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Eastern countries in the 21st
century

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CHINA'S RELATIONS WITH MIDDLE EASTERN COUNTRIES IN THE 21ST CENTURY

Semanur Öncü

Abstract

In the 21st century, China has emerged as a significant player in the Middle East, reflecting its expanding economic and strategic interests. Following an ideologically based foreign policy during the Mao Zedong era, China adopted a more pragmatic approach with Deng Xiaoping's reforms, thereby strengthening its political and economic relations with the region. China's policies towards the Middle East are informed by three key considerations: energy security, commercial interests and the formation of strategic partnerships. In particular, China places a premium on forging close relations with Middle Eastern countries in order to meet its energy needs and sustain its economic growth. Furthermore, it has intensified its economic and strategic ties in the region by investing in infrastructure projects within the framework of the Belt and Road Initiative. This article analyses China's policies towards the Middle East as a global power in the 21st century.

Keywords: China, Middle East, Relations

Introduce

China, one of the world's longest-standing civilizations, played a relatively minor role in the 20th-century global order dominated by the United States and the Soviet Union. However, towards the end of the century, China managed to reverse this situation by making a strong comeback on the economic and diplomatic scene. China's ascendance was predicated on the rapid economic expansion that China achieved through a transition from an agrarian to an industrial society, facilitated by reforms initiated in 1978. The sustainability of this growth became a national priority for China, and the necessity for energy resources increased. Prior to 1993, China was self-sufficient in terms of energy. However, as its economy expanded, the country became reliant on external sources of energy and began importing these resources.

In order to mitigate this dependence and guarantee energy security, China has endeavored to fortify its military, economic, and cultural ties with nations endowed with substantial energy reserves. In this context, the Middle East, with its abundant energy resources and geostrategic location, represents a pivotal region for China's economic and strategic interests. China is pursuing a policy of deepening its



relations with the Middle East in order to ensure its energy security and expand its market share in the region.

As the world's second largest economy, China is seeking to enhance its global influence through the implementation of soft power strategies, driven by the need to secure energy resources and reduce its reliance on external sources. China's foreign policy is predicated on the principles of equality and compromise, and it endeavors to attain its strategic objectives through the utilization of soft power.

This article will examine China's policies towards the Middle East, which has emerged as a significant global power in the 21st century. Besides, it will focus on the China's approach to the region in terms of its energy security, economic interests, and strategic partnerships.

China's Middle East Policy

The period between the founding of the People's Republic of China in 1949 and 1978 represents a pivotal era in the evolution of Sino-Middle Eastern relations. During this period, Mao Zedong, the founder of the Chinese state, employed the "[intermediate zone theory](#)" approach to shape foreign policy in international [relations](#). The waning influence of Britain and France in the Middle East following the Second World War precipitated a shift in regional dynamics, rendering the region a new arena of contention. Mao defined the Middle East as the geographical area of competition between the United States and the Soviet Union. Consequently, relations with the Middle East during the Mao era exhibited minimal advancement.

In 1955, the initial contact with Middle Eastern countries commenced with the [Bandung Conference](#). This conference saw the participation of 29 countries, which subsequently established diplomatic relations with Syria, Egypt, Yemen, and Iraq. In the 1960s, the ideological divergence between China and the Soviet Union had a detrimental impact on China's relations with [pro-Soviet states](#). During this period, [the Cultural Revolution](#)¹, initiated by Mao, also had an impact on relations with the Soviets. Until 1971, China's relations with the Middle East remained constrained.

Following Mao's passing, significant shifts occurred under the guidance of Deng Xiaoping. China was attempting to mitigate the adverse consequences of the Cultural Revolution by pursuing economic development through the "quadruple modernization" [program](#). During this period, China initiated the establishment of diplomatic relations with Middle Eastern countries. Additionally, developments such as the Iran-Iraq War enabled China to diversify its foreign policy and turn to the arms trade. During the Deng era, the reforms initiated in 1978 resulted in a significant acceleration of economic growth, which in turn precipitated a substantial surge in China's energy consumption. In order to satisfy its expanding energy requirements, China initiated the importation of oil from the Middle East. In 1998, 61% of China's oil imports originated from Middle Eastern [countries](#).



Despite the lack of robust historical ties and interests between China and Middle Eastern countries during the Mao era, the advent of economic growth has led to a notable shift in these relations, with a renewed emphasis on energy-related collaboration. The Middle East occupies a strategic position for China for three principal reasons: its abundant energy resources, the fact that a significant portion of the world's crude oil reserves are situated there, and the reality that the most cost-effective crude oil is extracted from the Middle East.

As China strengthens its economic and trade relations with Middle Eastern countries, which it considers "energy partners," it is also developing military and political ties within the framework of international aid and defense industry relations. Nevertheless, a reliance on energy imports from the Middle East inevitably entails a corresponding degree of dependence on that region. These relations, which have become a crucial aspect of ensuring energy security, facilitate China's establishment of a robust presence in the Middle East. China encounters challenges in implementing energy policies in the Middle East, including the prevalence of regional conflicts and crises. Such circumstances have the potential to jeopardize investments, while terrorist organizations such as DAESH² have the capacity to inflict detrimental consequences on Chinese businesses. Furthermore, the prevalence of corruption in the region has the potential to negatively impact the interests of Chinese investors. The People's Republic of China's primary concern in the Middle East is the potential jeopardization of its energy security and investments.

In recent years, there has been a notable increase in China's interest in the Middle East. The evolution of Beijing's relations with countries in the region has occurred in conjunction with the growing energy needs of China and the implementation of the Belt and Road Initiative. Saudi Arabia and Iraq are significant oil suppliers for China, and China is a major trading partner in these countries. On June 20, 2023, a second significant liquefied natural gas (LNG) supply agreement with Qatar was [announced](#). The substantial liquefied natural gas (LNG) agreement between QatarEnergy and the China National Petroleum Corporation (CNPC), which encompasses the purchase of [4 million](#) tons per year of LNG over a 27-year period, represents a pivotal advancement in China's pursuit of energy security. In accordance with the terms of the agreement, CNPC will retain a 5% interest in the Eastern North Field expansion project in Qatar.

