

THE ROLE OF CHINA IN THE MIDDLE EAST AND NORTH AFRICA (MENA). BEYOND ECONOMIC INTERESTS?

Katarzyna W. Sidło (Ed.)



EUROMESCO
JOINT POLICY STUDY

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Foreword

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China is a relative newcomer to the Middle East and North Africa (MENA) region. Indeed, as it is not in China's immediate neighbourhood, for a long time its importance to Beijing remained low. This began to change in the early 2000s. Due to its impressive economic expansion, marked by joining the World Trade Organization in 2001, China's energy consumption growth rate accelerated, making the energy-rich region increasingly crucial to China's energy security. Thus, the destabilization that came to the MENA with the Global War on Terror declared by the United States as a result of the 9/11 terrorist attack, endangered its interests. At the same time, however, having significant Muslim minorities of its own, China was keen to maintain the security of its Muslim-majority provinces and used the GWOT as justification for curbing the threat of its internal, separatist "Islamic terrorism". Eventually, then, to accommodate its growing interest in the region, China expanded its "greater neighbourhood" to include the MENA as well (currently, a good part of Europe has also been declared a part of it). Presently, while still not a key partner for Beijing, the region is one of the main suppliers of China's gas and oil, an increasingly important export destination, a territory of continuous construction activity of Chinese companies under the Belt and Road Initiative (BRI), and an object of a large-scale Chinese charm offensive. Slowly, it is becoming an object of Beijing's security interests as well.

For the sake of accuracy, it must be underlined here that what is usually understood in Europe as the Middle East and North Africa (Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine¹, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, Turkey and the United Arab Emirates [UAE]) the Chinese call Western Asia and North Africa. However, in the name of convenience and coherence, in this study, we shall use the well-established acronym MENA to indicate the above-listed countries.

Against this background, in this Joint Policy Study (JPS) we analyse the relationship between China and the MENA countries from an economic and socio-political point of view. We explore how this relationship has changed over time and whether and to what extent it has evolved since the launch of the BRI in 2013. At the same time, we try to understand what implications the increased Chinese presence in the MENA region has had for its countries, but also for the European Union (EU) and its allies. Finally, whenever possible, we make predictions as to the future development of the China-MENA ties.

At this point it is essential to mention that this study was finalised at the beginning of 2020 and prepared for print in March 2020, when the coronavirus (Covid-19) pandemic have already had a profound impact on several countries around the world, leaving

¹ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of EU member states on this issue.

thousands of people dead and millions more affected. China was the first country in which the virus was reported and for the first quarter of the year remained an epicentre of the pandemic. In February 2020, the first cases were reported in Iran, one of the more heavily affected countries so far. By March, every single country in the region had been affected. The pandemic will have an impact on the economic performance of the countries under study and the livelihoods of their citizens – as well as their relationship with each other – in ways difficult to predict as yet. Depending on the length of the lockdowns imposed by the national authorities, the stimulus packages approved and the level of cooperation between individual countries, the economic crisis that will ensue may take more or less severe forms. Beyond economics, the very world order as we know it is under threat, with the pandemic already predicted by some to be the straw that may break the globalisation camel's back. China, accused of exacerbating the threat by initially concealing the outbreak of the coronavirus disease, has embarked on a public relations campaign to portray itself as a saviour rather than a culprit (concurrently reviving its "Health Silk Road"). Over the past weeks, Beijing has been very publicly sending planes full of medical equipment, masks and medical staff to countries around the world, including the United States (US) and the EU member states. Reports of Washington allegedly hijacking masks and other key supplies bound for its allies (which the US administration vehemently denies) and the EU countries restricting exports of ventilators (condemned by Brussels) make winning this propaganda war much easier for Beijing. In the MENA region, China has already announced delivering thousands of coronavirus test kits and other equipment needed to fight the pandemic (although Turkey, for instance, rejected the tests due to their inaccuracy and it is not clear in all cases whether the recipient countries purchased or were gifted the equipment).

Simultaneously, another crisis of relevance to our study has been taking place in the first quarter of 2020: the oil price war between Saudi Arabia and Russia, which drove the price of Brent Crude down to USD 16 (indeed, the price of oil briefly turned negative in April 2020). Needless to say, a considerable decline in demand in one of the leading buyers, China, as well as other countries due to the coronavirus pandemic, further aggravated the situation in the energy market. Significantly lower revenues from oil sales will have an adverse impact not only on the economies of the oil-exporting countries but also on other states throughout the region that rely on financial support and remittances from the Gulf.

Every research project needs to stick to its designed timeframe, however. Otherwise, it would never be completed but rather updated to infinity. As such, the aforementioned crises were not taken into consideration while producing the analysis, which was almost entirely finalised by the end of January 2020. Future, follow-up studies will no doubt address those.

Accordingly, Chapter 1, compiled collaboratively by all the authors of the JPS, sets the context for the entire study. In it, the authors explore Chinese engagement in the MENA region from a historical perspective and against the background of Beijing's rise to the status of global power. They take a closer look at BRI, a flagship project of Chinese President Xi Jinping, and trace the history of the diplomatic and otherwise relationship between China and individual countries in the MENA region starting from 1949, when the People's Republic of China was proclaimed, until now. Finally, they analyse the attitudes of the political elites and citizens of the MENA countries towards China's growing presence in their region.

In the second Chapter, Katarzyna W. Sidło from CASE – Center for Social and Economic Research examines the economic relationship between China and the MENA states. She takes a look at the growing volume of trade exchange between the two and various types of Chinese official finance flowing to the countries in the region: from investment, through loans, to developmental aid. She also uncovers the characteristics of the activities of Chinese companies in various countries under study. The final section of her Chapter is dedicated to an analysis of the implications of Chinese economic presence in the MENA region for the EU.

Chapter 3, prepared by Erzsébet N. Rózsa from the Institute of World Economics in the Centre for Economic and Regional Studies and Tamás Peragovics from Central European University and the Institute of World Economics, unravels the complex relationship between China and the MENA region, focusing on Beijing's political, military and cultural engagements. They assess the depth and breadth of China's involvement in conflict mediation and peacekeeping missions in the MENA region, showcasing Beijing's delicate balancing act between maintaining a cordial relationship with various clashing powers in the region, from Saudi Arabia, through Iran, to Israel. Additionally, they explore the scale of China's cultural engagement and soft power-building across the region.

Finally, in the fourth Chapter, Lars Erslev Andersen from the Danish Institute for International Studies (DIIS) and Camille Lons from the International Institute for Strategic Studies (IISS) look at the geopolitical implications of China's presence in the MENA region. Against the background of the US' (perceived) withdrawal from and increasing multipolarity in the region, they analyse China's strategy for its presence in individual countries and the MENA region as a whole. They conclude by assessing the implications of Beijing's growing involvement across the region for its stability and prosperity, as well as for its relationship with the EU.

China-MENA Relations in the Context of Chinese Global Strategy

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China's Relationship with the Middle East and North African Countries – A Historical Perspective

Historically, the states of the Middle East and North Africa (MENA) region have featured on China's (back then – the People's Republic of China) geopolitical compass for different reasons. Nevertheless, there are certain general ideological underlying bases that to this day have been guiding the selection of partners: the non-aligned status, communist internationalism, and, finally, economic considerations.

During the Cold War, after the proclamation of the People's Republic of China in 1949, the Non-Aligned Movement (NAM) provided the context of Chinese relations with like-minded Middle Eastern states. After the 1955 Bandung Conference in Indonesia, the mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence (known as the Five Principles of Peaceful Coexistence [Ministry of Foreign Affairs of the People's Republic of China, 2014]) provided the basic pillars of the friendly relationship between China and the non-aligned MENA states – Algeria, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Syria, Sudan and Tunisia, all of which joined the NAM in the 1960s (later, other Arab countries and the Palestinians also joined) (Haddad-Fonda, 2015). In 1956, Egypt was the first Arab country to recognise China's communist government primarily for its "neutrality" (followed by Syria, North Yemen, Iraq, Morocco, Algeria and Sudan in the same year). The five principles of peaceful coexistence have remained relevant to this day: these provide not only the political cornerstone of the relationship, and a common front from which Western interventions are regularly criticised and opposed, but also are essential elements in the Chinese self-perception of the responsible superpower.

Following the death of Mao Zedong in 1976, the new Chinese leadership under Deng Xiaoping adopted a novel approach to foreign policy (Vogel & Ezra, 2011). Rather than pursuing revolutionary aims in external affairs, Deng sought to normalise ties with other countries and open up China to the rest of the world, primarily by creating special economic zones and inviting foreign capital to them. Coming after two decades of disastrous economic and social policies, chief among them the Great Leap Forward between 1958 and 1962, the reform and opening of the 1980s thus led to an era of unparalleled economic growth. It also inaugurated a new, practical and instrumental approach in external affairs that appreciated the potential role of foreign partners in China's long modernisation process.

This foreign policy reassessment under Deng Xiaoping also introduced a new element to the Chinese perception of the MENA states and a new point of selection, namely the economic “usefulness” of the selected states. As the country witnessed unprecedented economic growth during that period, it became a top priority for the Beijing government to secure stable oil supplies for its domestic economy (Besada & Salam, 2017). Consequently, Chinese foreign policy has been characterised by a transactional approach, illustrated by a plethora of economic agreements.

Presently, China's relations with the MENA states continue to expand, and a number of key factors explain why this is expected to continue. The most important is the economic one. The MENA region is of specific importance to China as an area rich in energy resources needed to sustain the growth in China, offering vast opportunities for substantial infrastructure investments in ports, railways and highways, as well as in nuclear energy and high-tech development. Besides the continued (although slowly diminishing) reliance on MENA oil, the non-oil exporting countries of North Africa are increasingly serving as export markets for Beijing. Moreover, countries in the Persian Gulf (as well as Egypt) are strategically placed on the trade route to Africa and Europe.

China's Global Expansion and the Belt and Road Initiative

Before exploring China's modern relationship with the MENA states any further, it is vital to take a step back and examine the broader context within which it developed, namely Chinese President Xi Jinping's flagship foreign and economic policy project, the Belt and Road Initiative (BRI, previously One Belt One Road or OBOR), also called the Silk Road Economic Belt (SREB) and the 21st-century Maritime Silk Road (MSR) initiative.

First presented by Xi in September 2013, the initiative is a series of hard and soft infrastructure projects intended to revive the ancient Silk Road to connect China and Europe. The “belt” – or SREB – is a land route linking China to Europe through Central Asia and the Middle East while the “road” – or MSR – is a maritime route linking South China to the Mediterranean through the Indian Ocean and the Suez Canal. Together, they have been dubbed by some commentators the “Chinese Marshall Plan”, as it was mainly envisioned to develop the Eurasian continent, but the geography of the BRI has developed to be open to all nations.

The original Silk Road was established around 140 BCE during Han Dynasty and developed as China's westward economic expansion during the first millennium BC.

Westward it connected through Central Asia China to Europe and southward through the Indian subcontinent to Europe. The Roman and later the Byzantine Empires and China traded goods like silk and spices from China, and gold, horses and furs from Europe, thus connecting markets along the Silk Road creating wealth as well as cultural and religious exchange. During this period, culture and trade flourished in the area between the Mediterranean and China with new cities and states established until Europe in the first half of the second millennium discovered new ship routes to India and colonised the Americas while China came under pressure from the Mongols (Frankopan, 2015). The main route went between the Mediterranean and China through Syria, Iraq, and Iran, and continued via Afghanistan to Xi'an in Central China. As such, MENA was an important part of the ancient Silk Road not only in trade and exchange of commodities but also in the spreading of culture and religion, first Buddhism westward from China and later Islam eastward from MENA, where Muslims settled (especially in the Western provinces of China, e.g. Uighurs in Xinjiang and Hui Muslims in the Northwest China). Along the route, ideas were disseminated enabling the different eastern and western civilizations to interact and develop (Frankopan, 2015). MENA and China were also connected via a maritime route from Guanzhou (Canton) in Southern China through Southeast Asia, the Indian Ocean to The Red Sea and Alexandria.

