



Chinese President Xi Jinping. Photo: UN Photos (CC BY-NC-ND 2.0)

China's Evolving Approach to the Middle East: A Decade of Change

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As a global superpower, China's engagement in the Middle East has become increasingly important for the region and beyond. China's relations in the Middle East under President Xi Jinping have been pragmatic and trade-oriented. Although the energy sector remains the most important area of cooperation, Beijing has expanded its reach over the last decade, and the region has become a growing market for Chinese products, including affordable consumer goods, technology, and services. The Belt and Road Initiative, large investments in megaprojects, and focus on the Digital Silk Road have helped Beijing position itself as a material actor in the region. As superpower competition escalates, countries in the middle, such as Israel, cannot afford to make mistakes, and thus require a long-term, informed strategy. While to date Beijing has successfully balanced its relations with all sides in the region, including Iran, Saudi Arabia, and Israel, these relations do not come without risks and costs. Understanding China's engagement in the region, especially in light of the intensifying superpower competition and the changes in the Middle East, is imperative.

Keywords: China-Israel relations, China-Middle East, Arab Spring, Digital Silk Road, Iran

In a speech to Arab leaders while visiting the Middle East in 2014, Foreign Minister Wang Yi promised that China would **contribute its share** to regional peace and stability. Seven years later, many are still trying to grasp what China has brought to the region, what it intends to bring, and how this engagement might shape the region's future. As China's position as a global power has become evident, its engagement in the Middle East has become more important for the region and beyond. Assessing Beijing's evolving perceptions and policies toward the Middle East is essential for envisioning the region's future. Countries and leaders that understand China's long-term interests and the opportunities and challenges those interests might bring to the region can devise long-term policies accordingly and will be significantly better prepared for the future. As great power competition intensifies, Israel must include China as an important element in its strategic thinking in general and regarding the Middle East in particular.

Overview

Chinese influence in the Middle East has become a topic of growing importance. Until 2010, Beijing's policy vis-à-vis the Middle East was extremely cautious and narrow in scope. It perceived the region ("West Asia," as it is known in Chinese policy circles) as peripheral and a "US domain." China maintained growing economic ties with all Middle East countries, focused primarily on oil and gas imports.

China has traditionally supported the Palestinians and continues to vote against Israel in the UN, especially on Israeli-Palestinian issues. This today seems to be more due to bloc politics and rhetoric than a principled position. Beijing's regional balancing game and "everyone's friend" policy, coupled with both a reluctance to play a more prominent role in regional politics and a consistent opposition with Russia to "foreign interference" in Syria and elsewhere have, so far, proven effective. However, it may become more challenging for

China to maintain this balance as it grows more powerful in the region and beyond.

Beijing's "balancing act" of maintaining relationships with all sides of multiple conflicts in the region has forced it to maneuver carefully. The dominant role traditionally played by the United States has, until recently, not left much space for other parties to engage with the region. American and other Western perceptions of China's presence in the region have shifted from seeing China as benign, if not very helpful—with US President Obama in 2016 describing China as a "free rider"—to a growing perception that China constitutes a threat. China overtook the US as Saudi Arabia's leading oil export market for the **first time in 2009**, and the sense that China seeks to gradually fill the void left by the shrinking US footprint in the region has only grown since.

China's Evolving Engagement in the Middle East

Under President Xi Jinping, China's engagement in the Middle East has been pragmatic and trade-oriented. From the early 1990s, China built relationships in the region to satisfy its demand for petrochemicals, needed for domestic economic expansion, but that dynamic has expanded considerably over the last decade. China is now a significant **trading partner** for most countries in the Middle East and, as the **largest investor in the region**, holds substantial geo-economic interests. Building on its traditional connections, China understands that it has much to offer its Middle East partners. So far, it is adopting a "give less, gain more" approach, especially toward countries heavily dependent on it, like Iran. For their part, Middle East leaders view Beijing as a reliable partner. As European and US imports of crude oil are **slowly declining**, China has widened its influence and investments in the region. Beijing's State-Owned Enterprises (SOE) can not only provide large investments; they are also more risk-tolerant and are willing to incur lower profits to secure deals than their Western, private peers.

China has become the world's second-largest consumer of crude oil, the Arab League's largest trading partner, and Iran's top export partner. The Middle East provides almost half of China's oil and natural gas. Although the energy sector remains the most important area of cooperation with the Middle East, Beijing has expanded its reach over the last decade and has become a growing market for its products, such as affordable consumer goods, technology, and services. As the current consumption-production gaps with most states have posed a challenge to relations, Beijing is ramping up its efforts to increase mutual benefits and broaden its relationships with countries in the region.

