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## China and Gulf Cooperation Council Countries: From Economic Deals to Strategic Partnerships

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**Abstract.** The Middle East in general and the Persian Gulf sub-region in particular are becoming increasingly strategic for China. The sub-region is not only rich in natural resources, primarily energy, and to a large extent provides them to the dynamically developing Chinese economy, but also opens up access to main global maritime and land routes, as well as African and European markets. The study focuses on China's interaction with the Gulf Cooperation Council (GCC) countries in the field of energy, trade, and investment in the context of growing economic interdependence that elevates Beijing's relations with the Arab countries of the sub-region to the level of strategic partnership. Thus, China's relations with this group of states go beyond purely economic interests and affect the strategic interests of Beijing, such as active promotion of the large-scale "Belt and Road Initiative," which implies the intensification of China's policy in the Middle East. The methodological basis of the study is an interdisciplinary approach. The authors adhere to the neorealism, particularly the theory of the balance of power and regional security complexes, the principle according to which the foreign policy of a state is heavily dictated by the logic of the international system and the distribution of power among states. The power transit theory allows us to understand better the current role of China becoming a superpower in world politics. The research also applies such methods of historical science as chronological, genetic, systemic-structural, and comparative methods. The collection and processing of a significant layer of statistical data makes it possible to highlight the emergence of new powerful political actors in the Middle East.

**Key words:** Middle East, China, Gulf Cooperation Council, energy security, Belt and Road Initiative, BRI, strategic partnership

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## Китай и страны Совета сотрудничества арабских государств Персидского залива: от экономических сделок к стратегическому партнерству

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**Аннотация.** Ближний Восток в целом и субрегион Персидского залива в частности приобретают все большее стратегическое значение для Китая. Субрегион не только богат природными ресурсами, прежде всего энергетическими, и в значительной степени обеспечивает ими динамично развивающуюся китайскую экономику, но и открывает доступ к основным мировым морским и сухопутным путям, а также африканским и европейским рынкам. Цель исследования состоит в выявлении особенностей взаимодействия Китая со странами Совета сотрудничества арабских государств Персидского залива (ССАГПЗ) в сфере энергетики, торговли и инвестиций в условиях растущей экономической взаимозависимости, выводящей отношения Пекина с арабскими странами субрегиона на уровень стратегического партнерства. Таким образом, отношения Китая с этой группой государств выходят за рамки сугубо экономических интересов и затрагивают стратегические интересы Пекина, активно продвигающего свою масштабную инициативу «Один пояс, один путь», что предполагает активизацию политики КНР на ближневосточном направлении. Методологической основой исследования стал междисциплинарный подход. Авторы придерживаются парадигмы неореализма, в том числе теории баланса сил и региональных комплексов безопасности, принципа, согласно которому внешняя политика государства диктуется логикой международной системы и распределения силы среди государств. Полезными оказались положения теории «властного транзита», которые приблизили к пониманию роли и места Китая, превращающегося в сверхдержаву в мировой политике. В основе исследования лежат и такие методы исторической науки, как проблемно-хронологический, историко-генетический, системно-структурный, сравнительно-сопоставительный. Сбор и обработка значительного пласта статистических данных дают возможность сделать вывод о появлении новых влиятельных акторов в Ближневосточном регионе.

**Ключевые слова:** Ближний Восток, КНР, ССАГПЗ, энергетическая безопасность, Один пояс, один путь, стратегическое партнерство

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**Для цитирования:** Савичева Е. М., Бребдани А. М., Рыжов И. В. Китай и страны Совета сотрудничества арабских государств Персидского залива: от экономических сделок к стратегическому партнерству // Вестник Российского университета дружбы народов. Серия: Международные отношения. 2022. Т. 22, № 1. С. 180—196. <https://doi.org/10.22363/2313-0660-2022-22-1-180-196>

### Introduction

At present, works exploring different aspects of the PRC's cooperation with the Gulf States, which in some cases has reached the level of a strategic partnership, are not numerous in Russian historiography. The well-known Russian Arabist E.S. Melkumyan's work can be singled out, in which special attention is drawn to a certain period when both in China

and Oman 'far-reaching plans for development were adopted, and their implementation became a motive for further expansion of China-Oman relations' (Melkumyan, 2020, p. 46). T.L. Deych (2018), E.I. Safronova (2018), M.F. Ilminskaya (2015), Z.V. Petrunina (2016) emphasize in their studies the strategic importance for China of supplying resources from the Middle East region. E.N. Grachikov

(2019) analyzes the specifics of the PRC's partnership strategy.

Among English-language authors Chinese experts are to be named first, including S. Wu (2015), who assessed the role of the One Belt, One Road initiative in promoting cooperation between China and the Arab countries of the Gulf, as well as M. Chen (2011) and Liu (2016). The works on China's economic diplomacy are also of interest (Sun & Zoubir, 2015).

J. Fulton, one of the most prominent representatives of Western historiography, states that both economic and domestic needs of the Gulf countries have specified their strong support of the Belt and Road Initiative. However, its implementation can impinge the situation in the sub-region and induce tensions either between the Gulf Cooperation Council Countries and their peers in the Middle East, or between significant non-regional players.<sup>1</sup>

T. Niblock, professor at the Institute of Arab and Islamic Studies, University of Exeter, stresses in his work that the Gulf countries and China have primarily started an economic rapprochement, but they have also switched to another level of stronger political partnership, the strategic meaning of which will only increase in the course of time (Niblock, 2017). J. Garlick and R. Havlova (Garlick & Havlova, 2020) suggest exploring China's approaches towards protecting and expanding its interests in the Arab Gulf in the light of Iran-Saudi rivalry.

In the recent decade, the PRC is becoming a more influencing player in the Middle East and North Africa region (MENA). Although until recently it was considered a "newcomer" and China's approach to Middle Eastern political and security challenges was traditionally cautious, China has nevertheless steadily strengthened its multifaceted engagement with the Arab states as it has expanded its economic presence in this important region.

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<sup>1</sup> Fulton J. The G.C.C. Countries and China's Belt and Road Initiative (BRI): Curbing Their Enthusiasm? // Middle East Institute. October 17, 2017. URL: <https://www.mei.edu/publications/gcc-countries-and-chinas-belt-and-road-initiative-bri-curbing-their-enthusiasm> (accessed: 27.11.2021).

Beijing's relations with the MENA countries are primarily based on China's global demand for energy resources recovered in this region, and on the well-known Belt and Road Initiative (BRI), which was widely announced in 2013. Since 2015, China is considered the world's biggest crude oil importer,<sup>2</sup> with more than half of its oil imports coming from the Middle East. Moreover, as a strategically important logistical crossroads between Asia, Europe and Africa, the Middle East is particularly important in the context of the ambitious Belt and Road Initiative, which will render China the key player in trade-and-economic networking. Outside the Asia-Pacific region, the Middle East can be considered as the most important region for Beijing due to its rich hydrocarbon resources and geostrategic location.<sup>3</sup>

