese interests.



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45. Ding Long, "The Beijing rapprochement of Iran and Saudi Arabia: The paradigmatic shift of Chinese diplomacy guided by concepts and implemented by coordinated actions (沙伊两国北京复交: 理念指引与行动配合下中国外交的范式转换)", *The Paper*, March 11, 2023, https://www.thepaper.cn/newsDetail_forward_22203847

46. Fan Hongda, "Beijing welcomes you (北京欢迎你们)", *News China*, March 10, 2023, https://mp.weixin.qq.com/s/CjvsqHJYMV5pPT_91sOjQ

One of the most prominent and long-time advocates for change is Hua Liming, the very influential⁴⁸ former Chinese ambassador to Iran, the Netherlands, and the United Arab Emirates. Writing in *Foreign Affairs Journal* (外交), a journal published by the Chinese People's Institute of Foreign Affairs, Hua stated that: "In the new century, China must define its strategic interests and goals in the Middle East. This is to gain greater influence in the Middle East and truly become a responsible power for peace and stability (...) To this end, China should reposition the Middle East in its diplomacy and unsparingly use diplomatic resources to make a difference. When we discuss China's Middle East strategy, there is one issue that cannot be avoided. This is the gap between the policy of burying one's head in the sand and the ambition to be seen as a responsible world power".⁴⁹

Even those that have long cautioned against a radical change see the necessity for a rethinking of China's Middle East policy. For example, Niu Xinchun, director of the Institute of Middle East Studies at the China Institutes of Contemporary International Relations (CICIR), has stated many times over the years that a more active policy toward the region, especially in terms of military interventions or alliances, would neither be cheap nor easy to sustain.⁵⁰ However, he also stated that Middle Eastern countries' growing interests in diversifying their relations beyond the United States and, at the same time, China's prominent role in their economies require "China to rethink the importance of the Middle East, China's interests, and the resources it is willing to invest" (中国有必要重新思考中东的重要性、中国的利益以及愿意投入的资源).⁵¹ Such a statement was made the same year in which he also summarized China's Middle East policy as "**doing nothing [in the region], reacting to something [at the UN]**", although he did recognize that China had become somehow more active in promoting peace talks in the region.⁵² This sober assessment had already been written in 2017, a few years after the launch of the Belt and Road Initiative (2013) and the publication of China's first white paper on the Middle East (2016).

At the same time, others argue that there is a substantial mismatch between Chinese initiatives and what regional leaders want. Tian Wenlin, a researcher at CICIR, stated that **Chinese experts often misinterpret the dynamics of Sino-Middle Eastern relations**.⁵³ In particular, he believes that many overstate the effectiveness of Chinese peace proposal initiatives and actions at the UN Security Council in positively shaping regional attitudes towards China. On the contrary, he argues, it is endogenous changes, especially a growing focus on economic development, that are really at the root of the region's growing interest in China. Li Weijian, a researcher at the Shanghai Institutes for International Studies (SIIS) and vice president of the China Association for Middle East Studies, similarly argues that Chinese initiatives, especially those outside the fields of trade and investment, often fail to gain traction in the region.⁵⁴ China can offer much-needed economic support and a developmental experience different from the Western model. However, Li writes, security issues still play a dominant role in Middle Eastern politics, and regional leaders do not see the usefulness of China-led or proposed forums and dialogues.

To summarize, the belief that Chinese interests would benefit from being more active in the region is now widely spread across the Chinese Middle East-watching community. However, as it emerges from the discussion in the previous paragraphs, different experts support change for different reasons. Some

— Chinese experts often misinterpret the dynamics of Sino-Middle Eastern relations.

47. Sun Degang and Yahia Zoubir, "China's Participation in Conflict Resolution in the Middle East and North Africa: A Case of Quasi-Mediation Diplomacy?" *Journal of Contemporary China*, Vol. 27, No. 110 (2018), pp. 224-43.
48. John W. Garver, "China and the Iran Nuclear Negotiations: Beijing's Mediation Efforts," in James Reardon-Anderson (ed.), *The Red Star and the Crescent: China and the Middle East* (New York, NY: Oxford University Press, 2018), pp. 123-48.s
49. Hua Liming, "Some Thoughts about the Current Situation in the Middle East (对当前中东局势的几点看法)", *Foreign Affairs Journal*, No. 118 (2015), <http://www.cpiifa.org/cms/book/8>
50. Niu Xinchun, "Niu Xinchun: China's constructive role in a changing Middle East (牛新春: 中东变局下中国的建设性作用)", *Global Times*, June 21, 2021, <https://opinion.huangqi.com/article/43cZGaHuT9q>
51. Niu Xinchun, "Niu Xinchun: China could become the winner of the transformation of the Middle East" (牛新春: 中国或成为中东转型的赢家), *Cfsnet*, January 21, 2021, <http://comment.cfsnet.com/2022/0121/1324843.html>
52. Niu Xinchun, "China's Middle East strategy within the framework of the Belt and Road Initiative (一带一路下的中国中东战略)", *Foreign Affairs Review*, Vol. 34, No. 4 (2017), pp. 32-58.
53. Tian Wenlin, "The Belt and Road Initiative and China's Middle East strategy (一带一路与中国的中东战略)", *West Asia and Africa*, No. 2 (2016), pp. 127-145.
54. Li Weijian, "China in the Middle East: Rhetoric and Practice (中国在中东: 话语与现实)", *West Asia and Africa*, No. 5 (2017), pp. 3-19.