With the reforms of Deng Xiaoping in 1978, China initiated an impressive economic development that over 40 years lifted 800 million out of poverty, developed China to have an expanded and modern infrastructure, and created big cities and agglomerations. The population of Shenzhen, for instance – the main centre for the Chinese multinational companies like Huawei – rose from approximately 50,000 inhabitants in 1980 to 12 million in 2020. In 1980, Shenzhen was designated a Special Economic Zone (SEZ) in order to develop market, industry and infrastructure. The SEZ appears to be the role model in the structure of the BRI with its creation of economic corridors. The successful economic development has left China with a booming economy but also with surplus capital, capacity and manpower, as well as a need to sustain economic growth and transform the economy to become innovative and high-tech oriented. The background for the BRI is, therefore, an economic strategy to invest the surplus capacity in westward expansion, coupled with other motives such as improving stability through development from the Xinjiang province into Central and South Asia, establishing new trade, investment opportunities and export markets, increasing Chinese influence in the region and beyond, as well as weakening the United States' (US) dominance in the regional and global economy (Cai, 2018). Finally, as an expert on China, Elizabeth Economy (2018) argued, the aim was to “shape international norms and institutions and forcefully assert its presence on the global stage.”

While the initiative is presented by the Chinese leadership as neutral and beneficial to all (Xi, 2017), it de facto aims to put China at the centre of global trade routes and primarily focuses on advancing Chinese economic interests. Indeed, it has been ostensibly designed as an economic policy project, focused on helping Chinese companies to grow through overseas projects and markets, to export industrial overcapacity and to obtain strategic assets including natural resources and technology. From a foreign policy point of view, Beijing hopes that closer economic ties forged through the BRI will strengthen diplomatic relations between China and the countries along the routes and promote multi-polar world order. From a geopolitical perspective, the BRI is a strategic countermeasure to the Barack Obama strategy “Pivot to East Asia” from 2012, which Beijing interpreted as a US attempt to contain China.

The structure and definition of the BRI have progressively evolved and expanded since Xi’s announcement in 2013. In 2015, the Chinese Ministry of Foreign Affairs defined the objectives of the BRI in its Visions and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road (Xu, 2015). The paper emphasises five priorities: political coordination, connectivity of facilities, trade, financial integration, and people-to-people bonds. The same year, China hosted an Asia-Europe Meeting where it provided more details on the structure of the BRI and announced the creation of six economic corridors. As the BRI has developed to become a global project and all different kinds of initiatives are put under its umbrella, it may be questioned whether the corridors still matter. However, when analysing the economy and the initiatives prioritised by the Chinese government, it still makes sense to focus on the activity in the corridors as the World Bank does in its report on BRI economics (World Bank, 2019). One of these corridors, the China-Central West Asia Economic Corridor (CCWAEC) is mainly centred on China’s connectivity to the Middle East (although not North Africa). In 2017, China hosted its inaugural Belt and Road Forum in Beijing, followed by a second one in April 2019. The attendance levels show a sharp increase of participation between the two forums, with the number of heads of state attending going up from 29 to 36. Interestingly, among MENA states, only the United Arab Emirates (UAE) sent top-level representation to the 2019 Forum.

Despite these continuous efforts to define and promote the BRI, the structure, the mechanisms and the delimitation of the initiative remain extremely vague. The broad definition of the BRI allows a wide range of projects to be included that ordinary international economic relations would have covered anyway. Indeed, Xi Jinping has underlined that the BRI is not only about infrastructure and connectivity but also investment in health and education financed by Silk Road funds established by China (Xi, 2017; Swaine, 2015).

Parallel to the development of the BRI, China established the Asian Infrastructure Investment Bank (AIIB). Establishment of the AIIB was prompted by identification of a major infrastructure gap in Asia in a report published in 2009 (ADB, 2009) by the Asian Development Bank (ADB), dominated by Japan and the US. In 2015, 50 countries led by China signed the project and the bank was established with equity of USD 100 billion, of which China injected half. However, as China researcher Yitzhak Shichor argues, economics alone cannot explain why China decided to establish the AIIB since existing national and transnational institutions such as the ADB or the Shanghai Cooperation Organisation (SCO) already exist. For Shichor (2018), China's objective in creating the AIIB is to bypass other organisations, which, due to being traditionally dominated by the US and Japan, have repeatedly made China feel discriminated against, whether regarding membership preconditions or in terms of the voting power. Not surprisingly, both the US and Japan declined the invitation to join the AIIB.

Initiating the BRI and establishing the AIIB is an enormous project that for its implementation need huge Chinese financing, maybe more than USD one trillion (Chatzky & McBride, 2020) and the question is whether China has the resources to spend so much on the project especially if the global economy bumps into a major crisis with the risk of recession. Still, it is an impressive project that would increase China's global economic and geopolitical position and if successfully implemented it will give China huge impact on regional development as well as on international institutions (Cai, 2018). As such, the BRI has inspired or maybe provoked both the European Union (EU) and the US to develop global connectivity projects. However, the BRI and AIIB have also met resistance and criticisms from partners, e.g. Malaysia, which argue the costs are all too expensive and with the risk of a global economy in a recession these challenges to the BRI will be increasing in the coming years (Crawford & Gordon, 2020). Further, the BRI has increasingly been met by worries in the EU that find it necessary to protect its sensitive infrastructure and outspoken criticism from the US that accuses the BRI of being a Chinese strategy to obtain global hegemony.

At the same time, it is worth pointing out that China does attach more strategic meaning to certain parts of the BRI than to others. Notably, the China-Pakistan Economic Corridor (CPEC) and the China-Central Asia-West Asia Economic Corridor are projected to not only contribute to regional development and stability but also provide China with alternative routes of transportation and sources of energy. Both the Central-West Asia and CPEC corridors would reduce China's "Malacca Dilemma". The term was coined by former Chinese president Hu Jintao in 2003 to refer to the situation whereby China relies on the Malacca Strait for its marine transportation, while the strait can be blocked

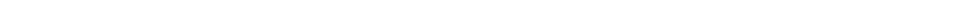
by rival – Indian and American – navies in the event of a conflict. The planned corridors are therefore crucial to China’s global trade and strategic interests, a necessary component of Xi Jinping’s China Dream of rejuvenating the Chinese nation.

The MENA Region’s Position within the BRI

As already mentioned, the MENA region is crucial for the development of the BRI because its location between the Mediterranean, the Red Sea and the Persian Gulf is important along the land route as well as the sea lanes and because the MENA connects East Asia with Eurasia and Europe (even though many countries in the region have initially been excluded from the project and joined the BRI later by virtue of signing Memorandums of Understanding [MoUs]). In 2017, China became the world’s largest importer of oil and in 2018 of gas, and is currently the biggest buyer of energy resources from the Persian Gulf. In the past decade, China’s trade volume with the Middle East has increased tenfold and China’s economic interests in the region match the Gulf countries’ efforts to diversify foreign economic relations and restructure their economies away from a reliance on oil (for more on the economic relationship between China and the MENA region, see Chapter 2). China and the national governments in the region have expressed intentions of cooperation between the BRI and the latter’s national development plans, such as Saudi Arabia’s Vision 2030 and Qatar’s National Vision 2030.

While, as already mentioned, the BRI is a strategy for China to increase its position vis-à-vis the US “Pivot to Asia” strategy, China acknowledges the US security hegemony in the region and thus far has no intention to challenge it. However, with increased dependence on energy and investments in megaprojects, trade and connectivity, as well as interest in critical infrastructure investments – and deploying vast numbers of Chinese nationals in conjunction with the activities – a security dimension is unavoidable and will challenge China in the coming years, as will the many conflicts in the region. Following its traditional policy of neutrality and non-interference is, in the long run, impossible: remaining equally close to Iran and Saudi Arabia, for instance, will become increasingly challenging for Beijing.

Continently for China, its efforts to cement influence in the MENA region came at a time of a decline of American influence in the region (or the perception thereof). After the September 2001 terror attacks against the US, a series of American military interventions followed that led many regional leaders to question whether Washington is a force for



good. In addition, the years following the 2003 Iraqi intervention have seen much hesitancy and uncertainty in America's overall approach towards the MENA region (including the already mentioned pivot to Asia by Obama and the very selective relationship with a very few in the region by the Trump administration), leading to the perception that Washington is no longer a solid security provider whose key objective is regional peace and stability (Quero & Dessi, 2019). Today, Washington continues to suffer from low approval ratings in the MENA countries, all the while China is seen globally to be on the rise (although admittedly this is not seen equally favourably across the region, see next section of this Chapter) (Wike et al., 2018). The fact that US soft power had been on the decline in the Middle East renders the region particularly exposed to a new great power rivalry, and the Chinese regime is interested in taking advantage of the growing vacuum left by the US. This is complemented by the generally acknowledged lack of political conditioning by China. The objective is to further displace American and Western influence by tying the region to Beijing primarily through grand-scale economic initiatives like the BRI. At the same time, China is neither willing nor ready to take over the role played by Washington as the primary security provider of the region (Fulton, 2019b).

At the same time, however, the successful implementation of the BRI is dependent upon the stability and security of the MENA region, a realisation that precipitated a reconsideration of China's traditionally apolitical and neutral approach. Overall, the primary challenge for China lies in its continued ability to expand and exploit mutually beneficial economic opportunities in a region where recurring political and social crises tend to engender volatility and instability. Tackling this challenge necessitates some adjustment in China's traditionally non-interventionist foreign policy, a recognition that informs China's first-ever Arab Policy Paper from 2016. The paper provides articulation for a revamped Chinese role conception in the MENA region, with a new focus on political and security considerations as much as on economic and development goals (Almeida, 2018).

China's foreign policy relations with the MENA region are pursued mostly in the bilateral and multilateral formats – with the regional approach being still relatively low. The Chinese lack of conceptualising the MENA region as a whole is further underpinned by the fact that there is no regional cooperation framework that would include all of the Arab states, Israel, Iran and Turkey.

China seeks to draw closer to the MENA states through its practice of “partnership diplomacy” and membership in a number of multilateral/regional institutions. The China-Arab States Cooperation Forum (CASCF), founded in 2004, or the Forum on

China-Africa Cooperation (FOCAC), established in 2006, are important regional fora where deliberations between China and Arab countries take place at regular intervals and at a high political level. For instance, at the eighth ministerial meeting of CASCF in 2018, participants agreed to establish a strategic partnership, which was lauded by many as a milestone in the development of the relationship (“Arab experts, scholars”, 2018). China is equally committed to the Gulf Cooperation Council (GCC), having supported the establishment of the China-GCC Strategic Dialogue in 2010 (“China-Gulf Cooperation Council”, 2017). The primary item of discussion within this cooperation framework is a possible free trade agreement (FTA). While several rounds of negotiations were held between 2004 and 2006 with talks subsequently resumed in 2016, the FTA deal remains to be concluded (Qian & Fulton, 2018).

Chinese membership in multilateral/regional organisations is complemented with a focus on partnership diplomacy (Strüver, 2017). The Beijing government pursues bilateral agreements with individual MENA governments based on common interests, rather than common threat perceptions or ideological commonalities – in spite of the fact that the threat of radical Islam and terrorism does play a role. Doing so allows China not to be bogged down in the region with serious political commitments, as would be the case in a pan-regional alliance structure, but to enhance its room for manoeuvre and discretion to act more freely.

Generally speaking, there are three major categories of partnerships sought by China today: strategic partnerships, partnerships, and potential partnerships (Yue, 2019). Within each category, there is further differentiation with regards to the exact type of relationship. The language used in partnership titles displays a wealth of expressions to grasp the true quality of bilateral ties. For instance, though both Pakistan’s (2010) and Germany’s (2014) partnership with China are at the level of strategic partnership, the former is called an all-weather strategic cooperative partnership, while the latter is an all-round strategic partnership (Li & Ye, 2019). These differences in adjectives do not, however, change the fundamentally strategic nature of relations China has with Pakistan and Germany, respectively. To clarify the terminology in Beijing’s parlance, Premier Wen Jiabao defined these key terms as they are used in the context of the China-EU relationship. Accordingly, comprehensive means “all-dimensional, wide-ranging and multi-layered”; strategic means “long-term and stable”; and partnership means that the relationship is “equal-footed, mutually beneficial and win-win” (Wen, 2004).