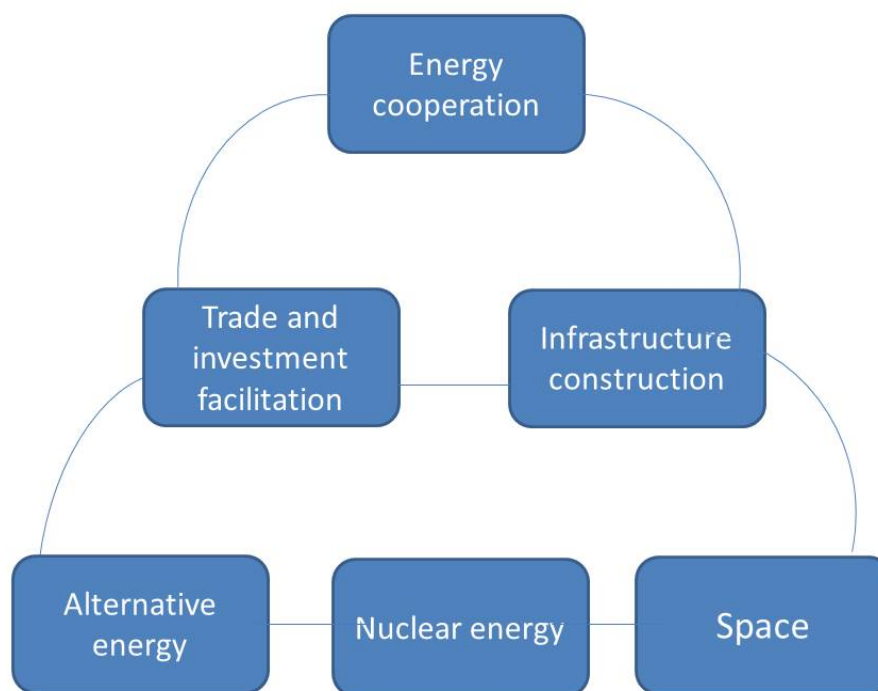
Nowadays, China's political 'center of gravity' in the Middle East region has got a noticeable bias towards the Persian Gulf due to the dominant position that the Gulf states occupy in the world oil and gas markets. Though the Chinese Belt and Road initiative has not been widely implemented in the Gulf monarchies except for Oman, the GCC members show vivid interest in bringing in large Chinese property developers, especially in infrastructure and energy sectors, which would mean their joining the above-mentioned Beijing initiative.<sup>4</sup> In practice, the collaboration between China and the Gulf states is undergoing constant transformation, moving from a framework of two-way deals (which might be

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<sup>2</sup> China has Become the World's Biggest Crude Oil Importer for the First Time // Time. May 11, 2015. URL: <https://time.com/3853451/china-crude-oil-top-importer/> (accessed: 27.11.2021).

<sup>3</sup> Scobell A., Nader A. China in the Middle East: The Wary Dragon // RAND Corporation. 2016. URL: [https://www.rand.org/content/dam/rand/pubs/research\\_reports/RR1200/RR1229/RAND\\_RR1229.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1229/RAND_RR1229.pdf) (accessed: 27.11.2021).

<sup>4</sup> Fulton J. The G.C.C. Countries and China's Belt and Road Initiative (BRI): Curbing Their Enthusiasm? // Middle East Institute. October 17, 2017. URL: <https://www.mei.edu/publications/gcc-countries-and-chinas-belt-and-road-initiative-bri-curbing-their-enthusiasm> (accessed: 27.11.2021).



**Fig. 1. Model of cooperation “1 + 2 + 3”**

*Source:* China’s Arab Policy Paper // Ministry of Foreign Affairs of the People’s Republic of China. January 13, 2016. URL: [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1331683.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1331683.shtml) (accessed: 27.11.2021).

very large-scale, yet non-system) to a level of strategic partnership (Bazoobandi, 2020). Considering the importance of the region, Beijing’s policy becomes more ambitious and sophisticated ever seen from the point of view of economic and diplomatic approaches and, to a lesser extent, security issues<sup>5</sup>.

Starting with the publication of the two White Papers (“Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road”, 2015, and “China’s Policy towards the Arab States”, 2016), China’s relations with the Gulf countries have been outlined in a clearer way. These publications do not contain any special data regarding the Middle East, however, Belt and Road Initiative key directions for cooperating with foreign countries are formulated therein, namely policy coordination, facilities

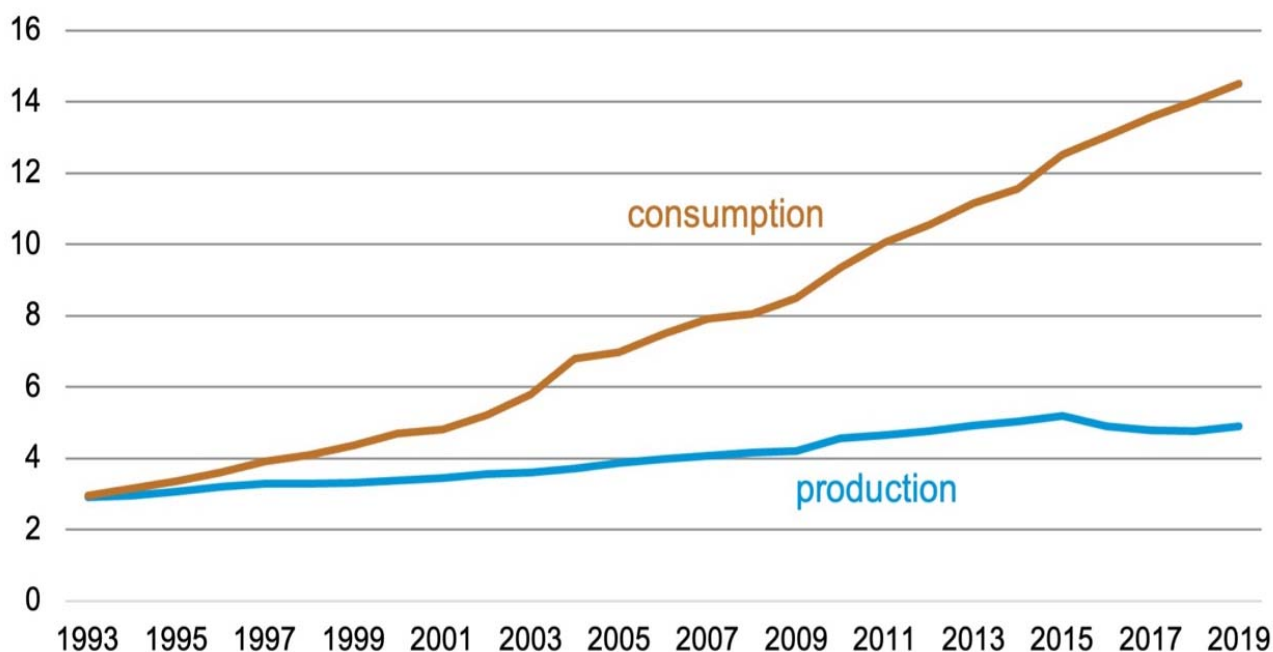
<sup>5</sup> Lons C., Fulton J., Sun D., Al-Tamimi N. China’s Great Game in the Middle East // European Council on Foreign Relations. October 21, 2019. URL: [https://ecfr.eu/publication/china\\_great\\_game\\_middle\\_east/](https://ecfr.eu/publication/china_great_game_middle_east/) (accessed: 27.11.2021).

connectivity, unimpeded trade, financial integration, and people-to-people bond.<sup>6</sup>

This approach fully met the officially proclaimed business arrangement between China and the GCC countries. In this way, a “1+2+3” schematic business arrangement model (Fig. 1) was presented in a political document issued under the aegis of the Chinese Foreign Ministry. According to it, China and Arab countries would focus on joint energy, trade, investment, and infrastructure projects, whereas additional aid for close cooperation will be rendered from the three spheres with cutting-edge technology and innovations actively implemented — nuclear power, alternate sources of energy, and space.<sup>7</sup>

<sup>6</sup> Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road // Embassy of the People’s Republic of China in the Islamic Republic of Afghanistan. March 29, 2015. URL: <https://www.mfa.gov.cn/ce/ceaf//eng/sgxw/t1249713.htm> (accessed: 27.11.2021).