The Role of the New Silk Road in Middle East and China Energy Relations

The People's Republic of China's relations with the Middle East are relatively recent in comparison to those of other global powers, such as the United States and Russia. However, historically, Muslim merchants who reached China via the maritime route of the Silk Road and Chinese Muslims who undertook pilgrimages have established deep-rooted cultural ties. Since its establishment in 1949, China



has developed particularly close ties with revolutionary movements. In addition to economic growth, relations with the Middle East have been reinforced by the development of energy and [trade relations](#).

In 1993, China began importing oil, thereby necessitating a shift in its foreign policy towards the Middle East. The scope of relations was not limited to oil imports; rather, it expanded to encompass economic activities such as the sale of processed products, infrastructure projects, and construction contracts. While these relations have developed at the governmental level, China's policy of non-interference in domestic affairs provides an advantage in negotiations.

The Straits of Hormuz and Malacca, which are of critical importance for China in terms of energy security, present certain risks in regard to the transportation of oil. The Strait of Hormuz is susceptible to conflict due to sanctions imposed on Iran and geopolitical tensions. In contrast, the Strait of Malacca has historically represented a significant point of vulnerability for China, given its long-standing overdependence on this route. In order to mitigate this level of dependence, China is pursuing two distinct strategies. The diversification of energy import routes and the strengthening of naval capabilities represent two key strategies for enhancing [energy security](#).

[The Belt and Road Initiative](#), which was announced in 2013, is designed to enhance economic cooperation and political relations. The project places a particular emphasis on the construction of infrastructure and the facilitation of trade in the context of the historic Silk Road. As Xi Jinping stated in his 2014 speech, the central focus of this initiative is energy cooperation. In light of this, cooperation in areas such as energy resources, infrastructure projects, and nuclear energy has been highlighted.

China's objective is to reinforce its energy collaboration through the implementation of documents such as the "[China's Arab Policy Document](#)" and the "[Vision for Energy Cooperation on the Silk Road Economic Belt and the 21st Century Maritime Silk Road](#)." The aforementioned documents set forth objectives such as the enhancement of energy security and the integration of energy markets. To guarantee energy security within the context of the Belt and Road Initiative, China persists in investing in oil and natural gas reserves in the Middle East, developing alternative energy trade routes, and striving to reinforce its naval security.

At the Sixth Ministerial Meeting of the China-Arab Countries Cooperation Forum on June 5, 2014, Chinese President Xi Jinping underscored the pivotal role of energy in China-Arab relations and the interconnectivity of the Belt and Road Initiative with the Middle East. In his remarks on the historic Silk Road, President Xi Jinping underscored that the Belt and Road Initiative is founded upon the principles of mutual benefit and shared prosperity. He stated that the project will reinforce economic ties and generate new centers of growth and employment through infrastructure innovations. Jinping's "1+2+3"³ cooperation model considers energy as the focal point of collaboration and envisions infrastructure and trade facilitation,



as well as cooperation in areas such as nuclear energy and aerospace. He stated that these strategies would foster long-term friendship and strategic [cooperation](#).

In the document "Vision and Actions for Energy Cooperation in the Joint Development of the Silk Road Economic Belt and the 21st Century Maritime Silk Road," China put forth the proposal of a "Belt and Road Energy Club," with the objective of enhancing energy security, intensifying energy cooperation, and integrating energy markets. The "[Belt and Road Energy Ministers' Conference](#)" was convened in Beijing on October 18, 2018, and was succeeded by the formal inauguration of the "[Belt and Road Energy Partnership](#)" on April 24, 2019. A total of 30 countries have thus far become parties to this partnership. The partnership includes Saudi Arabia, the United Arab Emirates, Kuwait, Iraq, and Qatar from the Middle East. Additionally, Türkiye is a member of this partnership. This collaboration is of significant strategic importance with regard to the integration of energy markets and the enhancement of regional energy security.

Consequently, China's relations with the Middle East are of paramount importance in guaranteeing energy security, and are anticipated to intensify further through the Belt and Road Initiative. This strategic cooperation has the dual benefit of promoting economic growth and increasing China's influence on the international stage.

China's bilateral relations with Middle Eastern countries

The Middle East is a geographically significant region with a prominent role in global energy markets, due to its abundant energy resources. It is estimated that the region holds approximately 47% of the world's oil reserves. This situation situates the Middle East at the nexus of land and sea trade routes, while its location at the crossroads of three continents, in conjunction with its historical and cultural richness, serves to augment its strategic importance. However, the existence of these valuable resources has resulted in the emergence of conflicting interests among states, leading to the development of arms races. Furthermore, the region's history of weapons of mass destruction testing contributes to heightened geopolitical tensions.

China has expressed its intention to expand its sphere of influence in the Middle East. In this context, China's relations with the Middle East extend beyond the mere pursuit of energy security, encompassing a broader strategy aimed at safeguarding its commercial interests. As China increases its energy dependence, particularly from Gulf countries such as Saudi Arabia, competitors such as India and Japan are also entering this market.

During the Deng Xiaoping era, China's Middle East policies underwent a shift towards an economy-oriented approach, which in turn led to a reshaping of relations with Middle Eastern countries. In the aftermath of the Gulf Wars, the United States sought to assert its dominance in the region, prompting China to



pursue closer ties with the Middle East as a means of securing access to energy resources.

In the contemporary era, the control of energy resources in the Middle East is regarded as a strategic asset for China, in addition to its economic value. In this context, the acquisition of energy resources provides China with a competitive advantage over its global and regional rivals.