President Xi's Belt and Road Initiative (BRI), which seeks to connect 65 percent of the world's population and position China at the center of global trade networks, exemplifies Beijing's understanding that trade and influence are deeply connected. Its reinvention of the ancient Silk Road has increased its involvement in regional infrastructure projects. These include the high-speed China-Iran railway plan; the Haramain High-Speed Rail Project, linking Makkah and Medina, announced in 2009; and its investment agreement with the operator of the Hamad Port in Qatar. China has recently become the largest investor in Egypt's megaproject to develop the Suez Canal, and is involved in several substantial infrastructure developments in Israel, such as the new Tel Aviv Light Rail, the Carmel Tunnels, and projects in both the Haifa and Ashdod Ports.

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While Beijing's dependence on major energy and resources providers have traditionally shaped its position in the region, the BRI and China's growing focus on technology and trade are already changing the nature of its regional

involvement. These developments are likely to have a long-term impact on the region.

Diversification and Interdependencies

Like many other countries that are highly dependent on exporting their local natural and energy resources, Middle East countries are at risk of suffering from the Dutch disease. They are under pressure to diversify their economies, especially since under the Obama administration the US dramatically reduced its dependence on foreign oil imports. While Saudi Arabia and China's positive trade balance has strengthened bilateral relations, other Middle East states have struggled to create interdependencies other than those based on energy exports. Energy will most likely remain the central pillar of trade between China and the Middle East in the near future, but the importance of other sectors, such as technology, is growing significantly.

In 2016, Xi Jinping conducted his first official visit to the Middle East since becoming Secretary-General of the Chinese Communist Party four years earlier. His visit included stops in Iran, Saudi Arabia, and Egypt. As tensions between Iran and Saudi Arabia continue to escalate, Chinese policy aims to demonstrate neutrality and enable continued trade with both sides. Beijing has already demonstrated its ability to engage in regional matters, particularly in the Iran nuclear talks under the P5+1 framework, which led to the signing of the Joint Comprehensive Plan of Action (JCPOA) in 2015. China is likely to play a key role in a reinstated Iran nuclear agreement following a possible return of the Biden administration to the JCPOA, after President Trump abandoned it in May 2018. In a rapidly evolving Middle East, avoiding entanglement in regional conflicts seems increasingly important for the future of China's engagement in the region.

China has been watching and learning from the US experiences in Afghanistan and Iraq, and has taken a consistent non-interference approach

to Syria and other trouble spots. Instead, it focuses its efforts on trade and investment. Regional trade initiatives such as the [free trade agreement](#) with the [Gulf Cooperation Council](#) (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) have stalled due to disputes within the GCC. Nevertheless, the recent signing of the Regional Comprehensive Economic Partnership ([RCEP](#)) agreement in Asia and the Abraham Accords could bring new momentum to other Asia-Middle East trade frameworks, including Israel.

China's relations with Iran, traditionally based on oil and gas exports, have shifted in recent years. After economic sanctions limited access to European imports, Iran became a [growing market for Chinese goods](#). Cheaper, often lower quality products from China are now widely available in Iran. Beijing has also ramped up its presence in Iran's [infrastructure sector](#) through projects like Tehran's metro system and the Sadr expressway expansion. Strategically Beijing has viewed Iran as an important gateway between Central Asia and the Middle East. China also views its relations with Iran through the prism of China-US relations, using it as a strategic foothold within a US-dominated region.

As it became more economically powerful over the last decade, China realized that Iran needs it much more than it needs Iran. While both sides are discussing plans for a 25-year "[strategic partnership](#)," those plans have so far not been realized. China clearly sees some economic and strategic value in this framework, especially as its rivalry with the US intensifies. However, it is unclear to what extent China will seek to follow through on it. With US sanctions on trade with Iran adding more obstacles, and Saudi Arabia and others watching closely, it seems that China has in recent years been gradually turning away from Iran to focus on other energy providers in the region, which are less risky and offer easier cooperation.

Indeed, the Saudi engagement with China goes in both directions, with Riyadh making

long-term investments in China's energy infrastructure. In 2019, Saudi Aramco, the kingdom's largest oil company, established a number of [joint ventures](#) with leading Chinese SOEs, which include investment in several Chinese refining and petrochemicals complexes. The ventures signal security for China's oil demand from its [largest crude oil supplier](#) and have deepened their relationship. The kingdom's [Vision 2030](#), unveiled in 2016, is an ambitious plan to diversify its economy and reduce reliance on oil, and by and large, the project complements Beijing's BRI. The annual [China-Saudi Arabia High-Level Joint Committee](#) established in 2019 is a major platform for the two countries to coordinate their policies and initiatives.