<sup>7</sup> China’s Arab Policy Paper // Ministry of Foreign Affairs of the People’s Republic of China. January 13, 2016. URL: [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1331683.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1331683.shtml) (accessed: 27.11.2021).



**Fig. 2. Production and consumption of oil and petroleum products in China, 1993—2019, mln barrels per day**  
*Source:* Country Analysis Executive Summary: China // U.S. Energy Information Administration. September 30, 2020.  
 URL: [https://www.eia.gov/international/content/analysis/countries\\_long/China/china.pdf](https://www.eia.gov/international/content/analysis/countries_long/China/china.pdf) (accessed: 27.11.2021).

The document also mentions prospective areas of cooperation, including training of specialists, intelligence data exchange, defense, and anti-terrorism efforts, the idea being supported in the speech of the President of the People’s Republic of China Xi Jinping at the Arab League Headquarters (Cairo, January, 21, 2016). According to the speech, Beijing has got no aim to search for one privileged partner in the Arab world or for one sphere for cooperation, it does not make efforts to “fill in the vacuum” merely for its benefit — on the contrary, it would like to promote peace and find a wide variety of friends and partners, who would like to join the Chinese Belt and Road Initiative based on mutually beneficial basis for the sake of achieving significant results.<sup>8</sup>

<sup>8</sup> Work Together for a Bright Future of China-Arab Relations: Speech by H.E. Xi Jinping President of the People’s Republic of China at the Arab League Headquarters, Cairo, 21 January 2016 // Ministry of Foreign Affairs of the People’s Republic of China. URL: [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1335484.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1335484.shtml) (accessed: 27.11.2021).

### Cooperation in the Energy Sector

Since 1993, China has become a net importer of crude oil, and in 2015 it left the USA behind as the largest importer. According to statistical data released by Energy Information Administration (EIA), in 2019, 67.3% of consumed oil in China accrued to import.<sup>9</sup> Following the available expert assessments, two thirds of the world’s oil consumption annual increment came from China: at that period, approximately 14.5 mln barrels per day of oil and petrochemicals were consumed, which is 500,000 bpd (nearly 4%) more than in the previous year, 2018<sup>10</sup> (Fig. 2). The intensive growth of the Chinese economy implies a sharp or even outstripping increase in

<sup>9</sup> How is China’s Energy Footprint Changing? // China Power. January 30, 2021. URL: <https://chinapower.csis.org/energy-footprint> (accessed: 27.11.2021).

<sup>10</sup> China // U.S. Energy Information Administration. September 30, 2020. URL: <https://www.eia.gov/international/analysis/country/CHN> (accessed: 27.11.2021).

energy costs, which consequently necessitates an increase in fuel and raw material supplies from abroad. In this way, to enhance the security of energy supply, China is interested in searching additional sources, which would be enough for fail-safe procurement and would foster stable economic development (Zakharov & Rusak, 2017).

At present, the proven reserves in oil fields of the GCC countries total about 30.5% of the world resources<sup>11</sup> (Table 1). Three countries of the “Arabian Six” are a top ten of the largest oil-producing states of the world, and they all (except for Bahrain) are the top thirty of the largest producers. Qatar is the fourth largest world natural gas producer; its resources are estimated at 12.4% of the world ones.<sup>12</sup>

Table 1  
Gulf Cooperation Council Oil Reserves, 1999—2019

Country	Late 1999, mln barrels	Late 2009, mln barrels	Late 2018, mln barrels	Late 2019, mln barrels	Share of global reserves (late 2019), per cent
Saudi Arabia	262 800	264 600	297 700	297 600	17.2
Kuwait	96 500	101 500	101 500	101 500	5.9
UAE	97 800	97 800	97 800	97 800	5.6
Qatar	13 100	25 900	25 200	25 200	1.5
Oman	5 700	5 500	5 400	5 400	0.3

Source: Statistical Review of World Energy // BP. July 2021. URL: <https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy.html> (accessed: 27.11.2021).

Power resources have formed the bulk of trading between the PRC and the GCC countries for a long time. As of 2017, approximately 40% of Chinese crude oil import accrued to the MENA countries.<sup>13</sup> In 2019, the figure was

<sup>11</sup> Statistical Review of World Energy // BP. July, 2021. URL: <https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy.html> (accessed: 27.11.2021).

<sup>12</sup> Ibid.

<sup>13</sup> China: Country Brief // International Trade Centre. URL: <https://www.intracen.org/country/china/> (accessed: 27.11.2021).

already 41.3% with Saudi Arabia being the largest oil supplier to China<sup>14</sup> (Table 2). World Energy Outlook 2012 published by the International Energy Agency show that oil export from the Middle East to China may double by 2035.<sup>15</sup>

Significant supplies of liquefied natural gas (LNG) from Qatar to China should also be mentioned. At present, Qatar provides almost 28% of the total LNG import to China. Chinese demand in this raw product is predicted to increase by 60% during 2017—2023.<sup>16</sup>

Table 2  
Gulf Countries Oil Exports to China in 2019

Country	Ranking among global suppliers	Ranking among Arab suppliers	Share of China's total oil imports, per cent	The value of imports, USD bln
Saudi Arabia	1	1	16.9	40.1
Iraq	3	2	9.9	23.7
Oman	6	3	6.9	16.4
Kuwait	7	4	4.5	10.8
UAE	8	5	3.1	7.3
Total	—	—	41.3	98.3
For reference: Iran	9	—	3	7.1

Source: Workman D. Top 15 Crude Oil Suppliers to China // World's Top Exports. URL: <http://www.worldstopexports.com/top-15-crude-oil-suppliers-to-china> (accessed: 27.11.2021).

Taking into consideration long-term and close connection of the GCC countries with the USA, Beijing cannot but have misgivings about

<sup>14</sup> Workman D. Top 15 Crude Oil Suppliers to China // World's Top Exports. URL: <http://www.worldstopexports.com/top-15-crude-oil-suppliers-to-china> (accessed: 27.11.2021).

<sup>15</sup> World Energy Outlook 2012 // The International Energy Agency (IEA). November, 2012. URL: [https://iea.blob.core.windows.net/assets/ebe15dfb-30c8-42cf-8733-672b3500aed7/WEO2012\\_free.pdf](https://iea.blob.core.windows.net/assets/ebe15dfb-30c8-42cf-8733-672b3500aed7/WEO2012_free.pdf) (accessed: 27.11.2021).

<sup>16</sup> China to Become Top Gas Importer in 2019 Boosted by LNG — IEA // Reuters. June 26, 2018. URL: <https://www.reuters.com/article/gas-iea-idUSL1N1TR114> (accessed: 27.11.2021).

Washington placing pressure on those countries with shutting off supplies of energy sources from the sub-region to the PRC, experts say.<sup>17</sup> This confers China a right to consider Iran a possible key partner in the region (Krasnov & Yurtaev, 2016).

As of 2019, China satisfied 3% of its oil needs using Iran's product. With this, Beijing heavily relies upon the existing security architecture in the Persian Gulf for defending its trading and economic relations with the sub-region countries. Paradoxically, this system has been based upon the partnership of the GCC countries with the USA and Great Britain for decades of its existence. As the security of water routes is mostly provided by Americans in the Gulf area, this releases the Chinese from drawing in their own task forces to this mission, and subsequently from problems which would inevitable arise in case Chinese defense officials appeared in the Gulf area.<sup>18</sup>

However, any moment this "advantage" can turn out a serious threat for China in providing uninterrupted hydrocarbons supplies. As the possibility of trade-economic war of two leading world superstates becomes evident at this historical period, the tendency of such threat against Chinese interests getting 'mature' cannot be ignored.