Relations between UAE and China

The relationship between China and the UAE has a lengthy historical background. Diplomatic relations were established in 1984 and have since undergone a process of gradual reinforcement. In 1990, the inaugural visit of the UAE's founding emir to China established the fundamental basis for bilateral relations. In 2012, a strategic partnership was established between the two countries, resulting in a notable acceleration in the pace of bilateral relations. The objective was to elevate the status of bilateral relations to a higher level, which was achieved through the conclusion of an agreement to establish a comprehensive [strategic partnership](#). In 2015, in accordance with the accelerated growth in investment and trade flows, a bilateral currency swap agreement was [concluded](#).

In recent years, there has been a notable surge in economic and trade collaboration between China and the UAE. China has consistently held the position of the UAE's primary trading partner. By 2023, the value of bilateral trade between the two countries had reached approximately 95 billion USD. Notably, bilateral non-oil trade has experienced a substantial increase, with an exceptional annual growth rate of 18% in 2022, resulting in a non-oil trade exchange exceeding [72 billion USD](#). Since the establishment of diplomatic relations in 1984, the volume of trade has grown nearly 800-fold, which serves to illustrate the depth of economic interaction between the two [countries](#).

The UAE is one of China's primary suppliers of oil, and the two countries are engaged in intensifying cooperation in this area. In the energy sector, the UAE is home to a number of major international companies, including Shell, BP, ExxonMobil, and Total. Prior to the inception of the Belt and Road Initiative, Chinese energy companies had not made significant investments in the UAE. However, in 2008, CPECC, a subsidiary of CNPC, secured the contract for the Abu Dhabi crude oil pipeline project and completed it in [2012](#).

The United Arab Emirates (UAE) initially declined to participate in the inaugural Belt and Road Forum. However, the UAE was represented at the highest level of government at [the second forum](#). The Prime Minister of the United Arab Emirates, Mohammed bin Rashid al-Maktoum, was in attendance at the forum on behalf of the UAE. In 2015, the UAE became a member of the Asian Infrastructure Investment Bank ([AIIB](#)), yet it did not participate in the Belt and Road Energy Partnership. Subsequent to the inception of the Belt and Road Initiative in 2014, CNPC procured



a stake in a field in the UAE for the first time, thereby acquiring ownership of [40%](#) of the Al Yasat field. In 2017, CNPC acquired an [8%](#) interest in an onshore field. In 2018, PetroChina acquired a [10%](#) interest in two offshore oil fields. In 2017, CEFC China Energy acquired a [4%](#) stake in one field, which was subsequently transferred to another Chinese company, Zhenhua Oil, in 2018. Additionally, Chinese energy companies have engaged in collaborative endeavors pertaining to the construction of power plants, manufacturing of equipment, and generation of electricity. Notably, they established collaborative arrangements with Saudi Arabia-based ACWA Power and engaged in power plant construction initiatives in Dubai.

From China's perspective, the UAE is also a crucial partner in the development of strategic ports. Cosco has identified Abu Dhabi as the center of the region and, in 2018, a new terminal was constructed at Khalifa Port. A correlation was identified between the terminal and the Belt and Road Initiative. During his visit, the Emir of Dubai, who attended the second Belt and Road Forum, announced the signing of agreements with the Dubai port management company, with a total value of [3.4 billion USD](#). In the wake of the Belt and Road Initiative, China has witnessed a notable enhancement in its diplomatic ties with the UAE. Chinese oil companies have acquired stakes in oil fields in the United Arab Emirates, participated in the construction of high-capacity power plants in the energy sector, and developed cooperation in ports. In 2023, China's exports to the United Arab Emirates (UAE) reached a value of [55.68 billion USD](#), as recorded in the United Nations COMTRADE international trade database. During the same period, China imported goods with a total value of [39.31 billion USD](#) from the UAE. As indicated by data from (ITC) [Trade Map](#), the primary categories of value-added exports from the UAE to China in 2023 were mineral fuels, oils, distillation products, plastics, organic chemicals, copper, pearls, and precious stones.

Furthermore, the UAE's central role as China's most significant trading partner in both the Arab world and the Gulf region serves to reinforce the strategic importance of bilateral relations between the two countries. In other words, the relationship between the two countries is not merely economic in nature, but also strategic in scope.

Relations Between Saudi Arabia and China

Saudi Arabia initially aligned with the United States in support of the Taiwan-based National Chinese Administration and did not officially recognize the People's Republic of China, founded in 1949, until [1975](#). Nevertheless, diplomatic relations between Saudi Arabia and China were established in the [1990s](#) and subsequently developed into one of the most dynamic bilateral relations in the region. The volume of trade between the two countries exhibited a marked increase, rising from just over 3 billion USD in 2000 to over [106 billion USD](#) in 2022.

Trade between Saudi Arabia, the world's largest oil exporter, and China, the world's largest oil importer, is largely concentrated within the energy sector. In [1999](#),



Chinese President Jiang Zemin undertook a visit to Saudi Arabia, with the focus of his visit being the energy sector. During the visit, the two countries signed a [Strategic Petroleum Cooperation](#) Agreement, which enabled Chinese companies to invest in the Saudi oil market. In return, China permitted the participation of Saudi companies in its refining sector. However, the immediate impact of this agreement was constrained by the lack of capacity in Chinese refineries to process crude oil from [Saudi Arabia](#). Nevertheless, this agreement foreshadowed the future deep economic interdependence between the two countries.

In the wake of the 1999 "Strategic Petroleum Cooperation Agreement," Saudi Aramco and China's Sinopec initiated a joint venture to develop a former petrochemical and refining facility in Fujian. In 2004, following negotiations between Sinopec, ExxonMobil, and Aramco, the "Fujian Refining and Petrochemical Company" (FRPC) was established, becoming the inaugural fully integrated refinery and petrochemical project in China with foreign ownership. Sinopec possesses a [50%](#) interest in FRPC, while ExxonMobil and Aramco each hold a [25%](#) stake. Furthermore, the "Sinopec SenMei (Fujian) Petroleum Company" (SSPC) was established, with Sinopec holding a 55% stake, ExxonMobil 22.5%, and [Aramco](#) 22.5%. The total investment in these projects was approximately five billion [dollars](#).