Finally, Egypt, serving as a gateway to North Africa, has become an important partner for Beijing due to its large population and its strategic role in the Arab League and the region. Over the last decade, it has also become a growing consumer market for Chinese products. In 2011, China's exports to Egypt [surpassed those from the US for the first time](#), reaching a high of \$12.3 billion in 2018. More recently, ZhenHua Oil Co, a large Chinese SOE, has [secured multibillion dollar deals with Iraqi oil producers](#), struggling from the decreasing oil demand due to COVID-19. By offering large pre-payment deals, China has secured its oil demand from Iraq and has locked in relations with it for the next five years.

The Digital Silk Road and Technology

China's [Digital Silk Road](#), introduced in 2015, has become a substantial part of its engagement in the region, with Middle East countries growing into an important market for Chinese technology and investment. Saudi Arabia, Egypt, and the UAE have expanded technological cooperation with China in recent years and have profited significantly from China's cutting-edge technologies. China has positioned itself and its "[Silicon](#)

Valley” on the frontlines of several advanced technologies through increased investment in R&D, acquisitions, and other considerable investments in the technology sector. Due to its **relatively stable digital infrastructure** and broad internet penetration, the Middle East has become an area of substantial interest for Chinese venture capitalists.

Sino-Israeli cooperation has been established in several fields, ranging from technology and agriculture to cultural and educational exchanges. While China carefully considers the Palestinian cause in its relations with Arab states, it has shown a growing interest in ties with Israeli companies.

Government initiatives across the region, such as **Smart Dubai 2012**, **Saudi Arabia’s National Transformation Program 2030**, and **China-Egypt Suez Economic and Trade Cooperation Zone**, rely on Chinese engagement and technology. Not only can China offer cutting-edge technology; it is also more comfortable with private sector-led growth than its American counterparts. Additionally, Chinese tech giants often have more experience in the logistical challenges of developing countries. While China’s technology companies, such as Huawei, are experiencing significant challenges in other parts of the world, its cooperation with the Middle East is deepening. A sizable number of 5G network contracts have been awarded to Huawei and ZTE, and projects such as Huawei’s **first cloud platform** in the Middle East will be launched in Cairo.

Chinese interest in Israel has increased substantially over the last few years. Venture capital and private equity deals have been grown in size and number, with investments reaching a high of **\$325 million in 2018**. Sino-Israeli cooperation has been established in several fields, ranging from technology and agriculture to cultural and educational exchanges. While China carefully **considers the importance of the Palestinian cause** for

its relations with Arab states, it has shown a growing interest in developing ties with Israeli companies. Israeli technology in particular has attracted the interest of Chinese investors, both financial and strategic, as part of China’s drive for technological self-reliance. As the US push toward economic and technological decoupling from China intensified, so did **its concerns and pressure** to limit Israeli-Chinese engagement. Israel must be careful not to lose its independence or damage its relations with the US. The Israeli government should put in place proper guidelines and mechanisms to help manage the economic and diplomatic complexities that are likely to persist.

China’s Response to the Arab Spring

The events of the Arab Spring had a significant impact on Beijing, both in terms of concerns for its own domestic stability and its approach toward the Middle East. Just as with the fall of the Eastern bloc in the late 80s, the events of that Arab Spring reaffirmed the **fears of domestic instability** and even of internal uprisings within China. These fears led to enhanced repression of oppositional domestic voices. Controlled media coverage referred to the events as “Arab turmoil,” **blocked searches** for “Egypt,” “Cairo,” and “jasmine,” and focused on the scope of economic disruption and disorder caused by the uprisings.

Internal repressions ranged from high-level security efforts nationwide in cyberspace and restrictions of public gatherings, to the introduction of the State Internet Information Office (SIIO) in 2011, tasked with supervising Chinese netizens’ content by monitoring and blocking social media platforms. This shift from “selective tolerance” in cyberspace to tightened internet surveillance can be seen as a result of the Arab Spring—China has watched the Middle East closely and has learned its lesson for maintaining stability at home.

On the regional front, China remained passive throughout the developments in Tunisia, mostly due to limited economic interest and

significance. At the same time, it emphasizes its unwillingness to engage in traditional diplomatic terms in this volatile region. Despite Egypt's higher economic importance for China and its shock at the removal of President Hosni Mubarak in February 2011, its response remained cautious and focused on quiet dialogue rather than interference.

China's reaction to developments in Libya, which spiraled into a civil war and humanitarian crisis, was different. Muammar Qaddafi's [reference](#) to China's response to the Tiananmen Square events, and even more important, domestic pressure for ensuring the safety of 35,000 Chinese citizens in the conflict zone put China's non-interference policy to the test. Beijing's [belated yet symbolic decision](#) to send its navy to rescue its citizens and its reluctant support of UN Security Council Resolutions [1970](#) and [1973](#), which authorized military intervention in Libya, underline a significant shift in direction.