If the USA construes its mission for defending shipping routes in the Gulf encompassing the Pacific and the Indian Oceans water areas, this could mean that the entire water route for hydrocarbons supplies to China shall be controlled by Americans. Such outlook, much undesired for Beijing, can prompt it to accept the geostrategic challenge from the main global rival and to take to certain actions which

might not exclude its direct participation in providing the regional security. In this case, China might expand its footprint both by sea and by land in the Persian Gulf area, as well as in the Greater Middle East region, and in the Indo-Pacific region. The grounds for such arguments are self-explanatory. China has definitely got more than one reason for expanding its involvement in the Indian Ocean area. This process can lead in its turn to strengthening its involvement in the Middle East security sphere.<sup>19</sup> On the other hand, today's insecurity in the Middle East directly affects the policy pursued by Beijing in the region. China obviously does not feel comfort when the US Navy controls the routes for transporting oil from the Persian Gulf, including towards the South China Sea. Indeed, if events take an unfavorable turn (for example, an armed conflict with the participation of the United States, the establishment of a tough economic blockade by the latter, etc.), China may lose oil and gas supplies from the Middle East. Therefore, the plan of the Chinese government to partially substitute the impost of Arabian oil by similar supplies from other geographical regions seems quite logical.

Beijing intends to diversify the sources of energy resources supplies into the country, and Belt and Road Initiative is supposed to help achieve this goal. Nonetheless, the importance of the Persian Gulf region for China will continue to grow as its domestic demand for hydrocarbons increases. As some experts think, the predicted increase of shale oil and gas extraction shall reduce the demand for Middle-East oil in the markets of North America and Europe, while China's dependence on suppliers of Middle Eastern oil may only increase in future.<sup>20</sup>

<sup>17</sup> Lons C., Fulton J., Sun D., Al-Tamimi N. China's Great Game in the Middle East // European Council on Foreign Relations. October 21, 2019. URL: [https://ecfr.eu/publication/china\\_great\\_game\\_middle\\_east/](https://ecfr.eu/publication/china_great_game_middle_east/) (accessed: 27.11.2021).

<sup>18</sup> Exclusive Interview: Obama on the World // The New York Times. August 10, 2014. URL: <https://www.nytimes.com/video/opinion/10000003047788/china-as-a-free-rider.html> (accessed: 27.11.2021).

<sup>19</sup> Lons C., Fulton J., Sun D., Al-Tamimi N. China's great game in the Middle East // European Council on Foreign Relations. October 21, 2019. URL: [https://ecfr.eu/publication/china\\_great\\_game\\_middle\\_east/](https://ecfr.eu/publication/china_great_game_middle_east/) (accessed: 27.11.2021).

<sup>20</sup> Quilliam N. China and the Middle East: From 'Economy Only' to 'Keeper of International Order' // The

## Trade Dialogue

Trade is a fairly diversified branch of China's relations with the Gulf countries. In recent years, its trade turnover with the GCC countries as a whole and with each member state of this organization in particular has grown significantly.<sup>21</sup> Hydrocarbons make up the bulk of Chinese imports; this item alone makes the trade balance with China unbalanced in four of the six Arabian monarchies, and the UAE and Bahrain constantly import more from China than they supply to it. As for Bahrain, this situation can be explained by a significant reduction in energy supplies and a weaker economy compared to its GCC partners. The situation is different with the UAE: its economy is largely a re-export type; with this, the export to China is very significant (almost 2.5% of China annual import of crude oil).<sup>22</sup> At the same time, Chinese companies are actively using the UAE as a trans-regional hub due to its developed infrastructure and favorable business environment, which allows China to enter the markets of South Asia, the Middle East and East Africa (Fulton, 2020).

As for the other Arabian monarchies, it is difficult to overestimate the importance of China as their largest commercial partner and importer for them, especially considering that "hydrocarbon" items fill the revenue part of their budgets by about 85—90%.<sup>23</sup> Let us consider the Sultanate of Oman as an example. Oil and gas revenues here account for 68 to 85% of government revenues (the percentage depends on the conjuncture of international

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Middle East in London. Vol. 14. No. 4. June-July, 2018. URL: <https://www.soas.ac.uk/lmei/meil/recent-issues/file135013.pdf> (accessed: 27.11.2021).

<sup>21</sup> Data // National Bureau of Statistic of China. URL: <http://www.stats.gov.cn/english/Statisticaldata/AnnualData/> (accessed: 27.11.2021).

<sup>22</sup> China: Country Brief // International Trade Centre. URL: <https://www.intracen.org/country/china/> (accessed: 27.11.2021).

<sup>23</sup> The CIA World Factbook. URL: <https://www.cia.gov/the-world-factbook/> (accessed: 27.11.2021).

markets), and this dependence makes China an extremely important partner; 43.7% of export earnings come to the Omani treasury from China.<sup>24</sup>

In 2016, China ranked first in the list of the six largest export-import markets for all GCC countries<sup>25</sup>. Currently, China has become their key economic partner, as well as the large commercial partner for Kuwait, Oman, Saudi Arabia and the United Arab Emirates, each taken by itself. For the PRC, in turn, the GCC is a group of countries that ranks eighth in terms of its imports and eighth in terms of exports. Interestingly, of the seven leading trading partners of China, all except Germany are located within the Asia-Pacific region and have well-established trade and historical ties with the neighbor. This confirms the thesis that the Middle East has become for China the largest and most important trade and economic zone outside the Asia-Pacific region.<sup>26</sup> Within the framework of the strategic dialogue "China — GCC countries" initiated by Beijing in 2010, several negotiating rounds were organized (June 4, 2010 in Beijing, May 2, 2011 in Abu Dhabi, in January 2014 in Beijing, April 25 2016 in Beijing) on the finalization of a special agreement between China and the GCC countries in order to prepare for the creation of a free trade area between China and the Arab countries.<sup>27</sup>

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<sup>24</sup> Explore All Countries — Oman // The CIA World Factbook. URL: <https://www.cia.gov/the-world-factbook/countries/oman/> (accessed: 27.11.2021).

<sup>25</sup> The CIA World Factbook. URL: <https://www.cia.gov/the-world-factbook/> (accessed: 27.11.2021).

<sup>26</sup> Scobell A., Nader A. China in the Middle East: The Wary Dragon // RAND Corporation. 2016. URL: [https://www.rand.org/content/dam/rand/pubs/research\\_reports/RR1200/RR1229/RAND\\_RR1229.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RR1200/RR1229/RAND_RR1229.pdf) (accessed: 27.11.2021).

<sup>27</sup> Al-barnamaj al-tanfidhiu li-muntadaa al-taawun al-arabii al-siyinii bayn eamay 2014—2016 [The Executive Program of the Arab-Chinese Cooperation Forum between 2014—2016] // China — Arab States Cooperation Forum. October 6, 2014. URL: [http://www.chinaarabcf.org/ara/lthyjwx/bzjhywj/diliujiebuszhangjihuiyi/201406/t20140610\\_6907478.htm](http://www.chinaarabcf.org/ara/lthyjwx/bzjhywj/diliujiebuszhangjihuiyi/201406/t20140610_6907478.htm) (accessed: 27.11.2021). (In Arabic).