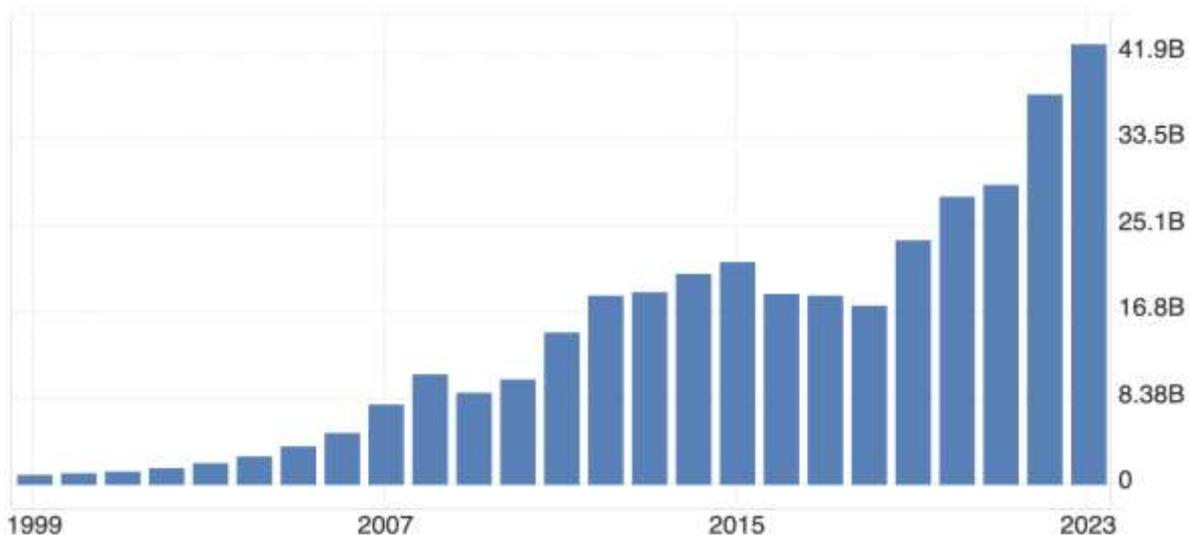
In 2004, regular political meetings between China and Saudi Arabia commenced, and Sinopec and Aramco entered into a 10-year agreement to develop natural gas in the vicinity of the Ghawar field in eastern Saudi Arabia. In accordance with the terms of this agreement, Sinopec established a joint venture with Aramco, designated as the "Sino-Saudi Gas Company." Sinopec maintains an 80% equity interest in the enterprise, while Aramco retains a 20% stake. In 2005, the Chinese government commenced official negotiations with OPEC, resulting in Saudi Arabia becoming China's primary oil [supplier](#).

In 2008 and 2009, the two countries entered into an Energy Cooperation Agreement and a Supplementary Protocol. During this period, Saudi Arabia emerged as a dominant supplier of oil to China. In 2011, PetroChina and Aramco entered into an agreement to construct a 200,000 barrel per day refinery in China's Yunnan province. In 2012, Chinese Premier Wen Jiabao undertook an official visit to Saudi Arabia, during which the two countries further strengthened their energy cooperation. During Wen Jiabao's visit, Sinopec and Aramco reached an agreement to construct a 400,000-barrel-per-day refinery in Yanbu, situated in the southern region of Saudi Arabia. The resulting entity, designated as the "Yanbu Aramco Sinopec Refinery Company" (YASREF), was duly established. The investment for YASREF amounted to USD 8.6 billion, with Aramco holding a 62.5% stake in the refinery and Sinopec a 37.5% stake. This project represents one of the largest foreign investments made by a [Chinese entity](#).

In recent years, there has been a notable expansion in the scope of trade relations between the two countries. From 2017 to 2023, the value of trade between the two

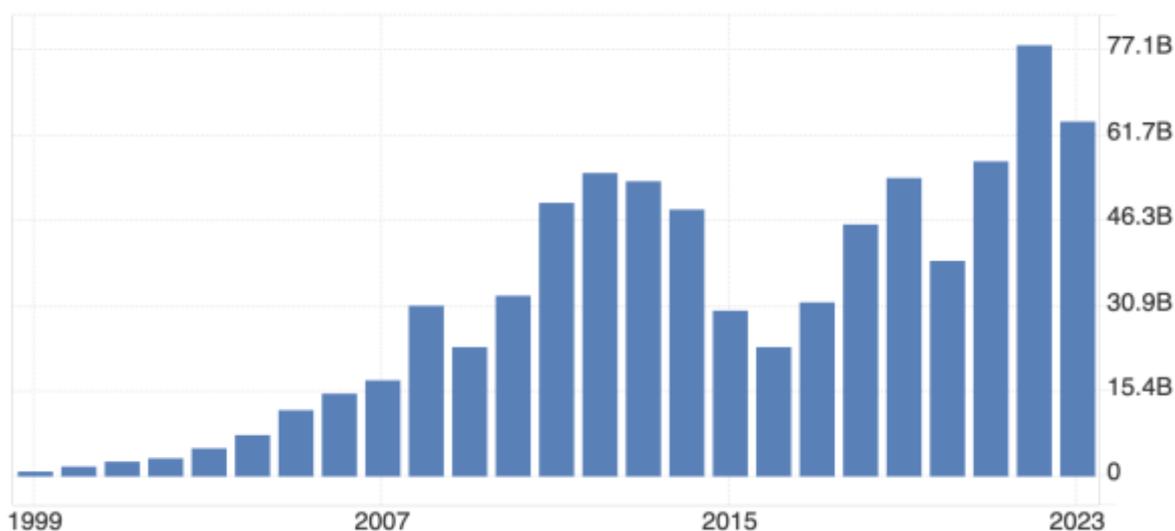
countries reached 520 billion USD, making China Saudi Arabia's largest trading partner. Moreover, Chinese investments in Saudi Arabia have experienced a notable surge, with a growth trajectory from 1.5 billion USD in 2022 to 16.8 billion USD in [2023](#).