Today, there is a general shift away from military-based alliances towards more flexible partnerships, and this change in the appeal of different relationship types is not limited

to China. With the end of the Cold War, major powers find it less attractive to build “rigid and static alliances” (Strüver, 2017) and instead seek more malleable ties that can accommodate relations with significant areas of difference. For China specifically, there are at least two more reasons underpinning its interest in partnerships. The first is the Cold War hangover from having forged a short-lived and ill-fated military alliance with the Soviet Union in February 1950. The relationship’s quick disintegration in the 1960s and the eventual split between the People’s Republic of China and the Soviet Union informs Beijing’s reluctance today to enter into similarly strong commitments. The second reason has to do with the fact that alliance-formation is perceived by China to be an American practice that is zero-sum and leaves many countries around the globe insecure (Pei, 2014). Partnerships offer an alternative for Beijing with better geopolitical prospects and less of a heavy baggage in firm commitments.

As of March 2020, China enjoys comprehensive strategic partnerships with five MENA states and strategic partnerships with another eight. The five states are Algeria (2014), Egypt (2014), Iran (2016), Saudi Arabia (2016) and the UAB (2018). “Comprehensive strategic partnerships” figure at the pinnacle of the hierarchy of China’s partnerships, meaning that these five countries are attributed an outstanding significance in China’s geostrategic vision. The fact that three of the five are located in the Gulf provides further illustration of Beijing’s primary focus and interest in the MENA region (Fulton, 2019b).

One can distinguish three distinct but overlapping motivations that explain the Beijing government’s drive towards establishing partnerships. The first has to do with the countering and neutralising of US influence around the globe. As Washington remains committed to military alliances that are zero-sum in nature, Beijing’s partnerships work to undermine and displace American influence and showcase an alternative conception of bilateral ties. China’s partnerships in sensitive regions such as the Middle East are obvious illustrations of this consideration. The second reason concerns peace and stability in China’s neighbourhood. The association between security and partnership is most explicit in the case of the SCO. Two years following Jiang Zemin’s proclamation of a new security concept in 1999, the SCO was established to jointly coordinate security and economic developments in the Central Asian region (Yue, 2019). Another example is, again, provided by the MENA region. The strategic cooperative partnerships with Afghanistan and Pakistan are partly intended for China to have better understanding and control over terrorism in the region and beyond. The third reason is linked specifically to China’s interest in closer ties with countries that feature prominently in the BRI. The objective is to guarantee both the successful international implementation of Beijing’s grandiose economic plan as well as its modernisation efforts at home. For this reason,

Strüver (2017) argues that there is a fundamentally practical logic underlying Chinese efforts to establish partnerships. Rather than being based upon ideological considerations, partnerships are meant precisely to bridge differences in values and domestic sociopolitical systems for the sake of mutual economic benefit.

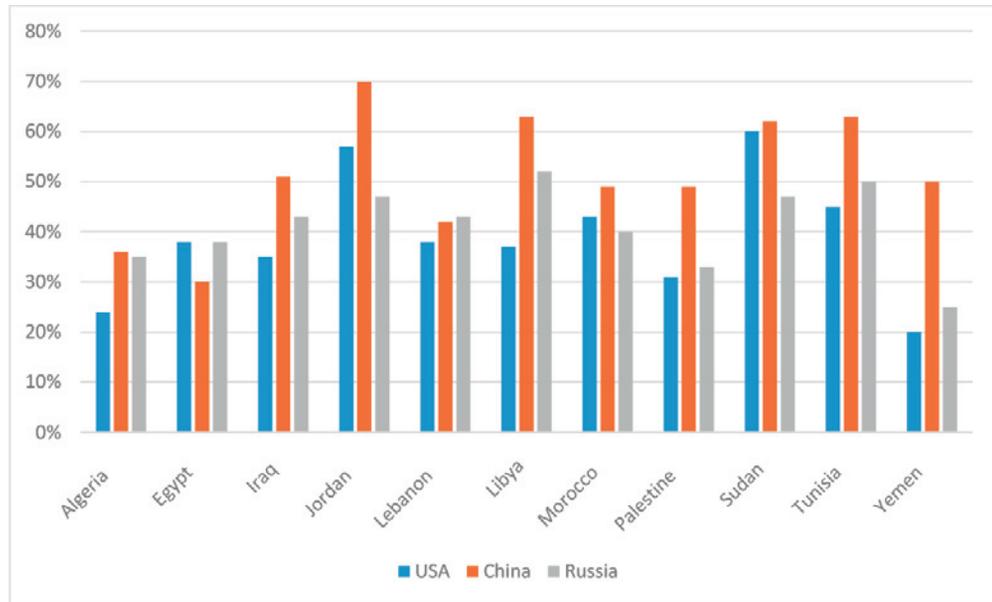
As is commonly accepted, China is both integrating into the world order and is gradually modifying it with its own initiatives and actions. The establishment of strategic partnerships around the world fits into that Janus-faced logic. They solidify global support for the Beijing government and thus exert a conservative effect by casting China in the light of a status quo power. At the same time, they also help in showcasing how China does things differently from the West. Nowhere is this effect more obvious than in the MENA region, where the long historical record of Western countries' botched interventions continues to sustain a tangible appetite for China's blooming partnership diplomacy.

Reception and Perception of Chinese Involvement in the MENA Among Stakeholders in the Region

Unlike in the majority of EU or North American countries, public opinion on China and its expanding geopolitical and economic role appears to be mostly positive in the MENA countries. This seems true for both ruling elites and citizens, as evidenced by the few public opinion polls and surveys available, as well as public utterances by politicians in the region. From a country that not so long ago barely existed in the public consciousness (as reflected by its absence from public opinion questionnaires), China has become a recognised and to a large extent appreciated global player – although, naturally, perceptions do vary in between individual countries.

For instance, according to the latest (2019) wave of the Arab Barometer, half of the Arab public surveyed would prefer to have closer economic ties with China (see Figure 1) – but the answers ranged from 30% in Egypt, through 49% in Palestine, to 63% in Libya and 70% in Jordan (Arab Barometer V). Only in Egypt was public support for a stronger economic relationship with China lower than that with the US or Russia. In all remaining 11 Arab states where the survey has been conducted, the public prefers getting closer to Beijing than to Washington or Moscow. This is in line with the findings of an earlier, third wave of the Arab Barometer (2013), when 56% of the Arab public wanted stronger economic ties with China (compared to 45% with the US) – although it is worth noting that the number of those hoping to strengthen the relationship with China went slightly down between wave III (2013) and wave V (2018) (from 55.9% to 51.3%).

Figure 1. Percentage of citizens in selected MENA countries preferring stronger economic ties with US/China/Russia (2018/2019)



Source: Arab Barometer V

Another glimpse of the public perceptions on China is offered by Pew Research Center's annual Global Attitudes Survey, which allows how attitudes towards China developed in the MENA region over time to be traced, albeit admittedly on an example of four countries only: Israel, Lebanon, Tunisia and Turkey (Pew Research Center, 2019). In the picture painted by the survey results, Turkey is the least pro-Chinese country of all four and the one most suspicious of the impact of Chinese rise on its own economy. The Lebanese public, on the other hand, appears to be the most enthusiastic towards Beijing, with Tunisia and Israel somewhere in the middle.

Between 2007 (2013 in the case of Tunisia) and 2019, the number of those who had a very or somewhat favourable opinion of China in all four countries went up and the number of those having a (somewhat or very) unfavourable one – decreased, even as the Turks continued to see China mostly in a negative light (44% in 2019 against 37% having a favourable opinion of the country). Indeed, Turkey was the only country in which the public (four out of ten respondents) was closer to the view that “investment from China is a bad thing because it gives China too much influence” rather than “investment from China is a good thing because it creates jobs in (your country).” In the remaining

three, for a majority (60%, 60% and 69%, respectively) the opposite was true. Along similar lines, among those that do believe China does have an impact on their country (2019), more Turks believed that this was a negative rather than a positive one (55% versus 31%), while in the other three the opposite is true (42% versus 50% in Tunisia, 23% versus 53% in Lebanon, and 17% versus 65% in Israel). Overall, roughly two thirds (2019) of Israelis, Lebanese and Tunisians thought that China's growing economy "is a good thing" for their country. Turks were once again of a different opinion, with half of them believing it impacts their country in a negative way (although it was still a decline by six percentage points compared to 2013).

Among the MENA population, China is increasingly seen as an important player both globally and regionally. While the US remains the world's leading economic power in the eyes of the majority of the people in the countries surveyed, China secured a strong second place (EU countries sadly if predictably gathered between 3% [Israel] and 13% [Turkey] of votes in 2019 but the trend was upward compared to 2013).

Unsurprisingly, then, maintaining strong economic ties with Beijing is seen as crucial. In fact, for the Lebanese public (2019) it was more important to do so with China (39%) than with the US (25%). In other countries surveyed, the public preferred the latter (although while in Israel by a difference of 47 percentage points, in Turkey – only 12) or would prefer equally strong ties to both (two halves of those surveyed in Tunisia). At the same time, the Lebanese, Tunisians and Turks already see their relationship with China in a much brighter light than that with the US (although the Turkish public is the least positive about both countries, with one in three Turks believing the relationship of their country with China was bad, and two in three thinking the same about the relationship with the US). The vast majority of the Israelis, on the other hand, are of the opinion that they already do have a good relationship with both the US (96%) and China (83%).

Attitudes towards Beijing among the political elites in the MENA region appear to be mostly positive as well.¹ Unsurprisingly, pariah regimes of Iran and Syria are among the most vocal in their support for China, on whose support they rely. Damascus is focused on courting Beijing in a hope it will play a major role in the rebuilding of the country destroyed by civil war, which has just entered its tenth year. Indeed, Syrian President Bashar al-Assad in an interview for China's Phoenix Television praised the BRI, stressing that it was a tool for "improv[ing] the social, economic and security conditions of all countries in this initiative and promot[ing] stability and prosperity in the world" (Al-Watan, 2019). Similarly, the Syrian Ambassador to China underlined that his country is "an integral part of the BRI" and the two countries share ambitious plans for the

¹ Selection of media sources based on curation of a monthly edition of the ChinaMed Observer: "Collection of the analyses of the most interesting articles on the relations between China and the Mediterranean region published by Chinese and Mediterranean media every month" (<https://www.chinamed.it/>).

reconstruction phase (Jabur, 2019). The Iranian regime, for its part, described its relationship with Beijing “as the most important in the world” (“Zarif: The relationship with China”, 2019) and, much like Damascus, is portraying China “as a powerful ally engaged in the fight against the common enemy, the United States” – even as occasionally it needs to publicly remind the authorities in Beijing that they are “expected to be more active in buying Iranian oil” (ChinaMed, 2019b).

The media through the region routinely report assertions on the part of various authorities regarding the blooming and mutually beneficial relationship between China and their respective countries. This is not to say, however, that critical voices are completely absent. For instance, Turkey has been about the only Muslim-majority country which openly, if rather timidly, criticised Beijing for the treatment of the Uyghur Muslims in Xinyang (Westcott & Sariyuçe, 2019; “Not all Uyghurs”, 2020) and has been forthright about its displeasure with the growing trade deficit with China (Cetingulec, 2019). The Israeli media – and some politicians as well – are on the other hand “extremely critical” of the possibility of having Chinese companies engaged in the construction of key parts of Israeli logistic infrastructure (ChinaMed, 2019a; Efron et al., 2019). Indeed, the media coverage reportedly “sometimes has even bordered on Sinophobia” (Yellinek, 2020).

In the GCC countries, in turn, China is perceived both as an important energy buyer and investor by governments attempting to diversify their economies under respective “Vision” plans (Abu Dhabi 2030, Bahrain’s Economic Vision 2030, Saudi Vision 2030, New Kuwait 2035, Qatar National Vision 2030, and Oman’s Vision 2040). Indeed, Saudi Crown Prince Mohammed Bin Salman depicted the BRI as “one of the main pillars of the Saudi Vision 2030” (Fulton, 2019a). Along similar lines, a sovereign wealth fund of Abu Dhabi created a joint investment fund with Chinese institutions to jointly support achieving the aims of the BRI and the Abu Dhabi 2030 development plan (Fulton, 2019b).