Table 3

## Chinese Investments in GCC states, 2005—2020, USD mln

Country	Year																
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Bahrain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1 420	0	1 420
Kuwait	0	0	840	0	510	570	260	510	0	240	2 270	1 830	1 330	2 070	220	280	10 930
Oman	150	0	0	160	720	0	0	0	0	0	300	2 870	0	320	970	1 130	6 620
Qatar	100	540	0	140	740	0	1 185	0	600	560	1 180	1 110	0	230	0	750	7 800
Saudi Arabia	1 100	0	2 770	1 170	4 230	340	4 320	1 830	2 800	2 970	3 310	1 250	1 910	4 710	5 500	1 650	39 860
UAE	0	300	650	3 550	670	130	450	1 150	730	640	760	4 150	7 790	8 010	4 320	1 400	34 700

Source: China Global Investment Tracker // American Enterprise Institute. URL: <https://www.aei.org/china-global-investment-tracker/> (accessed: 27.11.2021).

It should be emphasized that the GCC is the second integration format after the ASEAN, which is negotiating a free trade agreement with China. The negotiation process began in July 2004, when China and the GCC countries signed a framework agreement on economic and trade cooperation, investment and technology. This was followed by 9 rounds of negotiations aimed at signing a free trade agreement and designed to enhance interaction between interested parties and, in particular, to remove tariff barriers to the movement of capital.<sup>28</sup>

It is also important to stress that in order to maintain interaction between the PRC and the GCC, a number of joint institutions have been established: the China — GCC Joint Economic and Trade Committee, the Sino-Arab Economic and Trade Committee, the China — GCC Trade Cooperation Forum. Similar structures were created in each of the member states of the Cooperation Council, in particular, such as the Oman — China Friendship Association, the China — Qatar Business Council, and the China — Kuwait Friendship Association.

### Investment Cooperation

Investment cooperation is another pillar of China's economic relations with the GCC

<sup>28</sup> China and Gulf nations resume free trade agreement talks // The State Council Information Office of the People's Republic of China. January 21, 2016. URL: <http://www.scio.gov.cn/32618/Document/1464959/1464959.htm> (accessed: 27.11.2021).

countries, and in recent years, the amount of financial investment has also increased significantly. In 2016, China became the largest foreign investor in the Middle East.<sup>29</sup> As of 2018, almost two-thirds of Chinese investment in the MENA region was in the Arab Gulf countries.<sup>30</sup> In 2005—2020, the GCC countries received USD 101.33 billion of Chinese direct investment (Table 3).

For the GCC countries, the influx of investments from China fell on a period of development, when the countries began to seek to reduce their dependence on hydrocarbon revenues and diversify their national economies.<sup>31</sup> The GCC countries have become the main recipients of large-scale infrastructure contracts involving Chinese companies, including the construction of facilities such as the Lusail Stadium in Qatar (the main venue for the World Cup in 2022), the Yanbu oil refinery, a high-speed railway linking Jeddah with Mecca

<sup>29</sup> Şimşek M. China and the Middle East — A priceless pivot // Central Banking Institute. May 4, 2020. URL: <https://www.centralbanking.com/central-banks/economics/4738091/china-and-the-middle-east-a-priceless-pivot> (accessed: 27.11.2021).

<sup>30</sup> Green A. GCC Trade and Investment Flows // The Economist Intelligence Unit. December 16, 2014. URL: <https://impact.econ-asia.com/perspectives/economic-development/gcc-trade-and-investment-flows-0> (accessed: 27.11.2021).

<sup>31</sup> Mercy A.K. China in the Middle East: Influence and Investment // The Diplomat. September 25, 2019. URL: <https://thediplomat.com/2019/09/china-in-the-middle-east-influence-and-investment/> (accessed: 27.11.2021).

and Medina, etc.<sup>32</sup> The Gulf Vision regional development program, which has incorporated major infrastructure projects, opens up broad horizons for future cooperation. Each of the GCC countries has taken up the development of its own “vision” — in particular, Saudi Vision 2030, Kuwait Vision 2035 “New Kuwait,” Abu Dhabi’s Vision 2030, Qatar National Vision 2030, Oman Vision 2040, Bahrain Economic Vision 2030. All this, in fact, represents the national options for projects to diversify the economies of the GCC countries, in other words, projects for the transition from the rentier model, with the exploitation of one hydrocarbon resource, to the “post-oil” model, where foreign direct investment becomes an important component of economic development (Kamrava, 2018).

In the summer of 2018, China announced another round of investment and lending worth USD 23 billion. Ports and industrial complexes receive special attention as they form a logistics chain linking China with the Persian Gulf, as well as with the Arabian, Red and Mediterranean seas. In Beijing, this approach was discussed in the summer of 2018; in particular, the presentation material called “Industrial Park-Port Interconnection, Two-Wheel and Two-Wing Approach,” contained the thesis: “China is interested in participating in the construction of seaports and the planned railway network of the Arab countries, and also supports the Arab partners in creating a ‘golden logistics chain’ linking Central Asia, East Africa, the Indian Ocean and the Mediterranean Sea”.<sup>33</sup> The Port of Khalifa in the UAE, the Port

of Duqm in Oman, the Port of Jizan in Saudi Arabia, the ports of Ain Sokhna and Port Said in Egypt (on the Suez Canal), and the Port of Djibouti serve as anchor points for this project, and it is there that a significant Middle East part of Belt and Road Initiative will take place.

### **Cooperation within the Belt and Road Initiative**

Since China’s announcement of the One Belt, One Road Initiative in 2013, the GCC countries have seen it as a driver for strengthening bilateral cooperation. The initiative contains six main vectors, they are also economic corridors, or “traffic lanes.” These corridors form the architecture of this initiative and represent China’s vision of how foreign countries and regions can participate in it.<sup>34</sup> However, the Arabian Peninsula was not among the proposed areas of the initiative.<sup>35</sup> Nevertheless, the leaders of China and the GCC countries regarded the Belt and Road Initiative as the most important component of their relations, and the projects already accepted there for implementation by Chinese companies were carried out under the auspices of the mentioned initiative.<sup>36</sup>

As already mentioned, the cooperation along the Belt and Road Initiative is based on five principles: “policy coordination,” “facilities

<sup>34</sup> New Eurasian Land Bridge Economic Corridor (NELBEC); China — Mongolia — Russia Economic Corridor (CMREC); China — Central Asia — West Asia Economic Corridor (CCWAEC); China — Indochina Peninsula Economic Corridor (CICPEC); Bangladesh — China — India — Myanmar Economic Corridor (BCIMEC); China — Pakistan Economic Corridor (CPEC).

<sup>35</sup> Yini H. China to Invest \$900b in Belt and Road Initiative // *China Daily*. May 28, 2015. URL: [http://usa.chinadaily.com.cn/business/2015-05/28/content\\_20845687.htm](http://usa.chinadaily.com.cn/business/2015-05/28/content_20845687.htm) (accessed: 28.11.2021).

<sup>36</sup> Fulton J. The G.C.C. Countries and China’s Belt and Road Initiative (BRI): Curbing Their Enthusiasm? // Middle East Institute. October 17, 2017. URL: <https://www.mei.edu/publications/gcc-countries-and-chinas-belt-and-road-initiative-bri-curbing-their-enthusiasm> (accessed: 27.11.2021).

<sup>32</sup> Declaration of Action on China-Arab States Cooperation under the Belt and Road Initiative // China — Arab States Cooperation Forum. July 10, 2018. URL: <http://www.chinaarabcf.org/ara/lthyjwx/bzjhywj/dbj/201807/P020210828308252626492.pdf> (accessed: 27.11.2021).