Table 1. China Exports to Saudi Arabia



Source: <https://tradingeconomics.com/china/exports/saudi-arabia>

Table 2. China imports to Saudi Arabia





Source: <https://tradingeconomics.com/china/imports/saudi-arabia>

The strategic oil partnership between China and Saudi Arabia, initiated in the 1990s, has undergone a process of strengthening and diversification over time. In addition to the oil industry, the two countries have engaged in cooperative endeavors in a number of other sectors, including refining, petrochemicals, natural gas exploration, the establishment of strategic oil reserves, and the development of renewable energy sources. These collaborative efforts have resulted in the establishment of a robust and resilient economic partnership between China and Saudi Arabia.

In recent years, relations between Saudi Arabia and China have developed rapidly in a number of different fields. In this context, Saudi Arabia has initiated the incorporation of Chinese into its educational curriculum. The initial steps were taken during Crown Prince Mohammed bin Salman's visit to Beijing in 2019, during which the two countries reached agreements on education, cultural ties, and the teaching of Chinese in Saudi schools in alignment with the 2030 Vision [goals](#).

The introduction of Chinese language education commenced in eight secondary schools in 2020, subsequently expanding to encompass 746 schools by 2022. Moreover, 175 Chinese educators commenced their duties in Saudi Arabia in 2023, with this figure set to rise in the near future. These measures are designed to reinforce the Saudi-Chinese alliance and to equip the country with the capacity to navigate an evolving global [landscape](#).

In December 2022, at the China-Gulf Cooperation Organization Summit, China and Saudi Arabia entered into [34 investment agreements](#) with a total value of 30 billion USD. These agreements were made in a variety of sectors, including green energy, green hydrogen, photovoltaic energy, information technology, cloud services, transportation, logistics, medical industries, and housing. Of particular note was a memorandum of understanding between the Chinese tech giant Huawei and Saudi Arabian authorities, which outlined plans for the construction of cloud systems and high-tech campuses in various Saudi cities.

The United States has fallen behind China in the development of 5G technology and has consequently imposed sanctions on Huawei since 2019. The United States has exerted pressure on other countries to refrain from utilizing China's 5G infrastructure, citing concerns that the technology could potentially pose a threat to national security due to Huawei's ties to the Chinese state. Nevertheless, the Gulf countries' inclination towards China for 5G technology, despite the US's exertion of pressure, indicates a significant shift in [regional balances](#).

For Saudi Arabia, strengthening ties with China represents a key aspect of the country's broader strategy to diversify its economy and foreign relations in recent years. In alignment with the 2030 Vision, Saudi Arabia is pursuing a transformation in industry and technology, with the objective of reducing its reliance on oil. In alignment with this vision, there are ambitious infrastructure projects, such as NEOM, which is projected to cost approximately 1 trillion dollars. The realization of



these projects will depend on Saudi Arabia's ability to access the requisite technology and expertise from countries such as [China](#).

Relations Between China and Iran

Since the 1970s, relations between Iran and China have intensified in the military and economic realms. In 1971, diplomatic relations between the two countries were formally established with the visit of Iranian Shah Reza Pahlavi's daughters to China, marking a significant stride towards the normalization of relations. In 1974, China imported oil from Iran for the first time, and by 1978, the volume of trade had increased 20-fold, reaching 118 [million dollars](#).

During the Iran-Iraq War (1980-1988), the imposition of US sanctions and the Soviet Union's refusal to provide military assistance served to reinforce Iran's alliance with China, while military cooperation between the two countries was further consolidated during this period. China further consolidated its relationship with Iran by providing the country with military resources during the course of the war. During the 1990s, there was a notable increase in oil trade. In 1995, China became involved in Iran's oil refinery investments, and oil imports experienced a considerable rise in the 2000s. This process served to reinforce the foundations of economic and military cooperation between China and Iran, thereby facilitating the pursuit of common interests in energy and strategy by the [two countries](#).

During the 1990s, Iran emerged as a pivotal energy partner for China in the Middle East. In 1995, Iran approved a [25 million USD](#) investment to develop China's oil refineries. The imposition of sanctions by the United States against Iran created an opportunity for China, which by 2000 was importing 100,000 barrels of oil per day from Iran. Despite international pressure, the 2000s saw a strengthening of relations between Iran and China as a result of the latter's support for Iran's uranium enrichment [project](#).

Chinese oil companies CNPC, Sinopec, and CNOOC are engaged in joint endeavors in Iran's principal oil fields. In 2004, Sinopec and the National Iranian Oil Company (NIOC) entered into an agreement for the sale of liquefied natural gas (LNG) with a value of 20 billion USD. In 2009, CNPC entered into a 1.7 billion USD agreement for the development of the North Azadegan oil field. This collaboration demonstrates that China has evolved from a mere purchaser of Iranian oil to a pivotal partner in energy investment in [Iran](#).

Iran serves as a crucial contributor to China's energy supply. Given that Iran possesses 12% of the world's proven oil reserves and 17% of its natural gas reserves, it is a critical partner for China in terms of ensuring its energy [security](#). Additionally, Iran's strategic importance within the Persian Gulf renders it an attractive proposition for China. In the context of this collaboration, Chinese oil companies (CNPC, Sinopec, and CNOOC) are engaged in the implementation of projects within Iran's principal oil fields. Moreover, China is engaged in collaboration with



Western energy companies on significant energy projects, including the development of the South Pars natural gas field.