see it as necessary to make China's foreign policy more commensurate to its growing power and expanding regional economic presence; others believe that there are new opportunities in the region which should be seized upon; others implicitly frame it more as a matter of correcting some of the problems that plague the current approach.

It can be said that this is also a reflection of the fact that there is seemingly no agreement about what should be China's ultimate goal, or the primary ones, in the region. The flow of oil and natural gas is a good case in point. Both the Chinese government⁵⁵ and most Chinese foreign policy experts mention it as, in the words of Niu Xinchun, "the most important among the most important Chinese interests" in the region.⁵⁶ However, the mutually crucial role that China and the region play in each other's economy due to their energy relations is also always mentioned as a key factor creating the opportunity for change. In other words, the distinction between means and goals is not so evident.

The challenges of defining and bringing about change East policy

As discussed above there is a clear desire for change but its motivations are not so well defined. **Hence, it is not surprising that it is unclear how China's Middle East policy should evolve.** Importantly, this is the case for Beijing's partnerships with Middle Eastern countries. Over the years, no clear statement in favour of exploring the possibility to deepen the partnership with any specific country could be found. On the contrary, important figures, such as Fudan University's Sun Degang, believe that "this [the current approach based on a flexible network of partnerships throughout the region] is in line with China's diplomatic philosophy and the interests of all parties".⁵⁷

Even when it comes to the relations with the United States, which is often identified as the main source of regional instability⁵⁸ and as being increasingly focused on containing Chinese influence in the Middle East,⁵⁹ it is unclear how or whether China should adopt a more assertive attitude. For example, even Hua Liming wrote that China should not change its approach and should refrain from "squeezing traditional American power" because of two reasons.⁶⁰ The first is that doing so would be meaningless, given the enormous gap between American and Chinese influence and capabilities in the region. The second, instead, is that there is still some room for cooperation between Beijing and Washington, despite their "different diplomatic philosophies".⁶¹

Western countries remain powerful stakeholders in the region and key to regional stability. As such, they cannot be ignored or excluded.

This latter position should not be understood as a naive expression of goodwill towards the United States. Rather, as stated by Niu Xinchun in the case of Syria, the fact is that any kind of long-lasting regional stability, which serves Chinese political and economic interests, cannot be achieved "without the support of the international community, including the United States and the European countries".⁶² Sun Degang recently made similar comments with regard to the Palestinian-Israeli issue

and Iran.⁶³ In other words, **Western countries remain powerful stakeholders in the region and key to regional stability. As such, they cannot be ignored**

55. Energy cooperation is described as the "core" of Sino-Middle Eastern relations in the white paper published by China in 2016. See: "China's Arab Policy Paper," PRC Ministry of Foreign Affairs, January 2016, https://english.www.gov.cn/archive/publications/2016/01/13/content_281475271412746.htm

56. Niu Xinchun, "Niu Xinchun: Coexisting with the United States: The new challenge for China's Middle East policy (牛新春: 与美国共处: 中国中东政策的新挑战)," *Aisixiang*, February 9, 2023, <https://www.aisixiang.com/data/140576.html>

57. Sun Degang, "Discussing China's Partnership Diplomacy in the Middle East in the 21st Century (论21世纪中国对中东国家的伙伴外交)," *World Economics and Politics*, No. 7 (2019), pp. 106-130.

58. For example: Ding Long, "Ding Long: Saudi-Iranian reconciliation opens the door to peace in Yemen (丁隆: 沙伊和解推开也门和平之门)," *Global Times*, April 11, 2023, <https://opinion.huanqiu.com/article/4CRP7YVSIj>; An Feng, "The 'tide of reconciliation' continues, is the Middle East entering a multipolar era? (和解潮'持续, 中东进入多极时代?)," *Liberation Daily*, April 20, 2023, <https://www.jfdaily.com/statics/res/html/journal/detail.html?date=2023-04-20&id=351510&page=08>

59. Jin Liangxiang, "From Balancing to Integration: The Biden Administration's Strategic Outlook to Take Care of both the Indo-Pacific Region and the Middle East (从平衡到整合: 拜登政府兼顾亚太和中东的战略展望)," *West Asia and Africa*, No. 2 (2021), pp. 26-46.