<sup>33</sup> Xi Jinping Delivers a Speech at The Opening Ceremony of The Eighth Ministerial Meeting of The China — Arab States Cooperation Forum // Ministry of Foreign Affairs of the People’s Republic of China. July 10, 2018. URL: [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1575994.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1575994.shtml) (accessed: 27.11.2021).

connectivity,” “unimpeded trade,” “financial integration,” and “people-to-people bond.” At the same time, Chinese economic diplomacy relied on such provisions even before the initiative was launched by Beijing in 2013. As it is known, China traditionally focuses on trade and economic aspects of relations with foreign partners, leaving political issues on the periphery of its attention (Sun & Zoubir, 2015, pp. 907—908).

There is a clear synergy between the projects from the Vision series for the Gulf countries and the Chinese initiative: both here and there, priority is given to linking objects into one system and to correlating political considerations with aspects of economic cooperation. A number of leaders of the Arabian monarchies have unequivocally confirmed the connection between the Vision projects and the Belt and Road Initiative. Thus, the Crown Prince of Saudi Arabia Mohammed bin Salman called it “one of the main pillars of the concept of Saudi Arabia Vision 2030”.<sup>37</sup> To achieve this goal, the Saudi leader traveled to China in 2016 on a royal delegation that also included the ministers of trade, investment, energy, industry and minerals, culture, information and information technology. With their participation, a panel discussion was held in Beijing on the topic “Saudi Vision 2030 and the Belt and Road Initiative: Together for a Prosperous Future.” In addition, during this visit, 15 bilateral memorandums of understanding were signed on projects related to the Vision 2030 plan to diversify the economy of Saudi Arabia.<sup>38</sup>

Further, in March 2017, King Salman paid a state visit to Beijing by King Salman took place. The meeting culminated in the signing of

contracts worth USD 65 billion. In addition, the business circles of the two countries signed 22 agreements on joint investment projects, many of which also related to the Vision 2030 program.<sup>39</sup> An interesting detail: a group of Chinese experts put forward an initiative to build a railway between China and the Saudi Arabia through the territories of Afghanistan, Iran and neighboring countries of the Gulf. However, in light of the political tensions that remain between the GCC countries and Iran, the chances of such an idea being implemented are still slim.<sup>40</sup>

The United Arab Emirates has an impressive potential to become a key facilitator and visible beneficiary of the Belt and Road Initiative. The UAE was ranked 16th in the Global Competitiveness Report published several years ago by the World Economic Forum.<sup>41</sup> The UAE is China’s most important commercial partner in the Arab world and accounts for 26% of all Chinese non-oil trade in the region.<sup>42</sup>

The Belt and Road Initiative will further strengthen the UAE’s preeminence as a regional center for financial operations, a circumstance that will also accelerate financial cooperation with China. In December 2016, the Agricultural Bank of China (ABC) received permission to

<sup>37</sup> Fusing Vision 2030 with Belt Road Initiative // Arab News. September 3, 2016. URL: <http://www.arabnews.com/node/979346/saudi-arabia> (accessed: 27.11.2021).

<sup>38</sup> Saudi Arabia Signs Initial Deals with China on Prince’s Visit // Reuters. August 30, 2016. URL: <https://www.reuters.com/article/us-saudi-china-agreements/saudi-arabia-signs-initial-deals-with-china-on-princes-visit-idUSKCN1151HT> (accessed: 27.11.2021).

<sup>39</sup> China, Saudi Arabia sign US\$65 Billion in Deals as King Salman Starts Beijing Visit // South China Morning Post. March 16, 2017. URL: <https://www.scmp.com/news/china/policies-politics/article/2079528/china-saudi-arabia-sign-us65-billion-deals-king-salman> (accessed: 27.11.2021).

<sup>40</sup> Jin L., Janardhan N. Belt and Road Initiative: Opportunities and Obstacles for the Gulf // The Emirates Diplomatic Academy. June 2018. URL: [https://www.agda.ac.ae/docs/default-source/Publications/edainsight\\_beltandroad\\_en.pdf?sfvrsn=4](https://www.agda.ac.ae/docs/default-source/Publications/edainsight_beltandroad_en.pdf?sfvrsn=4) (accessed: 27.11.2021).

<sup>41</sup> The Global Competitiveness Report 2016—2017 // World Economic Forum. 2016. P. XIII. URL: [http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017\\_FINAL.pdf](http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf) (accessed: 27.11.2021).

<sup>42</sup> China Leading Trade Partner of UAE: Al Mansouri // Gulf News. July 22, 2019. URL: <https://gulfnews.com/uae/china-leading-trade-partner-of-uae-al-mansouri-1.65370898> (accessed: 27.11.2021).

open a branch of the bank in the Emirates for settlements in yuan, after which, in May 2017, the ABC RMB clearing bank in Dubai began operations.<sup>43</sup> By the end of that year, four Chinese banks had opened seven branches here; they are expected to help stimulate trade ties between the two countries and explore financing issues under the China Initiative. Among other things, the UAE is home to the largest Chinese community in the Middle East, comprising between 200,000 and 300,000 individuals and over 4,200 companies. Dubai has branches of four of China's largest banks, as well as a currency swap center that generated about \$7 billion worth of Chinese yuan transactions in 2018.<sup>44</sup>

Looking at the development of relations between Beijing and Oman, it should be noted that since the end of 2016, China has been investing billions of dollars in transforming the Duqm area, a fishing village 550 km south of Oman's capital, Muscat, into an industrial and logistics hub. Although the project serves as part of a national strategy for economic diversification, in all likelihood, it also marks the success of China's efforts to promote the Belt and Road Initiative. Located on the shores of the Arabian Sea, the Duqm region is potentially profitable for the construction of Chinese manufacturing plants, to target nearby export markets in the Gulf region, the Indian subcontinent and East Africa. In addition, Dukm is located near sources of hydrocarbon raw materials, which Chinese companies intend to use for production purposes here. The Chinese have already invested about USD 3.06 billion in

Dukm<sup>45</sup>; this figure is expected to rise to USD 10.7 billion over the life of the project, according to Oman Wanfang LLC. In addition, Oman is interested in investing in a special economic zone in Gwadar (a project promoted by China in Pakistan).<sup>46</sup> Kuwait also confirms that the Belt and Road Initiative will help it achieve the goals set out in the New Kuwait 2035 program (Kuwait Vision 2035 "New Kuwait").<sup>47</sup> In this emirate, they plan to build a "Silk City" — a project that will cost approximately USD 100 billion and will eventually lead to the emergence of a new transport, logistics and financial center. And this again will be a "contribution into the piggy bank" of the Chinese Belt and Road Initiative. At the moment, about 40 Chinese companies are working in the oil, construction and infrastructure sectors of Kuwait.

Several Chinese infrastructure projects have already been implemented in Qatar; in 2014 alone, deals worth USD 8 billion were concluded.<sup>48</sup> However, since that time the activity of the Qataris in the line of the Chinese program has somewhat decreased. In the meantime, China has opened two foreign exchange clearing centers in Qatar<sup>49</sup> and the

<sup>45</sup> Chinese Firms to Set up 25 Projects in Duqm Free Zone // Times of Oman. October 2, 2017. URL: <https://timesofoman.com/article/43434-chinese-firms-to-set-up-25-projects-in-duqm-free-zone> (accessed: 27.11.2021).