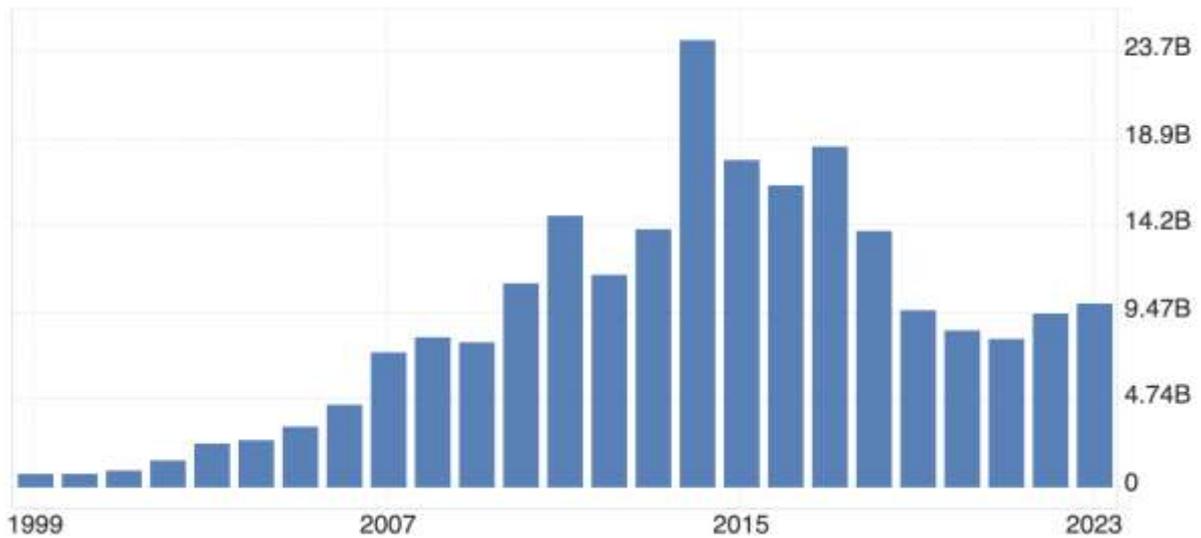
In the context of China's "Belt and Road Initiative," Iran emerges as a pivotal strategic transit point. Iran occupies a significant geopolitical position, situated at the crossroads of the Caspian Sea and the Persian Gulf. In 2016, the inaugural freight train from China arrived in Iran a month earlier than the maritime route, inaugurating a new trade corridor between the two countries. Consequently, Iran has become a significant transit country within the context of the [Belt and Road Initiative](#).

In March 2021, China and Iran entered into a 25-year Comprehensive Cooperation Agreement, which was subsequently implemented in January 2022. While the specifics of the agreement have yet to be fully revealed, it is evident that collaboration will be undertaken across a range of sectors, including energy, finance, transportation, and housing, with a particular emphasis on economic cooperation. The objective of the agreement is to enhance Iran's energy infrastructure and bolster China's energy security. China has committed to making significant investments in Iran's oil and gas sectors, offering a 30% discount on oil purchases from Iran. In addition, infrastructure projects, including railroads, ports, and subways, represent another significant area of collaboration between the [two countries](#).

The agreement represents a strategic effort to bolster Iran's economic resilience in the face of US sanctions and to guarantee China's energy security. Nevertheless, the lack of Iranian participation in [the Financial Action Task Force \(FATF\)](#)⁴, the persistence of sanctions, and the ambiguity surrounding the nuclear negotiations represent significant obstacles to the effective implementation of this [cooperation](#).

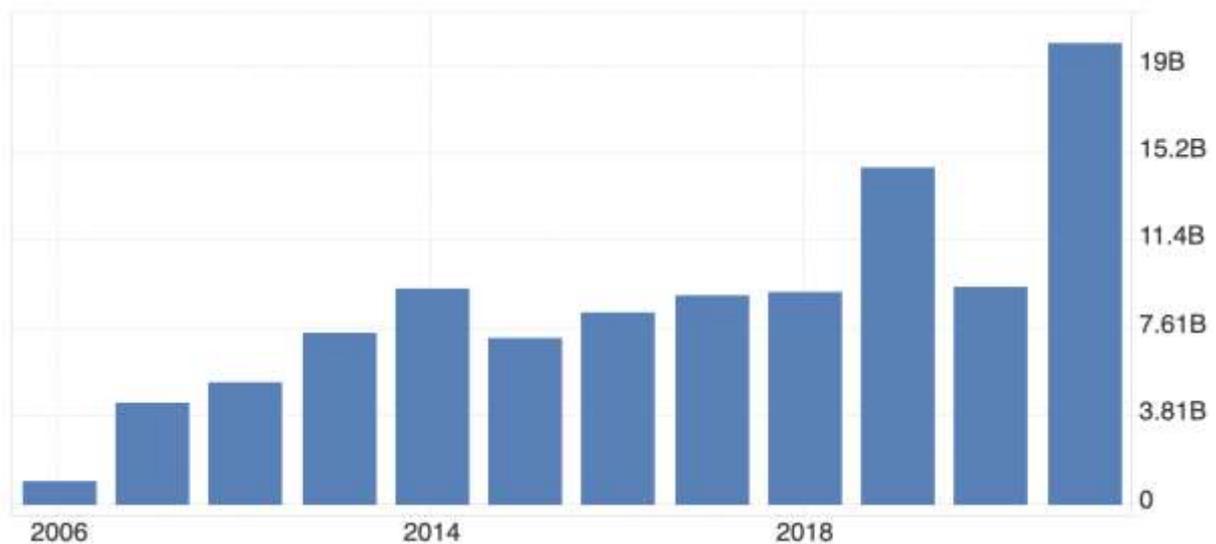
In January 2023, bilateral trade between China and Iran reached approximately 1.26 billion USD. However, by February, the figure had dropped significantly to 842 million USD, reflecting a 34% decline. Chinese exports to Iran experienced a notable decrease during this period, falling from 921 million USD in January to 489 million USD in February. This reduction was primarily driven by a decrease in Iranian imports of machinery, electrical equipment, and vehicles. These sectors, which had accounted for 307 million USD in exports, saw a 224 million USD decline compared to the previous month. Meanwhile, Chinese imports of Iranian goods remained relatively steady, showing a slight increase from 336 million USD to [352 million USD](#).