This generally positive sentiment towards China can be explained by a number of factors. Starting from the most obvious ones, investment and developmental assistance (for details, see Chapter 2) are very much welcome in all countries throughout the region, especially if it comes without the conditionality normally attached to Western money. Indeed, as an “economy-first” country – unlike the geopolitically-minded US, France, United Kingdom or Russia – China has been abiding by its non-interference principle, refraining from commenting on a given country’s human rights track record or (dis)respect of rule-of-law principles (Sun & Zoubir, 2015), a policy started back in 1949 with its proclamation of the Non-Aligned Movement and still winning over various more and less

authoritarian regimes in the region. Moreover, unlike the US, whose withdrawal from the MENA region created an opportune power vacuum, it has never invaded or been involved in a military intervention in any of the countries in the region.

Unlike some EU countries, it does not have a history of colonialism. Indeed, to varying degrees, the MENA countries have all suffered at the hands of Western colonial powers, which makes the region not only sceptical about the goodwill of Western powers (wave V of the Arab Barometer showed that nearly half of the respondents in the region are of the opinion that the main reason why Western countries send aid to the Arab world is to “gain influence”) but also more accommodating towards external actors with a less tainted historical reputation. Chinese politicians regularly point out that Qing China was practically a semi-colony throughout the 19th century, meaning the Chinese historical experience shows similarities with the MENA region. Chinese leaders thus frame their country in terms of a developing country, not least because the Third World is, in Chinese political jargon, the primary locus where the struggle against “colonialism, imperialism, and hegemonism” takes place (Yu, 1977). This common anti-Western legacy is not simply irrelevant political rhetoric but a key assumption upon which Chinese foreign policy is based. For instance, the Beijing government often criticises the UN Security Council for failing to properly represent and channel in the interests of developing countries (“Chinese envoy urges”, 2019). Another indication is China’s insistence upon its “developing country” status within the World Trade Organization (WTO) (Lee, 2019).

At the same time, the differences in the attitudes between citizens of different MENA countries can be partly explained by the differences in national interests and the shape of the national discourse. The Turks will likely be more critical of China due to its treatment of the Turkic-speaking Uyghur Muslims in Xinjiang, as well as the national discourse on the unequal economic relationship between the two countries. At the same time, the strength of the deployment of Chinese soft power in a given country also matters. As argued by Yellinek (2020), it is Beijing’s efforts to win over the Israelis that resulted in the Israeli public being particularly favourable towards China, despite the highly negative press coverage of the “Chinese issue” in the country (see more about Chinese soft power in Chapter 3).

As the Chinese economic presence in the region is growing, it might be increasingly difficult for Beijing to separate its geo-economic and geopolitical interests and maintain its position of a neutral economic actor. The public in the region seems to have mixed feelings about China’s growing military power. While more people in all countries surveyed (Israel, Lebanon, Tunisia and Turkey) tend to consider it “a bad thing”, one in

five respondents was unsure how (or refused) to answer. Moreover, in all countries concerned for which data is available, fewer people were concerned about the impact of China's growing military power on their country, and confidence in Chinese President Xi Jinping ("to do the right thing regarding the world affairs") has been on the rise (Pew Research Center, 2019).

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Fī muqābala ma'a qanāt "Phoenix" al-ṣiniyya... akkada an al-niẓām al-turkiyy musāhim bi-shakl mubāshir bi-bay' al-naft ma'a "al-nuṣra" wa "da'esh" wa ma'a al-amrikiyy... (In an interview with the Chinese channel "Phoenix", he stressed that the Turkish regime is directly contributing to oil trade with "Al-Nusra" and "ISIS" and with the Americans...). (2019, December 17). *Al-Watan*. Retrieved from <http://alwatan.sy/archives/224759>

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China's Economic Engagement in the MENA Region

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Background

For the past four decades, since Deng Xiaoping launched the programme of economic reforms in December 1978, the Chinese “socialist market economy” has been growing at a remarkable rate of 9.5% annually. While experiencing a slowdown over the past years (at 6.1%, the 2019 growth rate was the lowest in nearly 30 years), the Chinese economy remains second largest in the world in GDP terms and is still growing fast by Western standards (last year the average rate of growth globally amounted to 2.4% and that of the strongest European economy, Germany, to a mere 0.6% [World Bank, 2020])¹.

As it stands, China is the number one trading nation in the world, having claimed the title from the United States (US) for the first time in 2012 (WITS). It has been the world’s largest exporter of goods since 2009, responsible for 11.7% of the global trade in goods in 2018, as well as its fifth-largest exporter of services, responsible also for 6% of global trade in services in 2017. Moreover, it is (as of 2018) one of the world’s top four foreign direct investment (FDI) sources and top two FDI destinations (it remains net FDI recipient, however; UNCTAD, 2020), as well as an important provider of development aid (Woetzel et al., 2019).

The opening of trade, symbolically sealed in 2001 when China joined the World Trade Organization (WTO), has been part of the broader effort to open up the country, at least economically. Indeed, the main goal of the Belt and Road Initiative (BRI), launched in September 2013, was to strengthen the country’s connectivity to the world (in order to boost its economy and reach the goals of the “Chinese Dream” and “China 2025” project). While, initially, the project (formerly known as One Belt One Road) encompassed a limited number of countries, currently it is “open to all nations and not limited by geography” (The State Council of the People’s Republic of China, 2015a, 2015b) with states like Morocco, Libya and Lebanon having joined the initiative at later stages (by virtue of signing relevant Memorandums of Understanding in 2017, 2018 and 2017 respectively). The actual exposure to Chinese trade and investment varies from country to country, however, as China tends to prioritize countries in its immediate neighbourhood and well as those rich in natural resources.

Trade Relationship

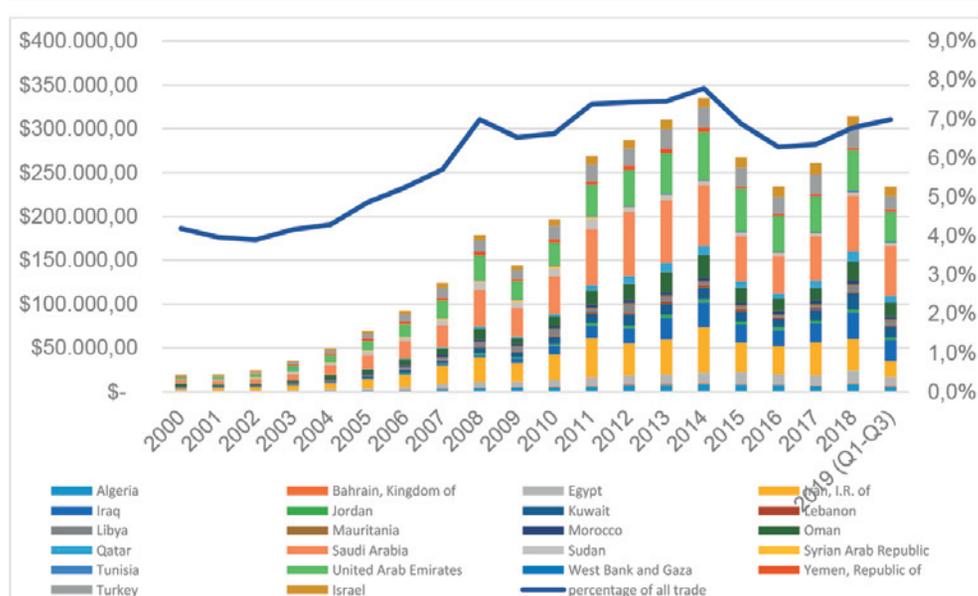
The volume of trade in goods between China and the Middle East and North Africa (MENA) region² has grown significantly over the past two decades, with China’s position

¹ The paper has been compiled before the outbreak of the COVID-19 pandemic, which with all certainty will adversely affect the growth rates of the vast majority of the world’s economies and has already taken its toll on China, where the virus was first observed and which remains one of the hardest hit countries as of March 2020.

² For the purpose of this chapter understood as: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syrian Arab Republic, Tunisia, Turkey, United Arab Emirates, West Bank and Gaza and Yemen (see Chapter 1).

in the region both as an exporter and importer strengthening. In 2018, the volume of trade between China and MENA countries³ amounted to USD 314 billion⁴ (see Figure 1); it has been steadily increasing since 2015 after a temporary drop between 2014 and 2016.⁵ This constitutes a 16-fold improvement compared to 2000, when the trade between China and the region stood at USD 19.9 billion, and two-fold compared to 2009 (USD 144 billion). Overall, the MENA region (including Turkey, Israel and Iran) accounted for 6.8% of Chinese trade in 2018. The data for the first three quarters of 2019 suggests that last year the positive trend of growth continued (with trade exchange between China and the region worth USD 233.9 billion during Q1-Q3 2019).

Figure 1. China/MENA volume of trade (USD million and as % of total Chinese trade)



Source: Own compilation based on data from DOTS

At the same time, however, the importance of the MENA region as a trade partner for China has not grown significantly over the past decade, with trade between the two amounting to 6-7% of total Chinese volume of trade (even as the value of trade continued to increase fast up until 2014). This is especially visible (as depicted in Table 1) when compared to other regions of the world, most notably North America (the US and Canada) and the European Union (EU), as well as China's immediate neighbourhoods: Northeast⁶ and Southeast⁷ Asia and its dependent territories of Hong Kong and Macau, as well as Taiwan. Moreover, none of the 16 Free Trade

³ Data for Syria and Libya missing or incomplete since 2011 and 2014 respectively.

⁴ Unless specified otherwise, all data on trade has been sourced from the International Monetary Funds' Direction of Trade Statistics (IMF's DOTS) database. Some countries' data may include re-exports or transit.

⁵ The drop in trade volume was in line with the global trend of drop in international trade in 2015 and 2016, which was "largely unprecedented" and "the result of several factors including declining commodity prices, weak demand in major economies and United States dollar appreciation" (United Nations Conference on Trade and Development, 2019).

⁶ Japan, Mongolia, North Korea, South Korea and Russian Federation.

⁷ Brunei, Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, Vietnam, Singapore, Myanmar and Timor-Leste.

Agreements (FTAs) signed by China thus far has been with a country in the MENA region, although FTAs with the Gulf Cooperation Council (GCC) (resumed in 2016 after a decade with a goal of completing the deal that year but without much follow-up since), Israel (7th round took place very recently, in November 2019), and Palestine (least advanced one, with 1st round conducted in 2019) are under negotiation (China's Ministry of Commerce, 2019).

Table 1. China's exports to and imports from the world, pre- and post-BRI (USD million and %)

Region	2008-2013 (pre-BRI)		2014-2019 (Q1-Q3)	
	Volume of trade (USD million)	share of total Chinese trade (%)	volume of trade (USD million)	share of total Chinese trade (%)
World	19 407 188.53		24 012 886.66	
North America	3 860 693.83	19.9%	5 159 614.25	21.5%
Northeast Asia	3 558 222.54	18.3%	3 922 676.40	16.3%
European Union	2 951 029.82	15.2%	3 561 086.37	14.8%
Southeast Asia	1 941 388.92	10.0%	2 974 470.04	12.4%
China's dependent territories and Taiwan	2 555 805.71	13.2%	3 018 350.74	12.6%
MENA	1 386 528.37	7.1%	1 646 222.68	6.9%
Western Hemisphere	1 193 164.44	6.1%	1 498 629.60	6.2%
Oceania	618 705.35	3.2%	855 215.32	3.6%
Sub-Saharan Africa	694 172.95	3.6%	853 434.46	3.6%
South Asia ¹	450 667.84	2.3%	616 021.53	2.6%
CIS (without Russia) ²	291 336.34	1.5%	292 758.31	1.2%

Source: Own compilation based on data from DOTS.