<sup>46</sup> Pakistan, Oman Discuss Opportunities Offered by CPEC, Gwadar Port // Times of Islamabad. May 8, 2017. URL: <https://timesofislamabad.com/08-May-2017/pakistan-oman-discuss-opportunities-offered-by-cpec-gwadar-port> (accessed: 27.11.2021).

<sup>47</sup> Kuwait, China Share Enthusiasm on 'Belt and Road' Economic Initiative // Kuwait Time. May 13, 2017. URL: <http://news.kuwaittimes.net/pdf/2017/may/13/p03.pdf> (accessed: 27.11.2021).

<sup>48</sup> Alagos P. Qatar and China Sign \$8bn Infrastructure Deals // Gulf Times. April 8, 2015. URL: <https://www.gulf-times.com/story/434171/Qatar-and-China-sign-8bn-infrastructure-deals-in-1> (accessed: 27.11.2021).

<sup>49</sup> Renminbi Clearing Centre in Qatar to Strengthen Commercial & Economic Ties between China and the MENA Region // Qatar Central Bank. April 15, 2015. URL: <http://www.qcb.gov.qa/english/news/pages/renminbiclearingcentre.aspx> (accessed: 27.11.2021).

<sup>43</sup> Agricultural Bank of China Starts RMB Settlement in UAE // Xinhua. May 10, 2017. URL: [http://www.xinhuanet.com/english/2017-05/10/c\\_136272388.htm](http://www.xinhuanet.com/english/2017-05/10/c_136272388.htm) (accessed: 27.11.2021).

<sup>44</sup> Fulton J. China is Becoming a Major Player in the Middle East // MarshMcLennan: Brink. September 18, 2019. URL: <https://www.brinknews.com/china-is-becoming-a-major-player-in-the-middle-east/> (accessed: 27.11.2021).

UAE, and established two joint investment funds with the two countries totaling USD 20 billion.<sup>50</sup>

Bahrain has made less progress in terms of cooperation with the Chinese initiative than other neighbors, although, undoubtedly, it will also benefit from participation in it. This, in the opinion of the authors, would be useful for diversifying the economy, reducing overdependence on the United States, and would also serve as recognition that China is becoming an important trade and investment partner for this monarchical state as well.

Thus, the desire to pair the Belt and Road Initiative with the development plans of the Persian Gulf countries was transferred to the already existing backlog in relations that Chinese companies managed to accumulate within the framework of previously implemented infrastructure and construction projects. Between 2005 and 2014 Chinese construction and infrastructure contracts in the GCC countries reached USD 30 billion, which accounted for 8% of the global volume of Chinese investment over this period<sup>51</sup>. Officials use protocol visits and multilateral forums to declare support for the Chinese initiative, emphasizing the complementary nature of national and regional development plans for the Gulf area. In particular, this topic received comprehensive support during the Sino-Arab Cooperation Forum (July 10, 2018, Beijing). The regular ministerial meeting held at the same time adopted the “Declaration of Action on China — Arab States Cooperation under the Belt and Road Initiative,” and China announced the signing of documents on cooperation with

nine Arab countries (Saudi Arabia, Sudan, Iraq, Oman, Qatar, Kuwait, Lebanon, Egypt, and Morocco). Five Arab countries signed documents on cooperation with China in the field of production (UAE, Algeria, Saudi Arabia, Sudan, and Egypt). Seven Arab countries became members of the Asian Infrastructure Investment Bank Fund (UAE, Saudi Arabia, Jordan, Oman, Qatar, Kuwait and Egypt).<sup>52</sup>

Other Arab countries and the League of Arab States also actively participated in the first session of the Belt and Road Initiative International Cooperation Forum held in Beijing in May 2017. At the second session of the same focus, held in April 2019, it was announced that 19 Arab countries have signed cooperation documents under the Belt and Road Initiative (among them, the UAE alone has signed a cooperation agreement worth USD 3.4 billion).<sup>53</sup> In addition to the existing components of the Belt and Road Initiative program, the 2017 forum announced a new dimension — the Digital Silk Road.<sup>54</sup> This idea is in line with plans recently announced by the UAE and the Saudi Arabia.

### **China’s Strategic Partnership with the GCC Countries**

A partnership strategy using tools such as mutual trust, economic interdependence, cultural contacts, and security support is the main resource of China’s diplomacy. Since the

<sup>50</sup> Declaration of Action on China — Arab States Cooperation under the Belt and Road Initiative // China — Arab States Cooperation Forum. July 10, 2018. URL: <http://www.chinaarabcf.org/ara/lthyjwx/bzjhywj/dbj/201807/P020210828308252626492.pdf> (accessed: 27.11.2021).

<sup>51</sup> Green A. GCC Trade and Investment Flows // The Economist Intelligence Unit. December 16, 2014. URL: <https://impact.econ-asia.com/perspectives/economic-development/gcc-trade-and-investment-flows-0> (accessed: 27.11.2021).

<sup>52</sup> Declaration of Action on China — Arab States Cooperation under the Belt and Road Initiative // China — Arab States Cooperation Forum. July 10, 2018. URL: <http://www.chinaarabcf.org/ara/lthyjwx/bzjhywj/dbj/201807/P020210828308252626492.pdf> (accessed: 27.11.2021).

<sup>53</sup> The UAE Signed a Massive, \$3.4 Billion Deal with China — and That ‘Isn’t a Surprise’ // CNBC. April 29, 2019. URL: <https://www.cnbc.com/2019/04/29/china-uae-trade-deal-on-belt-and-road-isnt-a-surprise-wef-president.html> (accessed: 27.11.2021).

<sup>54</sup> Full text of President Xi’s Speech at Opening of Belt and Road Forum // Xinhua. May 14, 2017. URL: [http://www.xinhuanet.com/english/2017-05/14/c\\_136282982.htm](http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm) (accessed: 27.11.2021).

expansion and deepening of bilateral relations contributes to the implementation of its strategic goals (Grachikov, 2019), China's interaction with the countries of the Middle East and North Africa has become an essential component of the global partner network. The Persian Gulf area is an important region for China's strategic partnership, since Chinese interests in the region are significant. Almost all strategic partnership agreements, which are the fruit of cooperation that complements the Belt and Road project, have been concluded by China with Arab countries over the past decade.

In 2016, Chinese President Xi Jinping visited Saudi Arabia, and the two countries declared a comprehensive strategic partnership and the highest level of diplomatic relations. The same was done during the visit of the Chinese leader to the United Arab Emirates in the summer of 2018. Kuwait, Qatar and the Sultanate of Oman established a strategic partnership, which is the second highest level of Chinese partnership (Table 4).

Not surprisingly, it was Saudi Arabia and the UAE that were chosen as the comprehensive strategic partners. The former is the dominant power in the region and China's most important trading partner. The "rise" of the Emirates shows that Beijing sees them as a key regional player, which was emphasized in a joint statement in which the Chinese side praised the "constructive role played by the UAE in regional affairs".<sup>55</sup> China believes that the UAE has a number of advantages over other members of the GCC, namely: relatively high political stability, the acquired status of a regional center of logistics and infrastructure, and provision of comfortable conditions for doing business.<sup>56</sup>

<sup>55</sup> UAE, China Issue Joint Statement, Agree to Establish Comprehensive Strategic Partnership // Emirates News Agency. July 21, 2018. URL: <http://wam.ae/en/details/1395302699891> (accessed: 27.11.2021).