[Table 4](#). China Export to Iran



Source: <https://tradingeconomics.com/china/exports/iran>

Table 5. Iran export to China



Source: <https://tradingeconomics.com/iran/exports/china>

The relationship between China and Iran is primarily driven by geostrategic interests, rather than merely economic cooperation. Both countries have a common objective of opposing U.S. global hegemony. Iran, as a regional power, seeks to counter U.S. influence, while China strives to establish a multipolar world order that would reduce Western dominance. China articulates this vision through platforms such as BRICS and the G20, advocating for the Global South and rejecting the Western-led liberal world [order](#).

China's involvement in the Middle East, particularly through Iran, is regarded as part of its wider strategic competition with the United States. In 2023, China successfully facilitated dialogue between Iran and Saudi Arabia, contributing to the normalization of relations between the two [countries](#).



As the United States confronts mounting military challenges in a multitude of regions, China's influence in the Middle East is on the rise. China eschews direct military involvement, instead favoring diplomatic and conflict mediation, which aligns with its long-term strategic objectives. By reducing the influence of the United States in critical regions, China seeks to enhance its global position and establish a more favorable international [order](#).

In conclusion, the alliance between China and Iran is not merely a matter of energy or economic interests; rather, it is firmly anchored in their shared aspiration to alter the global power structure away from the dominance of the United States.

Relations Between China and Iraq

Significant events in Iraq's recent history have had a profound impact on its energy relations with China. In 1990, Iraq was unable to sell oil for an extended period due to the sanctions imposed on Saddam Hussein's regime by the United Nations (UN) in response to Iraq's invasion of Kuwait and the subsequent 1990-1991 Gulf War I. In 2003, following the US invasion of Iraq and the Gulf War II., all international sanctions against Iraq were lifted. Nevertheless, China's interest in Iraq predates the lifting of the embargoes. In 1997, the China National Petroleum Corporation (CNPC) and the Iraqi government entered into an agreement to develop the [Ahdab oil field](#). However, the project was ultimately unable to be realized due to the imposition of international sanctions.

In 2006, Iraqi Oil Minister Hussein al-Shahristani and in [2007](#), then President Jalal Talabani undertook visits to China with the objective of attracting investment. The discussions centered on the Ahdab oil field, and in 2008, a new agreement was reached between CNPC and Iraq for the development of this oil [field](#).

In 2009, [CNPC](#) formed a consortium with BP and was awarded the tender for the development of the Rumaila field, which is one of the largest oil fields in Iraq. In the same year, Sinopec became more active in the Iraqi energy market by acquiring the Swedish energy company Addax and its shares in the Taq Taq field. Imports from Iraq constituted 5% of China's total imports during the 2010-2011 period, rising to 8% by 2013.

However, the instability in Iraq caused by the terrorist organization ISIS made it challenging to finalize new energy agreements and disrupted operations in the oil fields. This resulted in a significant reduction in the country's oil production.

In 2018, CNPC entered into a contractual agreement with CPECC (China Petroleum Engineering & Construction), an Iraqi subsidiary, for the processing of gas extracted from the Halfaya oil field, with an estimated value of 1.07 billion USD. In accordance with the terms of the agreement, the natural gas extracted from the field will be processed at a rate of approximately 300 million standard cubic feet per day. Moreover, as stated by the Iraqi Oil Minister in 2023, several contracts have been signed by companies including the United Arab Emirates' Crescent Petroleum,



China's Geo Jade Petroleum, and Hong Kong-based United Energy Group (UEG) for the development of oil and gas fields in [Diyala and Basra](#).

The relationship between China and Iraq has developed into a strategic partnership, with a particular focus on energy and infrastructure projects. China has played an instrumental role in Iraq's post-war reconstruction, with investments concentrated in pivotal sectors such as electricity generation, LNG (liquefied natural gas) facilities, water treatment plants, and educational infrastructure. Furthermore, China has emerged as Iraq's primary trading partner, with the two countries' diplomatic relations reaching the level of a strategic [partnership](#).

With regard to the Development Road Project, China's stance is one of cautious approach. A number of factors contribute to this hesitancy, including political instability in Iraq, ongoing corruption, security risks, and the financial uncertainty surrounding the project. Furthermore, discrepancies in construction and engineering standards between Chinese companies and other contractors, such as the South Korean firm involved in the Faw Port project, present additional [challenges](#).

With regard to alternative projects, China has pursued the development of alternative trade routes connecting Asia and Europe. A significant alternative is the railway project linking Xinjiang to Western Europe via Uzbekistan and Kyrgyzstan. This route is perceived to be more cost-effective and geopolitically stable than the Iraq route. Nevertheless, in light of China's expanding trade and investment relations with Iraq and its broader strategic interests in the Global South, it is plausible that China may not entirely foreclose the possibility of supporting the Development Road Project in the [future](#).

In conclusion, while China maintains a pivotal role in Iraq's economic and infrastructural development, it is prudent to note that the country's involvement in the Development Road Project is contingent upon the assessment of associated risks and the pursuit of alternative, more secure trade routes.

Relations Between Egypt and China

The history of China-Egypt relations can be traced back to the 1955 Bandung Conference, where Chinese Premier Zhou Enlai and Egyptian President Gamal Abdel Nasser established the foundations of their friendship. In 1956, Egypt became the inaugural Arab and African nation to establish diplomatic relations with the People's Republic of China. In that same year, China provided support to Egypt's efforts to regain sovereignty over the Suez Canal, opposing the British and French military [intervention](#).