1 Afghanistan, Bangladesh, Bhutan, Maldives, India, Nepal, Sri Lanka, Pakistan.

2 Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

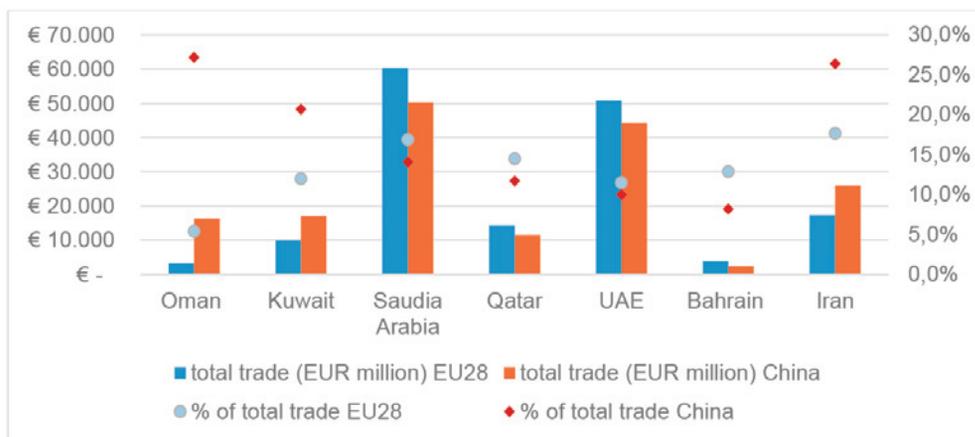
Trade in goods with the GCC countries has been responsible for roughly 50% of the China/MENA goods exchange (USD 163 billion in 2018), with Saudi Arabia and the United Arab Emirates (UAE) consequently topping the list of Chinese trade partners in the region with trade volumes standing at USD 63.7 and USD 46.3 billion in 2018 respectively. They were closely followed by Iran (USD 36 billion) and Iraq (USD 30.5 billion). Turkey and Oman closed the top 6 list with USD 21.7 and USD 21.6 billion respectively. The GCC's position as China's trade partner has been steadily growing.

Between 2017 and 2018 trade exchange between the two increased by 27%, and the initial numbers from 2019 (for Q1-Q3) are looking encouraging as well.

At the same time, the EU remains the GCC's leading trading partner – but just (see Figure 2). In 2018, the volume of trade between the GCC6 and EU28 amounted to USD 171.4 billion, with China – USD 163.2 billion (14.9% and 14.8% of the entire GCC trade volume respectively). If this trend continues, China may soon overtake the EU as the region's main trading partner. Indeed, it already has for Kuwait and Oman, and with the remaining countries in the Gulf the gap is closing. Similarly, for Iran, it is China that remains the main trading partner, with 2018 volume of trade standing at USD 36 billion (26.4% of all trade), well above the EU's USD 21.8 billion (17.7%).

Beyond the GCC and Iran, however, the EU's position as the main trading partner seems to be unthreatened for now, save for Palestine (which is mostly trading with Israel) and Syria – although admittedly China seems to be increasingly interested in North African oil-producing countries such as Algeria and Libya, as well as those rich in minerals (e.g. zinc or copper) like Morocco (which alongside other countries in the Maghreb are seen by Beijing as gateways to the EU and African markets [Zoubir, 2020]), and is gaining a foothold in Jordan, Palestine, Mauritania and Syria.

Figure 2. GCC + Iran's trade with the EU28/China, 2018
(EUR million & percentage of total trade)



Source: Own compilation based on data from DOTS

In terms of the breakdown of trade by product, fuels account for the vast majority of Chinese imports from the MENA region (80% between 2007-2017 on average), even

as their share has dropped during this period from 81.3% in 2007 to 74.2% in 2017 (due to both change in volume and drop in oil prices, WITS). Other notable imports include chemicals and plastic/rubber (both at 8.7% in 2017), with the share of other groups of goods below 4%. More diverse are China's exports to the MENA region. Slightly less than one third (31.7%) are machinery and electronics, followed by textiles and clothing (16.6%) and metals (11.7%), as well as transportation (6.8%) and plastic/rubber (5.7%).

This specific trade breakdown determined the above-discussed trade relationship between China and individual countries in the region, with its most important partners being oil exporting ones. China is mainly importing its oil from Saudi Arabia (imports worth USD 30.9 billion in 2018), Iraq (USD 22.4 billion), and Oman (USD 17.6 billion), followed by Iran (USD 15 billion), Kuwait (USD 13.2 billion), UAE (USD 10.3 billion) and Qatar (USD 7.6 billion) (ITC Trade Map).

Table 2. Chinese energy dependency on countries in the MENA region

	Chinese energy imports from MENA (as % of total energy imports)*		
	2016	2017	2018
Saudi Arabia	11.5%	10.7%	10.7%
Kuwait	3.8%	3.9%	4.6%
Qatar	2.2%	2.6%	2.6%
UAE	4.4%	3.8%	3.6%
Oman	8.0%	6.3%	6.1%
Iran	6.7%	6.1%	5.2%
Iraq	7.6%	7.0%	7.7%
Egypt	0.2%	0.5%	0.4%
Yemen	0.1%	0.3%	0.2%
Libya	0.2%	0.7%	1.6%
Sudan	0.2%	0.1%	0.1%
Algeria	0.1%	0.1%	0.2%
Total	45.1%	42.1%	43.1%

Source: Own compilation based on data from ITC Trade Map

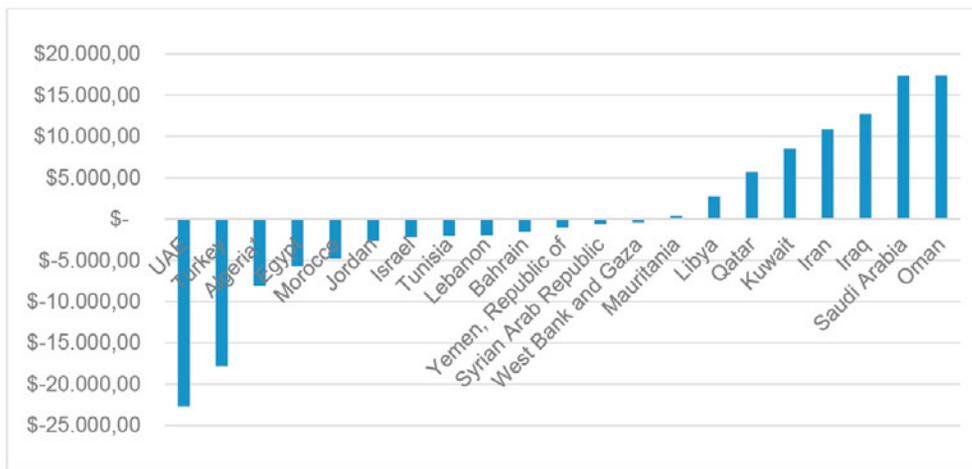
* "Energy" is defined as products falling under HS2709 and HS2711 codes under the harmonised system product codes (petroleum oil and oils obtained from bituminous minerals, crude, and petroleum gases and other gaseous hydrocarbons respectively). No data for Bahrain.

Overall, China – the world's biggest oil and natural gas importer and second-largest consumer (US Energy Information Administration, 2020) – is importing around 42-

45% of all its energy products from the MENA region (see Table 2), a fall from well over half during the period between 2000 and 2015 (see e.g. Khader, 2018), mainly a result of Beijing’s growing diversification efforts and the increasing importance of Russia as Chinese energy supplier (since 2016, the country has been China’s top crude oil supplier, having taken over Saudi Arabia).

Among the MENA countries, in turn, China is an important but not essential client, responsible for roughly one-fifth of the region’s energy exports in 2017. The only exceptions to this rule are Yemen and Oman – which between 2016 and 2018 exported to China 79% and 73% of all its energy respectively – as increasingly is Egypt.⁸

Figure 3. Balance of trade in goods of MENA countries with China, 2018 (USD million)



Source: Own compilation based on data from DOTS

The trade structure between China and the region has another, rather unsurprising, effect of non-oil exporting countries running a continuous trade deficit with China, and the majority of oil-exporting ones – a constant surplus (see Figure 3). The only exceptions to this rule are the UAE, Algeria and Egypt. While for the last two it was to be expected as the overall value of their energy exports is relatively small (USD 0.5 billion and USD 1.2 billion in 2018 respectively, compared to the above-quoted USD 30.9 billion worth of Saudi exports for instance), the case of the UAE is more interesting as its trade deficit with China is caused by significant imports of electronics, gold and precious stones, but also machinery, clothing and textiles, and

⁸ Calculations based on data from ITC Trade Map. Due to limited reliability of data on energy production and exports, all information presented above should be taken with caution.

furniture (UAE China Bilateral Trade, 2018). In 2018, it imported USD 38 billion worth of commodities (15% of all its imports) from China (“China leading trade partner”, 2019). Another state in the region with a large negative trade balance with China (although relatively reasonable trade deficit to GDP ratio, compared to other countries in the region) is Turkey, which recently announced it would actively seek “a more balanced trade” relationship (“Turkey seeks ‘more balanced trade’”, 2019).

Chinese Official Finance

The main characteristic of the Chinese funding is that – unlike in the case of other major economies – almost all of it, from investment to lending, comes from official sources: national and regional government agencies, policy banks (e.g. China Development Bank and China Export-Import Bank), state-owned commercial banks (e.g. the Bank of China, the Industrial and Commercial Bank of China, the Agricultural Bank of China, and the Construction Bank of China) or state-owned companies (Strange et al., 2017; Horn, Reinhart & Trebesch, 2019). Indeed, in the MENA region, almost all (ca. 95%) investment flows between 2005 and 2019 originated from state-owned enterprises (SEOs).⁹

Related to that is another prominent feature of Chinese financing, its opaqueness. As Beijing does not report its lending or investment in any systematic way, any related analysis – while based on data gathered by expert research teams – must necessarily be treated with caution.

With those caveats in mind, in the remainder of this section official finance will be, following the AidData methodology (Stragne et al., 2017; Drehner et al., 2017), understood as falling within one of three broad categories:

- similar to Official Development Assistance (ODA-like), including concessional loans, debt relief, technical assistance, grants with development intent, and scholarships;
- similar to Other Official Flows (OOF-like), comprising non-concessional loans with some development intent, export credits, commercial loans, grants with representational intent, and establishment of Confucius Institutes; and
- official investment, that is foreign direct investment (FDI) and joint ventures.

ODA-like and OOF-like financial flows

After two decades as an aid recipient (until 1999 when it stopped receiving funds dedicated by the World Bank [WB] to the poorest countries) and a decade spent as a

⁹ Own assessment based on the information gathered in the AEI database.

reluctant aid donor, China became one of the major direct loans and trade credit providers in the world. Having spent nearly 2% of the world GDP, or USD 1.6 trillion in 2018, the country took over the title of the largest official donor from the WB and International Monetary Fund (IMF), although it is important to underline once again that Chinese lending is oftentimes non-concessionary and dependant on collateral clauses that minimise the risk of default – and as such difficult to compare to a more conventional developmental aid – and that the US remains the world's largest *overall* creditor (Horn, Reinhart & Trebesch, 2019). Equally significantly, the “developmental” component of the spending is frequently designed in line with Chinese government foreign policy goals and not necessarily the recipient country's needs. Most recently (March 2018), in an apparent effort to enhance the effectiveness and efficiency of its foreign aid, Beijing set up a China International Development Cooperation Agency (CIDCA) whose task is to “to improve the strategic planning and overall coordination of aid, to centralise aid management, to reform modes of aid delivery, and to better serve China's overall diplomacy and the construction of the BRI” (Rudyak, 2019). It is still too early to evaluate its performance and actual impact on Chinese aid strategy, though.