60. Hua Liming, "Some Thoughts about the Current Situation in the Middle East (对当前中东局势的几点看法)," *Foreign Affairs Journal*, No. 118 (2015), <http://www.cpiifa.org/cms/book/8>

61. The difference between the Chinese and American "diplomatic philosophies" lies in the fact that, according to Chinese experts, the United States creates and exacerbates divisions in the region, preferring security engagement over economic one, to preserve its dominant position. On the contrary, China is described as prioritizing economic development without discriminating against anyone in its partnerships. Therefore, Chinese experts argue that its approach is much more conducive to regional stability.

62. Jiabao Li, "H'as the United States Been Side-lined in Syria? (美国在叙利亚被边缘化了吗?)," *People's Daily*, February 19, 2019, <http://world.people.com.cn/n1/2019/0219/c1002-30805257.html>

63. Chen Ke, "Saudi Arabia and Iran shook hands in Beijing to make peace, why could China make it happen? (沙伊两国在北京握手言和, 中国'为什么能?)," *China Reports*, April 21, 2023, <https://mp.weixin.qq.com/s/VPu7uv2H4fDnbCnQt9sHg>

or excluded. Interestingly, this also shows that Chinese observers are more clear-eyed than many analysts in the West about the fact that the United States is not abandoning the Middle East and will not do so any time soon.⁶⁴

Indirectly, **American power further appears to limit China's capability to change approach in the region** by forcing Chinese policymakers to spend most of their time and "diplomatic resources" (外交资源) to deal with American pressure in East Asia, where China's so-called "core interests" are more vulnerable, especially given the fact that many in China believe Washington's Taiwan policy has changed.⁶⁵ It is against this background that Niu Xinchun's recently wrote that "unless major crises take place, China will not take the initiative to substantially adjust its current Middle East policy. Rather, it will carefully observe and adjust its approach depending on its interactions with the United States".⁶⁶ Niu hopes that Sino-American relations will not turn competitive in the Middle East after they have already turned sour in the Indo-Pacific and Europe.

This situation has important implications if one considers two important issues that influence Chinese policy-making vis-à-vis the Middle East.⁶⁷ The first is that **China's knowledge about the region remains limited.** The second one is that there are often **coordination problems among the numerous organizations and institutions involved in designing and implementing China's Middle East policy.** While the government is not standing still, as shown by its growing investment in area studies⁶⁸ and the upgrade of the Central Foreign Affairs Leading Group as the new Central Foreign Affairs Commission in 2018, the fact that even senior experts continue to mention these problems frequently is indicative of their persistent seriousness.

Finding the right degree of engagement in light of diversified security threats

To conclude, the articles and comments made by Chinese experts indicate that the recently deepening diplomatic involvement in Middle Eastern issues should be understood as a part of China's attempts to boost its profile in the region, and of its growing awareness that the long-held hands-off approach has reached its limits in terms of effectiveness.

However, the future of China's participation in regional hotspots remains difficult to say, as many issues remain to be clarified or resolved. At least to some extent, it seems that Chinese foreign policy elites know what they do not want but they are still debating about what the future should look like. **One of the most interesting elements that emerges from the debate is the multi-faceted, direct and indirect role of the United States in shaping China's Middle East policy.** Against this background, the ongoing Saudi-Iranian rapprochement represents a key test for the feasibility and direction of China's tentatively more proactive engagement in the region.

— *One of the most interesting elements that emerges from the debate is the multi-faceted, direct and indirect role of the United States in shaping China's Middle East policy.*

64. For more on this: Christopher K. Colley, "A Post-American Middle East? US Realities Vs. Chinese and Russian Alternatives," *Middle East Policy*, (2023), <https://doi.org/10.1111/mepo.12670>

65. For example: Cheng Lifei and Wang Qi, "Seeking to abolish the restrictions on the exchanges between the United States and Taiwan, the US House of Representatives bill further condones "Taiwan independence" and may provoke countermeasures from China (寻求废除美台交往限制, 美众院法案进一步纵容"台独"可能招中方反制)", *Global Times*, April 24, 2023, <https://taiwan.huanqiu.com/article/4CCVB521241>

66. Niu Xinchun, "Niu Xinchun: Coexisting with the United States: The new challenge for China's Middle East policy (牛新春: 与美国共处: 中国中东政策的新挑战)", *Aisixiang*, February 9, 2023, <https://www.aisixiang.com/data/140576.html>

67. Wang Meng, "Discussing the implementation of the Belt and Road in the Middle East (论一带一路在中东的实施)", *Contemporary International Relations*, No. 3 (2017), pp. 16-22+36; Niu Xinchun, "Imagination and reality: China's Middle East policy (想像与真相: 中国的中东政策)", *West Asia and Africa*, No. 4 (2021), pp. 25-53+156-157.

68. Ren Xiao, "The Development of Area Studies and the Implications for China's Future," *NBR Special Report*, No. 85 (2020), <https://www.nbr.org/publication/the-development-of-area-studies-and-the-implications-for-chinas-future/>



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