In the context of the turbulence that followed the Arab Spring, China nevertheless maintained its robust support for Egypt, with a particular emphasis on the country's development and stability. Even after the Muslim Brotherhood assumed power in 2012, Egypt's relationship with China remained a pivotal aspect of its [foreign policy](#).



The launch of China's Belt and Road Initiative (BRI) in 2013 served to further enhance relations between the two countries. In 2014, China and Egypt entered into a strategic partnership agreement with the objective of fostering collaboration in a range of domains, including economics, defense, technology, counter-terrorism, and cybercrime. During Xi Jinping's visit to Egypt in 2016, China pledged 15 billion USD in investments across various projects, formalized through 21 agreements. From 2017 to 2022, Chinese investment in Egypt increased by 317%, while bilateral trade reached unprecedented levels. Imports from China to Egypt increased from 8 billion USD in 2017 to 14.4 billion USD in 2022, while exports from Egypt to China rose from 693 million USD to 1.8 billion USD over [the same period](#).

Moreover, joint ventures have played a crucial role in the evolution of bilateral relations. In 2005, a joint venture between Sinopec and the Egyptian Ministry of Petroleum's affiliate, Tharwa Petroleum Company, was established under the name Sino-Tharwa. The venture was initially capitalised at 18 million USD and subsequently reached a value of [40 million USD](#) by 2017. The venture encompassed a total of 18 drilling rigs, comprising 13 land rigs, 4 workover rigs, and 1 offshore rig. Furthermore, Sinopec has established a partnership with Apache Corp., an American oil and gas producer. This collaboration resulted in the signing of a production-sharing contract (PSC) in December 2021, with the objective of enhancing drilling operations in Egypt. The Production Sharing Contract (PSC) resulted in the extension of the development leases by [20 years](#) and the consolidation of 90% of production into a single concession. In December 2022, Egyptian President Abdel Fattah al-Sisi officially signed the modernised production-sharing contract (PSC), thereby ensuring further growth in the country's production capacity.

This collaboration serves to exemplify China's enduring role as a pivotal partner in Egypt's economic development, with the ongoing establishment of joint ventures and the implementation of strategic agreements serving to further reinforce the relationship.

Conclusion

The People's Republic of China has become the world's second-largest economy as a consequence of its remarkable economic growth since the 1990s. This rapid ascent has attracted global scrutiny, prompting inquiries into the sustainability of its growth trajectory. Concomitantly with its economic expansion, China has experienced a significant increase in energy demand. Since the 1990s, China has pursued a policy of balancing power, which has enabled it to cultivate a soft power strategy characterised by a measured approach to international relations. However, the increasing necessity for energy resources has resulted in the implementation of hard power policies that complement the aforementioned soft power initiatives.

China's engagement in the Middle East represents a significant shift in its diplomatic strategy, extending beyond mere economic interests. Since 2014, there



has been a doubling of oil exports from Gulf Cooperation Council (GCC) countries to China, which reflects a growing mutual dependency. The recent dialogue between Saudi Arabia and Iran provides an illustration of China's transition from a primarily economic partner to a more influential diplomatic actor. It is noteworthy that, just one month after facilitating this dialogue, China urged the Taliban in Afghanistan to form a more inclusive government. This represents a significant departure from its previous reluctance to intervene in the domestic affairs of other nations.

The evolving U.S. policy towards the Middle East has created an opportunity for China to expand its influence. As [Stephen M. Walt](#) has observed, the United States has historically established "special relationships" with certain countries while neglecting others. This has limited its leverage over adversaries like Iran and weakened its influence over allies such as Saudi Arabia. While Saudi Arabia maintains a dependence on the United States, it has become increasingly disillusioned, particularly in light of the United States' reluctance to hold Iran accountable for its aggressive actions against Saudi infrastructure and its ongoing criticism of the Kingdom's human rights record.

China's objective is to enhance its global influence while protecting its national interests. In order to achieve this, China is seeking to expand its cooperation with resource-rich countries through international organisations such as the Shanghai Cooperation Organisation, BRICS, and the European Economic Community. China's strategy of employing soft power to engage with energy-rich nations serves as a counterpoint to the isolationist policies adopted by the U.S.

In conclusion, China is increasingly directing its investments toward energy-importing countries, particularly in the Middle East. It seems probable that the policy of peaceful coexistence and reconciliation with regard to social, economic and political developments in these countries will continue to be pursued. As the demand for energy increases, the securing of energy resources has become a matter of great urgency for China. This urgency has significant implications for China's military strategy, as it seeks to enhance its military capabilities in order to guarantee energy security. In conclusion, the evolving relationship between China and the Middle East serves to illustrate the region's strategic importance and China's ambition to establish itself as a key global player in shaping the geopolitical landscape.

Notes

¹ The Cultural Revolution was a social and political movement in China that was initiated and led by Mao Zedong between the years 1966 and 1976. The objective was to reinforce socialist principles by eradicating perceived "capitalist" and "bourgeois" influences. In the course of its implementation, the Cultural Revolution sought to alter the cultural and social



norms of society, with a particular focus on uneducated individuals, particularly young people. The revolution concluded following Mao's demise.

² Daesh (Islamic State of Iraq and the Levant) is a radical terrorist organization that originated in Syria and Iraq in 2013.

³ The 1+2+3 model is defined as follows: Xi Jinping's model for Sino-Arab cooperation, with energy cooperation as the primary axis, encompasses the following key areas: (1) support for infrastructure construction and trade and investment facilitation; (2) encouragement of cooperation in nuclear energy, satellite technology, and new energy sources; and (3) promotion of collaboration in other sectors.

⁴ The Financial Action Task Force (FATF) is an international organisation established in 1989 on the initiative of the G7 countries (comprising the United States, Canada, France, Germany, Italy, Japan and the United Kingdom) with the objective of combating financial crimes such as money laundering and terrorist financing. The FATF monitors countries' compliance with international standards in combating these crimes and makes recommendations accordingly.