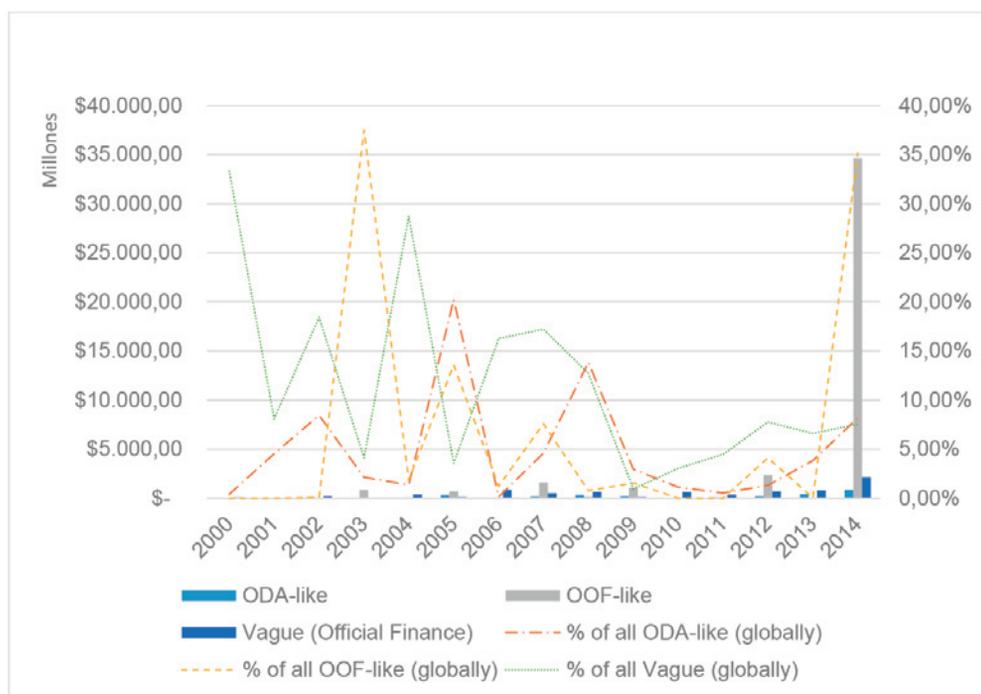
The majority of Chinese ODA-like funds disbursed between 2000 and 2014 (the latest year recorded in the College of William and Mary's AidData Chinese Official Finance database) were directed at Cuba and various predominantly African and Asian countries. As for the MENA region, as depicted in Figure 5, during 2000-2014 it received USD 2.92 billion in ODA-like and USD 41.59 billion in OOF-like finance, on top of USD 7.6 billion in vague official finance that could not be easily attributed to any of these categories (due to lack of information on their concessionality level or purpose [Strange, 2017]). This constituted 3.32% and 8.2% of all Chinese ODA- and OOF-like funding, respectively, over the entire period in question. All three types of funding peaked in 2014 and – if one is to believe media reports – increased further in the following period.¹⁰ Indeed, in July 2018 Beijing announced dedicating USD 20 billion in loans to the Arab countries in the region and USD 1.06 billion in financial aid to Palestine, Jordan, Syria, Lebanon and Yemen, as well as setting a USD 3 billion fund governed by a consortium of Chinese and Arab banks. The package is to be a part of “economic reconstruction” and “industrial revival” incorporating collaboration on oil and gas, nuclear and clean energy (Shepherd, 2018). However, the Chinese authorities have not offered any details on the scheme until now.

In the past, between 2000 and 2014, Sudan has been the main beneficiary of Chinese funding in the region (nearly half of all the funds in question), although Egypt, Turkey,

¹⁰ The latest compilation on Chinese foreign lending (up to 2017) has been compiled by Horn, Reinhart and Trebesch (2019) but the dataset is not publicly available.

Mauritania and Yemen largely benefitted from the funds as well. The year 2014, however, was all about Iran, which received 99.63% of OOF-like funds and 99.85% of “vague” official funds that year (ODA-like funds that year went predominantly to Sudan).¹¹ The funding comprised three loans of unknown type to “water, electricity, oil, gas, petrochemical and other industries in Iran” and Iranian Railway Company to finance 85% of the costs of electrification of the Mashhad-Tehran railway,¹² as well as a credit line for new petrochemical projects.

Figure 4. Chinese ODA-like and OOF-like funds to MENA (USD million and % of all funds globally)



Source: Own compilation based on AidData

Other more recent examples of Chinese official spending in the region included a grant of USD 16 million in 2014 dedicated to aid for Syrian refugees in Jordan, Lebanon and other countries in the region, a USD 100 million loan for the development of small and medium enterprises in Morocco (2014), and a grant of USD 13 million to Tunisia for economic and technical cooperation (AidData). One of the highlights from last year (2019), officially promoted by the CIDCA, was a provision of emergency humanitarian aid to those affected by floods in Iran (CIDCA, 2020).

¹¹ The influx of funds that year was perhaps related to the Chinese wish to maintain its influence in Iran in progressing negotiations over the nuclear deal (Joint Comprehensive Plan of Action), which although eventually was only adopted in October 2015 had an initial deadline of November 2014. Indeed, it was in 2014 when the first ever joint naval exercises between the two countries in Iranian waters took place.

¹² The contract for the electrification works was signed in January 2016 but has only been signed in August 2019 due to “various problems”, as reported by the Iranian Tasnim News Agency (see: <https://tn.ai/2072072>).

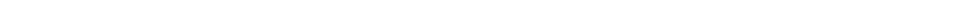
Expansion of Chinese ODA- and OOF-like funding has attracted not only praise but also concerns about so-called “debt-trap diplomacy”. Indeed, as of 2018, the world owed the Chinese government over USD 5 trillion (6% of the global GDP), compared to less than USD 0.5 trillion at the beginning of the 21st century (Horn, Reinhart & Trebesch, 2019). The nature of Chinese lending mostly depends on the status of the recipient, with portfolio investments made in advanced and higher middle-income economies and direct loans offered to developing and low-income countries. Horn, Reinhart and Trebesch (2019) estimate that there are more than 24 countries globally – mostly located in the Far East Asia and Central Asia – that owe Beijing over 10% of their GDP.

At the same time, one recent study argues that Chinese lending, conducted mostly within the BRI framework, is “unlikely to cause a systemic debt problem in the regions of the initiative’s focus” (Hurley, Morris & Portelance, 2018). Indeed, Beijing has, on numerous occasions, provided debt relief and restructuring. Among the MENA countries, between 2001 and 2010, China cancelled around USD 116 million worth of Sudan’s debt and in 2014 offered more time to repay the remaining sums. USD 84 million was additionally forgiven to Yemen in 2002, in 2010 – USD 6.8 billion to Iraq (80% of the country’s debt to China), and USD 61 million pardoned to Mauritania in 2007 (AidData). In fact, the case of Sri Lanka, whose Hambantota Port was taken over by Chinese management for a 99-year lease, routinely cited by those concerned about the “debt-trap diplomacy”, may according to Hurley, Morris and Portelance (2018) also be treated as an example of Beijing accommodating and agreeing for a debt-for-equity swap. Importantly for the present chapter, among the MENA countries, only Sudan and Mauritania feature on the list of 50 countries most indebted to China (in 26th and 42nd place respectively).

Moreover, Beijing’s approach towards lending seems to be increasingly prudent, despite deciding against joining the Paris Club in 2016. Indeed, in November 2017, the China Banking Regulatory Commission took an unprecedented step of issuing regulations for policy banks in China, stressing the need for “greater risk controls for the overseas activities” (Hurley, Morris & Portelance, 2018).

Investment

Evaluating the scale of Chinese investment in the MENA countries is at least equally, if not more, complicated as analysing the country’s developmental assistance. For the past few years, the media has been regularly reporting on the growing importance of China as FDI provider, both globally and in the region. In 2016, the country was reported to have overtaken the US and the UAE as the main investor in the Arab countries, having spent USD 29.5 billion that year (constituting 31.9% of the FDI inflows that year) (“China



becomes principal investor”, 2018) – a major upgrade since 2008 when less than 1% of Chinese FDI went to the region (“Chinese money is behind”, 2019). The media has also been widely reporting various investment deals that the Chinese had or were to sign in various MENA countries : from USD 1 billion arrangement to build a renewable energy plant in Attarat, Jordan (Mancheva, 2015), through the USD 6 billion deal to build a phosphate plant in Algeria (Chikhi, 2018), to the USD 121.6 million agreement to construct the Mankai Textile Industrial Park (“largest Chinese textile city in the country” announced in March 2019) in Egypt (Hagar, 2019).

However, the picture painted by the data does not fully reflect the optimism emanating from the media reports. For instance, the USD 29.5 billion of Chinese investment in the MENA region in 2016 is (mostly, depending on the definition of MENA) correct only if one takes into consideration both FDI flows and value of construction deals secured by Chinese companies in the region. Indeed, before moving to the analysis of Chinese investment in the MENA region, it is important to make a short detour and comment on the data availability once again.

The majority of analyses on the Chinese investment in the region rely on two sources: China Global Investment Tracker (CGIT) developed by the American Enterprise Institute (AEI) or the data published by China’s Ministry of Commerce (MOFCOM). As the latter publishes its data only in Chinese, few researchers draw from it directly, some of their data (on the FDI stock) was, however, made available by ChinaMed project.¹³ The AEI, on the other hand, tracks individual transactions (using real-time corporate disclosure for a transaction worth USD 100 million or more) and makes available data on Chinese outward FDI flows.¹⁴ When reading through the analysis presented below it is therefore important to bear in mind that the numbers by the AEI might be (as the organisation points out itself) understated as transactions under USD 100 million go unreported, and the data from MOFCOM may be overblown due to the practice of “data smoothing” (aka faking, as MOFCOM has never publicly admitted, but numerous scholars pointed out, see, e.g. Wright & Rosen, 2019; Scissors, 2020) while at the same time not fully taking into consideration FDI flowing through the offshore centres (Horn, Reinhart & Trebesch, 2019).

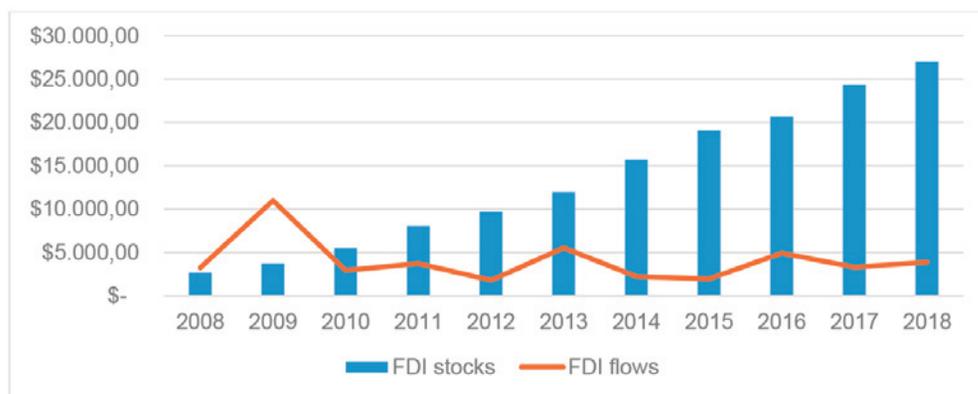
At the end of 2018, Chinese outward FDI stocks in the region amounted to USD 27.03 billion, with most of it located in the UAE (USD 6.43 billion), Israel (USD 4.62 billion) and Iran (USD 3.23 billion), which accounted for 5%, 3% and 6% of each country’s inward FDI stocks that year respectively (see Figure 6; own calculations based on data from ChinaMed and UNCTAD). This constituted quite an increase compared to 2003 when Chinese FDI in the region stood at just USD 0.5 billion – or USD 84.4 million

¹³ No data for Mauritania.

¹⁴ FDI stocks allow long-term economic relations between two countries to be quantified and are subject to less volatility than FDI flows, which in turn are more useful in assessing an attractiveness of the given economy.

excluding Iraq, which accounted for 83.8% of Chinese FDI stocks at the time (although admittedly globally Chinese FDI in the decade pre-2000 amounted to merely USD 2.3 million on average annually, UNCTAD). At the same time, the Chinese FDI flows¹⁵ to the region, after a surge in 2009 (USD 10.98 billion) remained under USD 5.5 billion annually for the following decade, only to rebound somehow in 2019, when they totalled USD 6.27 billion.

Figure 5. Chinese FDI to MENA region (USD million)



Source: Own compilation based on data from the AEI (FDI flows) and MOFCOM via ChinaMed (FDI stocks)

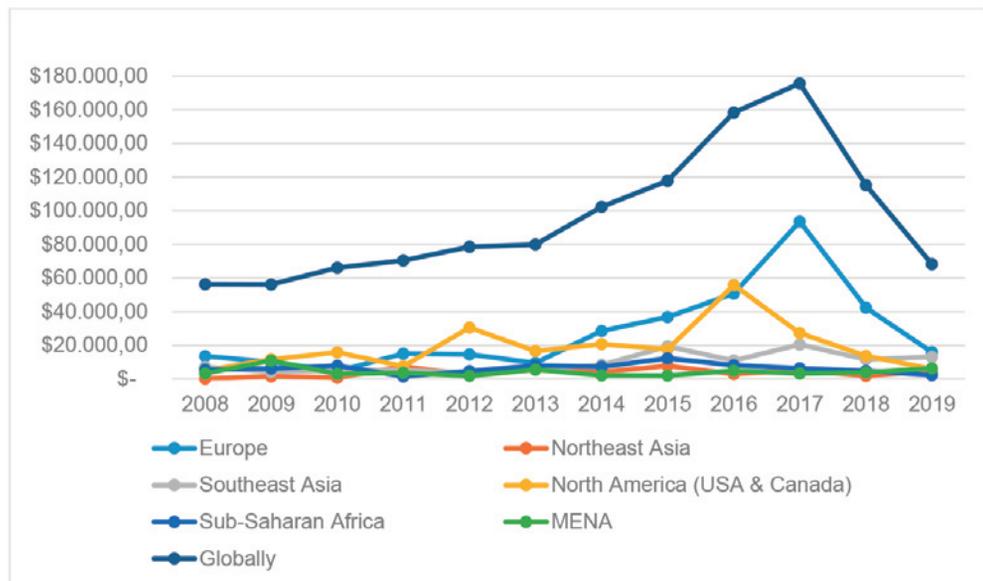
While admittedly the value of direct Chinese investment has indeed been growing over time (see Figure 7), it is still minuscule compared to what the Chinese have invested in other parts of the world (and indeed dwarfed by that of the EU in the MENA region, even if the numbers are not easily comparable; as of the end of 2017, the EU's direct investment was worth over 100-times more than that of China, USD 285 billion and USD 24.37 billion respectively). It is also true, however, that the MENA region has been one of few places where Chinese investment flows have not decreased after 2017. While globally Chinese FDI flows plunged by 62% between 2017 and 2019 (according to AEI data, or 21.5% according to MOFCOM data), in the MENA region they nearly doubled during that time.