<sup>56</sup> Fulton J. *Friends with Benefits: China's Partnership Diplomacy in the Gulf* / ed. by M. Lynch, A. Jamal // *Shifting Global Politics and the Middle East: POMEPS Studies* 34. Washington: Middle East Political Science, 2016. P. 33—39. URL: [https://pomeps.org/wp-](https://pomeps.org/wp-content/uploads/2019/03/POMEPS_Studies_34_Web.pdf)

The UAE itself is striving to play the role of the "main gateway" to the region for the Belt and Road Initiative.

Table 4

**Status of Relations between China and GCC Countries**

Country	Status	Year signed
Saudi Arabia	Comprehensive strategic partnerships	2016
UAE	Comprehensive strategic partnerships	2018
Qatar	Strategic partnerships	2014
Kuwait	Strategic partnerships	2018
Oman	Strategic partnerships	2018

*Source:* Xi Jinping Holds Talks with King Salman bin Abdulaziz Al Saud of Saudi Arabia: Two Heads of State Jointly Announce Establishment of China-Saudi Arabia Comprehensive Strategic Partnership // Ministry of Foreign Affairs of People's Republic of China. January 20, 2016. URL: [https://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/xybfs\\_663590/gjlb\\_663594/2878\\_663746/2880\\_663750/201601/t20160121\\_534799.html](https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/xybfs_663590/gjlb_663594/2878_663746/2880_663750/201601/t20160121_534799.html) (accessed: 27.11.2021); China, UAE Agree to Lift Ties to Comprehensive Strategic Partnership // Ministry of Foreign Affairs of People's Republic of China. July 21, 2018. URL: [https://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/xybfs\\_663590/gjlb\\_663594/2903\\_663806/2905\\_663810/201807/t20180723\\_536488.html](https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/xybfs_663590/gjlb_663594/2903_663806/2905_663810/201807/t20180723_536488.html) (accessed: 27.11.2021); Xi Jinping Holds Talks with Kuwaiti Emir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah // Ministry of Foreign Affairs of People's Republic of China. July 9, 2018. URL: [https://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/xybfs\\_663590/gjlb\\_663594/2838\\_663666/2840\\_663670/201807/t20180710\\_533545.html](https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/xybfs_663590/gjlb_663594/2838_663666/2840_663670/201807/t20180710_533545.html) (accessed: 27.11.2021); Xi Jinping Holds Talks with Emir Tamim bin Hamad Al Thani of Qatar and Two Heads of State Together Announce to Establish China-Qatar Strategic Partnership // Ministry of Foreign Affairs of People's Republic of China. November 3, 2011. URL: [https://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/xybfs\\_663590/gjlb\\_663594/2873\\_663736/2875\\_663740/201411/t20141105\\_534483.html](https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/xybfs_663590/gjlb_663594/2873_663736/2875_663740/201411/t20141105_534483.html) (accessed: 27.11.2021); Xi Jinping and Sultan Qaboos bin Said of Oman Exchange Congratulatory Messages, Announcing the Establishment of China-Oman Strategic Partnership and Celebrating the 40th Anniversary of the Establishment of Bilateral Diplomatic Relations // Ministry of Foreign Affairs of People's Republic of China. May 25, 2018. URL: [https://www.fmprc.gov.cn/mfa\\_eng/wjb\\_663304/zzjg\\_663340/xybfs\\_663590/gjlb\\_663594/2863\\_663716/2865\\_663720/201805/t20180529\\_534113.html](https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/xybfs_663590/gjlb_663594/2863_663716/2865_663720/201805/t20180529_534113.html) (accessed: 27.11.2021).

[content/uploads/2019/03/POMEPS\\_Studies\\_34\\_Web.pdf](https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/xybfs_663590/gjlb_663594/2863_663716/2865_663720/201805/t20180529_534113.html) (accessed: 27.11.2021).

What are the prospects for the transition of other GCC countries to a comprehensive strategic partnership? Georg Strüver from the German Institute for Global and Area Studies (GIGA) has studied this question. He points out that Chinese leaders are especially careful when choosing an external partner at such a high level and are guided by the necessary combination of three conditions: a high level of political trust, close economic ties, and a high appreciation of the quality of cooperation achieved in other areas (for example, in the field of culture). In addition to the structure of bilateral relations, Beijing attaches great importance to the place occupied by a particular state in the international arena. Beijing considers this level of partnership only with those who “play an important role in the international economy and politics” (Strüver, 2017, p. 45).

In turn, Russian orientalist-sinologist E.N. Grachikov adds one more “suitability criterion” to the assessments of his German colleague. This is recognition of the principle of a united, “one” China, in other words, unambiguous support for Beijing’s position regarding Taiwan, Tibet and Xinjiang (in the future, of course, this list should be supplemented by an external partner confirmation of China’s sovereign rights to the islands in the East China and South China Seas). E.N. Grachikov also notes the existence of a tradition that Beijing adheres to when assessing the degree of influence of partner countries in their macro-regions, as well as the possibility of using their potentials to expand the diplomatic resource of the PRC in pursuing its policy in certain regions. Thus, partner countries were divided into two narrower groups — supporting partners (*zhidian*, 支点), which support the fundamental national interests of the PRC, and nodal partners (*jiedian*, 结点), used by the PRC to expand its foreign policy resources (Grachikov, 2019). According to this gradation, the GCC countries do not qualify as nodal or supporting ones. Given the criteria set by Beijing, the Gulf

States, other than the Saudi Arabia and the UAE, are unlikely to reach the level of a comprehensive strategic partnership. For example, China’s relations with Qatar are very close, but still not on the same level as with the aforementioned two neighboring monarchies. In addition, it is worth taking into account the still unresolved contradictions between Qatar and the so-called “Counter-terrorism quartet” (Saudi Arabia, Egypt, UAE and Bahrain). Probably, in this case, Beijing prefers to practice “quiet diplomacy”.<sup>57</sup> Links with Oman are also quite developed, and the Duqm port project indicates that Beijing has strategic intentions. However, from an economic point of view, Oman is less important, which makes it unlikely that bilateral cooperation will be given a privileged status. As for Bahrain, its special partnership with China is not officially recorded, and bilateral trade is negligible.

The MENA leadership generally welcomes partnerships with Beijing because it is said to treat them as equals rather than junior partners. In addition to its policy of non-interference in the others’ internal affairs, non-alignment, and refusal to participate in wars (including through indirect ones), China, as a rule, remained on good terms with all parties to regional conflicts, including Iran, Saudi Arabia with allies and other Arab states (including Algeria, Morocco, and others), as well as Israel.

## Conclusion

China’s growing ambitions for integrating the MENA countries into Belt and Road Initiative have led to a significant increase of China participating in the region proceedings due to political and economic reasons. Two most influential GCC states, Saudi Arabia and the United Arab Emirates, will remain the cornerstone of China’s economic course in the Middle East. China’s constant efforts for energy

<sup>57</sup> Fulton J. China’s Approach to the Gulf Dispute // *Asia Dialogue*. May 3, 2018. URL: <https://theasiadialogue.com/2018/05/03/chinas-approach-to-the-gulf-dispute/> (accessed: 27.11.2021).

resources procurement and setting up strategic partnership in addition to Belt and Road Initiative will further remain the main reason for direct competition with the United States. It cannot be excluded that the GCC members may seriously consider a roadmap for political agreements and joint security measures with China, especially in case the United States partially withdraw from the Middle East or if

any tensions arise between Washington and the capitals of the GCC countries. It is obvious that the choice of Beijing in such a development of events will not be easy. If China intends to bet on increasing its influence in the MENA region, it will eventually be absorbed in the chaotic geopolitical environment of this region and have to use its economic assets and strategic leverage in a more persistent way.

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