The Middle East: Between Instability and Opportunity

The experience of the Arab Spring, the US-led wars in Iraq and Afghanistan, and the rise of al-Qaeda and ISIS have significantly shaped the Chinese perception of the Middle East and increased its concerns regarding regional stability. The Arab Spring caught Chinese decision makers by surprise and forced them to question many of their assumptions regarding the region. As a result, Beijing decided to take a more proactive approach. Betting (but no longer relying) on the autocratic regimes' return to power, China focused on gaining more control.

Depending on a secure energy supply to ensure its ongoing rapid economic growth, following the Arab Spring, China introduced a new strategy in the region, focusing on safeguarding its energy demand by encouraging stability through development rather than interference. The eventual failure of the Arab Spring and lessons from the prolonged and costly US interference in the region have reinforced the sense in Beijing that its path,

focused on neutrality, dependencies, and interdependencies, is the correct one.

While China's approach to the Middle East has so far been quite effective, it does not seek to replace the United States in the region, at least not yet. To be sure, its current partnership agreements with [at least 15 Middle East](#) countries are viewed with increasing suspicion by the US. Beijing has consistently criticized US failures in Iraq, Afghanistan, and Syria and the toll that these have taken on the region, but also realizes the benefits it gains from the US presence. China outlined its approach toward the Middle East in its 2016 [Arab Policy Paper](#), which describes relationships focused on economy and trade, energy, education, and investment, but barely touches on security. It outlines China's [five basic principles](#) for relations with Arab countries: mutual respect for sovereignty and territorial integrity; mutual non-aggression; non-interference in internal affairs; equality and mutual benefit; and peaceful coexistence. Even though China seeks to smooth relations by outlining its intentions not to interfere with US security positions in the region, competition in other areas, such as technology and trade, are creating friction. The ability of both China and the US to balance their relations and competing interests in the region will continue to be a guiding principle in every one of China's steps.

A Region of Growing Importance: Looking Ahead

The Middle East will continue to be an important source for supplying China's growing energy demands. Indeed, the region's central role in the BRI, its growing focus on technology (both as innovators and clients), and China's growing tensions with the US (and increasingly with Europe and others in the West) mean that Beijing is likely to become even more active in the region.

Beijing's [first military base](#) overseas in Djibouti, which was completed in 2017, increases its influence on crucial maritime crossings such as the Strait of Hormuz. Its growing involvement

in regional infrastructure projects signals a more active approach. And unlike in the United States and Europe, China's diplomatic effort and fight against COVID-19 is viewed in the

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Middle East mostly in a positive light by both the authorities and the media. The UAE was the first to approve one of the Chinese vaccines in September 2020, while Egyptian and Saudi officials have heralded China as their main model for dealing with the virus.

China has so far been quite successful in using COVID-19 to solidify its economic and strategic influence in the Middle East, including in its growing engagement with energy markets such as Iraq. This is also reflected in other areas, such as the deployment of the (5G) cellular communications network, infrastructure tenders, and even the sale of military equipment, where Western companies are losing out to their Chinese counterparts.

While the US is fighting for its place as a world leader and European countries are preoccupied with domestic challenges, China continues to strengthen its regional position, including vis-à-vis important Washington allies such as Saudi Arabia. Israel must closely monitor these regional developments and understand the inherent risks and opportunities, especially in light of the growing tension between the superpowers.

Beijing's effort to keep all sides happy and maximize its gains while avoiding the region's many pitfalls have so far paid off, at least economically. Many countries in the region view China as an important partner and believe that (perhaps unlike Russia) it is here to stay as a major power for the long term. At the same time, China is likely to remain cautious as it assesses the policies of the new US administration and the consequences of the current paradigm

shift in the region following the signing of the Abraham Accords. China's response to the agreements, which caught it by surprise, has been muted to date.

China seems to be assessing the long-term consequences of these developments. Its main concerns seem to focus on what the agreements could mean to the Israeli-Palestinian conflict and regional stability as a whole. Most significantly, it seems to be evaluating what could be the implications for Iran, and whether or not this signals a United States resurgence in the region. Beijing-based decision makers initially viewed the Abraham Accords as having the Trump administration's short-term political interests in mind, rather than that of the region, but the US election results, and particularly a potential US return to the Iran nuclear agreement is likely to put China much more at ease.

While countries like Saudi Arabia, rich in resources, can perhaps be more comfortable in their relationship with both China and the US, others must navigate the minefield carefully. As a small country maneuvering between the powers, Israel cannot afford to make mistakes, and requires a long term and well thought out strategy. Its guiding principle should be preserving the strong and crucial bond with the US, while developing a fruitful trading relationship with China in non-sensitive areas. One element of this long term approach should be creating a potent foreign investment review mechanism, one that would seek to balance the pressures of superpower competition with Israel's own national and economic interests.

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