The greatest surge in Chinese FDI in the region took place in Israel; while in 2015 the value of Chinese FDI (stocks) in the country stood at USD 371 million, at the end of 2018 it jumped to USD 4.62 billion, mostly due to investment in technology and agriculture sectors (see, e.g. Efron et al., 2019). The hike could have been even more significant had it not been for American reluctance towards China getting access to

15 Data missing for Bahrain, Lebanon, Mauritania and Palestine.

Israeli tech sector (albeit the caution towards Chinese money is reportedly growing inside of the Knesset as well [Efron et al., 2019]) (Harel, 2018; Gilsinan, 2019; Wechsler, 2019). In October 2019, Israeli officials announced that a special advisory panel would be formed in the country in order to screen incoming foreign investment, a move widely believed to be inspired by the US and explicitly undertaken albeit implicitly with China in mind (Scheer, 2019).

Figure 6. Chinese FDI flows (USD million)



Source: Own compilation based on data from AEI

Another key US ally in the region, the UAE, seems to have attracted less scrutiny on the part of Washington, even as it has been the leading destination of Chinese FDI since 2015 when it took the place of Iran. At the end of 2018, Chinese direct investment (stock) in the country was worth USD 6.44 billion, over four times more than in 2013 when the BRI was first launched. Most recently, in May 2019, Chinese East Hope Group announced it “considers” investing USD 10 billion in the Khalifa Industrial Zone Abu Dhabi (KIZAD) over the next 15 years (no updates regarding the progress of the deal could be found since then) (Carvalho, 2019).

Finally, much-needed investment has been flowing from China to Iran, even though the threat of US sanctions has to some extent deterred Chinese companies (“Iran

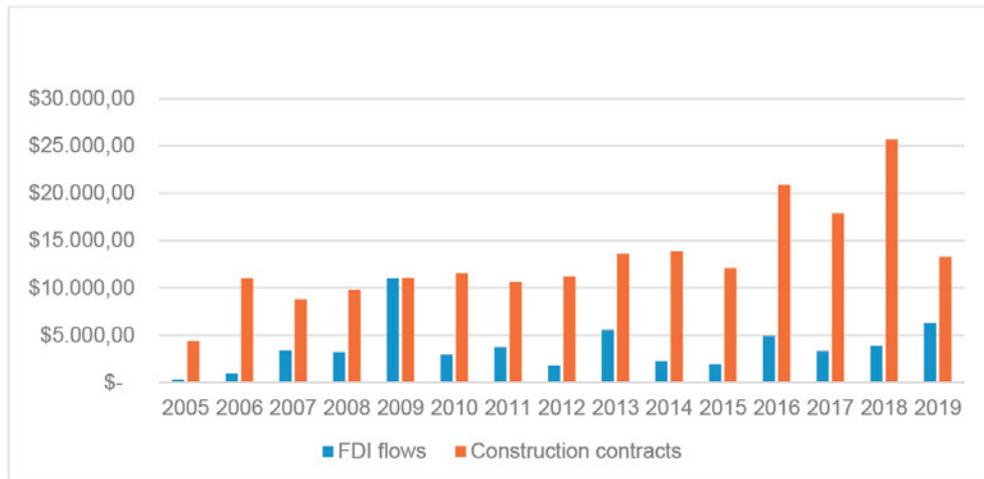
says Chinese state", 2019), especially those that – like Sinopec or CNOOC – own energy assets in the US as well (Yuanyuan, 2020). Indeed, some Chinese firms that implemented infrastructure projects in Iran have already been placed on the Special Designation Nationals and Blocked Persons (SDN) (Yuanyuan, 2020). Back in 2017, Iran was one of the three countries in the region (alongside Yemen and Sudan) in which China invested more than the EU. Judging by the latest (September 2019) pledge to invest an additional USD 400 billion in the country over the next 25 years (mostly "front-loaded" during 2020-2024 ["China pledges \$400bn", 2019]) it might be safe to assume that no sanctions will be fully successful in deterring the flow of Chinese investment to Iran, especially if this investment can help to secure primacy in access to Iranian oil and development of petrochemical projects in the country.

Chinese Economic Boots on the Ground

One of the frequent criticisms of the Chinese investment is that it is too closely promoting Chinese interests, not only through financing projects that help to achieve Chinese policy goals but also by virtue of contracting Chinese businesses and employing Chinese workers to carry out the related works (and as such not creating local jobs or supporting local companies). Indeed, one evaluation of 14,002 Chinese-funded projects in the Reconnecting Asia database (covering the Middle Eastern but not the North African part of the MENA region) showed that only 7.6% are awarded to local contractors, compared to 40.8% in the case of projects funded by multilateral development banks (Hillman, 2018). Such an approach, according to Rudyak (2019), is a direct consequence of China still perceiving itself as a developing country and so believing any funds it invests (or donates) abroad should serve both the recipient country's and its own economic development goals.

Indeed, while – as discussed above – Chinese FDI has been increasingly flowing to the MENA countries, it has been dwarfed by the value of contracts awarded to Chinese companies in the region (see Figure 8). This difference has become even more pronounced since the launch of the BRI – while between 2008 and 2013 FDI flows constituted 29% of the cumulative value of Chinese investment and construction in the region, during 2014-2019 their share went down by 11 percentage points, to 18%. This trend runs in reverse to what can be observed in Europe or the US; as noted by Scissors (2018), Chinese construction usually occurs in developing countries, and investment flows typically to the wealthy ones.

Figure 7. Chinese FDI flows and value of construction contracts awarded to Chinese companies in MENA (USD million)

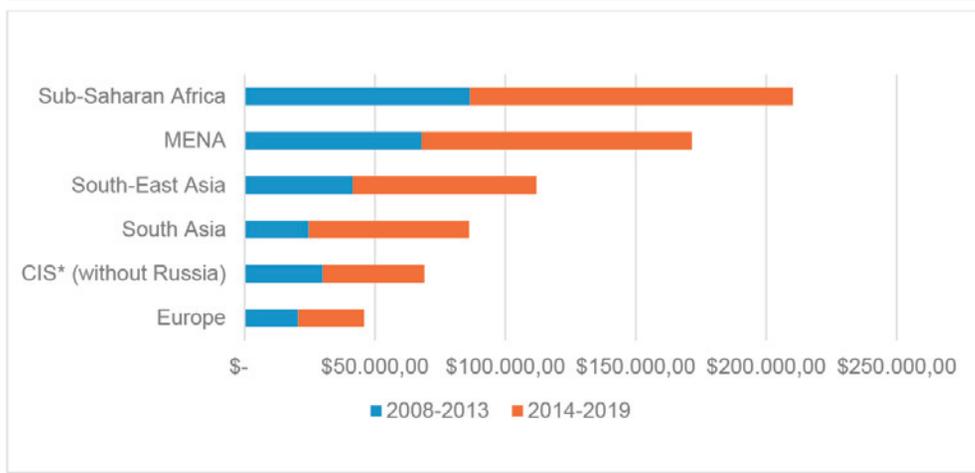


Source: Own compilation based on data from AEI (no data for Lebanon and West Bank and Gaza)

Tellingly, although none of the MENA countries was among top destinations of Chinese investment between 2005-2009 (with the US, Australia and Great Britain topping the ranks), four – Algeria, Saudi Arabia, the UAE, and Iran – were among the top 10 countries globally in terms of Chinese construction activity (Egypt followed closely). Between 2008-2013 the value of construction contracts awarded to Chinese companies amounted to USD 86.38 billion, only to jump to USD 123.89 billion during 2014-2019 (see Figure 9). In 2018, 30% of all construction contracts (in USD terms) awarded to Chinese companies were in the MENA region. Globally, Chinese companies were awarded more contracts only in Sub-Saharan Africa.

This surge in Chinese construction activity can, to a large extent, be attributed to the BRI effect. Since it has been launched, most construction contracts have been awarded to Chinese companies in the UAE, Egypt and Saudi Arabia (16.3%, 16.2% and 15.8% of the value of all construction contracts awarded in the region respectively; see Figure 10). For Egypt, this constituted a major increase in the Chinese construction activity on its territory; before the launch of the BRI in 2013, it accounted for only 3% of the construction contracts (in terms of value) awarded to Chinese companies in the MENA region. Chinese workers have also become more present in Israel, Oman and Kuwait.

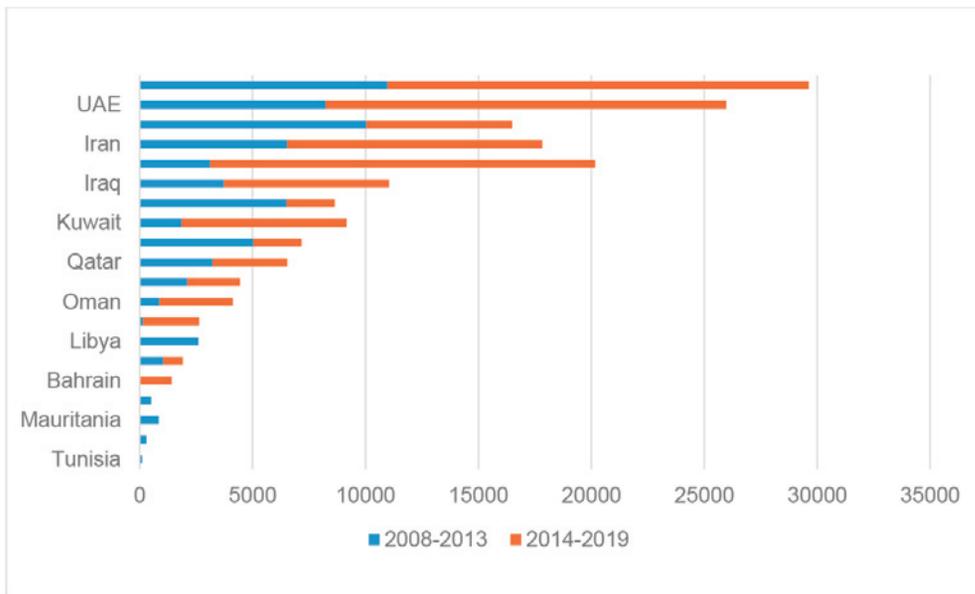
Figure 8. Value of construction contracts awarded to Chinese companies globally (USD million)



Source: Own compilation based on data from AEI.

*No data for Armenia

Figure 9. Value of construction contracts awarded to Chinese companies in the MENA region (USD million)



Source: Own compilation based on data from AEI

What has not changed is the sectoral forces of the construction activities, which both before and after the launch of the BRI predominantly took place in the energy, transport and real estate sectors (39%, 20% and 19% in USD terms during 2014-2019 respectively).

Moreover, much like in case of the FDI flows, nearly all Chinese companies granted construction contracts in the region between 2005 and 2019 were state-owned (among the top 30 biggest contractors there was only one private company, Rongsheng Holding). Those most active in the region included Power Construction Corp (POWERCHINA), China State Construction Engineering (CSCE), Sinopec, China National Petroleum Corporation (CNPC), and China Energy Engineering. CSCE has particularly benefitted from the expansion of the BRI. It was, among others, responsible for the construction of the Great Mosque of Algiers completed last year – one of three largest mosques in the world and the largest mosque in Africa (by area), sporting the tallest minaret on the continent as well. Currently, it is working on building Egypt's "new capital", 50 km east of Cairo. However, CSCE is also an excellent example of Chinese SEOs modus operandi. In their operations, the companies have typically been offering very competitive prices and operated at marginal or even zero profit. Instead, they have been relying on being supported by "concessionary finance in huge amounts from state-controlled banks" (Scissors, 2019a). Presently, China is, however, attempting to deleverage its SEOs and make them more competitive ("Global 500", 2019). It remains to be seen to what extent this will impact the construction activities of Chinese companies in the MENA region.

Conclusions and Implications for the European Union

The importance of the MENA region in the eyes of Beijing has undoubtedly grown over the past decade, although it is by no means of primary importance to China, its main attractiveness lying in helping to ensure the country's energy security (currently, up to 45% oil consumed in China is imported from the region). The economic relationship between China and the MENA region has not changed excessively after the launch of the BRI, perhaps with the exception of the number and value of construction contracts awarded to Chinese companies in the region. With most of the countries in the region facing an infrastructure gap, Beijing's activity in this field (including via loans and investment) has been welcome by many state authorities.

This is not to say, of course, that everyone welcomed the Chinese with open arms (for more on social attitudes, see Chapter 1). Indeed, the negative consequences of China's expansion in the region (and globally) have been well noted in the region and beyond.

For instance, cheap Chinese goods are flooding MENA countries; the chances are that a tourist purchasing a souvenir on a souk in the region – whether in Amman, Tunis, Algiers or Rabat – would see a “Made in China” label on their plush camel toy, keffiyeh or kohl-based cosmetics, should they pay close attention. Needless to say, this is in no way beneficial for local businesses. Related to that is the effect that Chinese trade with the EU has on the local production. Good examples are textiles and clothing. Back in the early 2000s Morocco and Tunisia used to be the EU’s main source countries but their importance decreased with time and as of recently (2018) China accounts for 41.5% of all the EU’s textiles and clothing imports (followed by India with 18% and Turkey with 3.8%) (World Bank, 2020). Admittedly, the situation – at least in that particular sector – may change in the near future, as the labour costs in China are rising and countries like Egypt are eager to jump in its place as production hubs (Cochrane, 2018).¹⁶

Looking more broadly, another issue of concern is China’s attempt to challenge the primacy of the USD in international transactions. While the strategy was largely successful in the 2000s and early 2010s, since the 2015 Chinese stock market turbulences, expansion of *renminbi* (RMB) slowed down, costing it the status of fourth most popular currency for international payments. The value of the offshore RMB-denominated bonds halved between 2014 and 2019 as well (“China pauses in push”, 2019). Similarly, while in 2014, almost one third of Chinese trade was denominated in yuan, currently yuan accounts for only about 15% of its trade transactions globally. Even in the GCC, the USD remains the currency of choice (89.7% of all bonds issued in the Gulf in 2018 were USD-denominated), despite the fact that the RMB-denominated bonds in 2018 were worth an unprecedented USD 1.33 billion (mostly thanks to the UAE and to a smaller extent Qatar) (Greenwald, 2019).

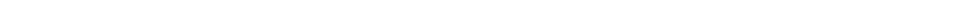
Thinking about the consequences of the Chinese presence in the region for the EU, a number of additional potential problems come to mind. Firstly, the Chinese growth model, based on the assumption that democracy is not a condition sine qua non for a country to grow is an alluring one to many authoritarian leaders in the region, with Egypt being perhaps the best example. Chinese funds do not have the type of conditionality that EU money is typically associated with (although they come with other strings attached) as China prides itself in its non-intervention policy. In that sense, Beijing’s support can be (and is) used as a bargaining chip in negotiations with Brussels. Egypt has already stalled relations with the EU over the latter’s criticism of its human rights abuses, no doubt at least in part because of the feeling of confidence thanks to Chinese (financial and otherwise) support. As shown by the latest Arab Barometer, the majority of the Arab public, while welcoming more foreign aid directed at their country, is indifferent to where

¹⁶ While betting on cheap labour may not be the best long-term developmental strategy, efforts to attract more greenfield investment (Chinese or otherwise) – such as the Chinese investment in Jordan, Jerash Garments and Fashions Manufacturing Company, recently (2018) listed on Nasdaq – are no doubt welcome.

the assistance would come from (Robbins, 2020). More worryingly for the EU, almost half (47%) of the respondents in the region are of the opinion that the main reason Western countries send aid to the Arab world is to “gain influence” (no question about Chinese motivation was asked).

For the rich Gulf monarchies this is perhaps of lesser importance, although undoubtedly they do believe it is important to keep China – an important trade partner – happy (as exemplified, e.g. by the abovementioned UAE’s growing RMB-denominated bond issuance in spite of the global trends to the contrary or lack of criticism over treatment of fellow Muslims in Xinjiang). While it is doubtful that this could in any way adversely impact the (stalled) EU-GCC trade negotiations, it might mean the EU could lose even more of its remaining leverage in the region to Beijing.

Finally, and not least importantly, with the EU’s closest ally, the US, being so vehemently opposed to Chinese economic expansion globally, Brussels may be facing increasing pressure from Washington not only regarding its own relationship with Beijing but also its approach to Chinese activity in its neighbourhood. Indeed, the latest security summit in Munich proved just that, showing a deep divide between the two in their approach towards China.



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China's Political, Military and Cultural Engagement in the MENA Region

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Introduction

Countries in the Middle East and North Africa (MENA) region have traditionally acted as energy suppliers and markets for Chinese goods but Beijing's interest in this region is no longer limited to economic cooperation. Across a wide spectrum of political, diplomatic and cultural issues, the Chinese state is becoming ever more active. Although China has no view of the Middle East as such and thus seeks to establish relations with different actors in the region on a case-by-case basis, a new strategic vision towards what is for China its Western periphery is being developed. This is manifest in China's first Arab Policy Paper, published in 2016, which aims to continue and expand ways of "mutually beneficial cooperation" (Ministry of Foreign Affairs of the People's Republic of China [MFA], 2016), as well as in the Belt and Road Initiative (BRI) itself. In the context of President Donald Trump's "America First" foreign policy, China's "marching westwards" is seen as a strategic necessity (Panda, 2013). This takes shape in, on the one hand, the "traditional" Chinese policy of filling in the vacuum left by the United States (US) and other Western powers, but also in demanding a say as a "proper" superpower, on the other. This chapter disentangles the complex relationship between China and the MENA region, focusing upon its political, military and cultural engagements.

China's Political Engagement in the MENA Region

Conflict Mediation and Balancing Between Regional Rivals

China's political engagement in the MENA region encompasses a wide range of tools that Beijing employs for various purposes. Of particular significance in this chapter are two among them: conflict mediation and balancing between regional rivals. Conflict mediation is a cross-section between the political and the military, and it necessitates that the mediator is accepted by the parties in the conflict as a non-biased party with the necessary political clout to perform the mediation. With a cleaner slate than the US and a primarily development-focused logic, China is able to establish cordial ties with MENA countries that are otherwise opposed to each other. The development of the BRI shows that there is even a kind of competition among regional states to become involved in the BRI, which boosts China's ability to engage with all. China has stepped up as a mediator in regional conflicts as the responsible and benevolent superpower, on the one hand, and as a permanent member in the United Nations (UN) Security Council, which has a specific function related to international peace and security, on the other.

Chinese attempts at regional conflict management testify to a new role according to which the Beijing government wishes to mediate between parties locked in conflict (Legarda & Hoffmann, 2018). The Israeli-Palestinian conflict is a case in point. Chinese President Xi Jinping put forward a four-point peace proposal in 2017 to end the Israeli-Palestinian conflict and establish an independent Palestinian state (“China pushes”, 2017). Beijing even hosted trilateral talks to restart negotiations between Israelis and Palestinians (Burton, 2018). China stands firm in its support for Palestinian statehood, yet enjoys friendly relations and strong economic ties with Israel, which Beijing sees as an important access point to the Mediterranean and thus a potential transportation and logistics hub in the context of the BRI. Besides, Chinese companies are looking to tap into Israel’s potential as the tech hub of the MENA region. Jack Ma, CEO of the Chinese company Alibaba, participated at the 2018 Innovation Conference hosted by Israeli Prime Minister Benjamin Netanyahu, where he praised Israel for its welcoming atmosphere and focus on inviting foreign expertise. Alibaba invested in the greater Tel Aviv area in 2017, purchasing augmented reality company Infinity and e-commerce search venture Twiggle and establishing a research and development centre. The Chinese Kuang-Chi group opened an office in Tel Aviv to serve as its International Innovation Headquarters, from where further acquisitions are planned to be made in the coming years.

However, there are obvious limitations to the development of this bilateral relationship. Israel is a key American ally, and the Chinese government condemned the Trump administration’s December 2017 decision to recognise Jerusalem as the country’s capital (Gao, 2017). In 2015, a deal was struck to bring 6,000 Chinese construction workers to Israel. According to the Israeli government, the purpose of the deal was to help alleviate the country’s housing crisis (“Israel signs”, 2017), but the Beijing government made clear that they are not to be employed in the West Bank. According to the Chinese government, it follows resolution 2334 of the UN Security Council, according to which Israeli settlements are illegal (“Israel signs”, 2017). Following the break-down of the Arab-Israeli peace process, Israel has also become largely isolated from the rest of the MENA region, despite the fact that in the past few years some Gulf Arab states, most notably Saudi Arabia, have established behind-the-door contacts with it. As the BRI is focused upon intra- and cross-regional connectivity, Israel’s value is severely limited in that regard.

Furthermore, China also stepped up its efforts to mediate between the Assad regime and the Syrian opposition in 2016, as well as to ease tension between Saudi Arabia and Iran in the same year. As Beijing can no longer ignore regional strife that may jeopardise the success of the BRI and other high-profile economic engagements, the objective at

the very least is to mute conflicts for the sake of regional stability. In another telling instance, Beijing actively intervened in South Sudan in 2013 to stabilise the country politically and protect its economic interests, which was a deviation from the much-vaunted principle of non-intervention. China has since then cemented its presence by, among other efforts, investing in South Sudan's oil fields and sending peacekeeping troops to the country (Nyabiage, 2020).

The Chinese abstention from a vote in the UN Security Council in April 2017 to condemn the Syrian chemical attack signalled a departure from Beijing's previous practice to veto any resolution seen as compromising another country's sovereignty (Wong, 2017). Prior to the incident, Beijing stood consistently with Damascus throughout the Syrian Civil War, with the expectation of reaping the benefits of its unswerving support in the future reconstruction of Syria (De Stone & Suber, 2019).

Chinese foreign policy faces another painful dilemma in the case of Iran. While the Beijing government would like to keep the 2015 Joint Comprehensive Plan of Action (JCPOA) alive (Lo, 2018), Beijing wishes not to improve its relationship with Tehran if the costs of doing so are a further deterioration in its relationship with Washington. The hesitancy China displayed in nuclear cooperation with Iran is a good illustration. The collaboration to redesign the Arak heavy water reactor – a non-proliferation measure assigned to China under the JCPOA by the international community – temporarily slowed down in January 2019, amid growing fears that Chinese companies participating in the project may be hit by US sanctions (Lee, 2019). As much as Beijing would like the JCPOA to remain in place, US withdrawal and the reintroduction of sanctions may severely punish Chinese companies. The Trump administration, however, renewed waivers allowing Tehran to continue cooperating with foreign countries on building a civilian nuclear programme, which means the Chinese companies involved in the Iranian collaboration need not worry (Mortazavi, 2019). Nevertheless, it remains the case that China's relationship with Iran, as with any other state in the MENA region or over any issue related to the region, is generally subordinated to the twists and turns of Beijing's relationship with Washington.

A similar Chinese balancing act takes place between Saudi Arabia and Iran, arguably the two most important MENA actors in conflict with each other. Though Saudi Arabia remains the biggest regional trading partner for China and a key recipient of Chinese investment, the Beijing government elevated its ties with Iran to the status of comprehensive strategic partnership in 2016 ("China, Iran lift", 2016), testifying to a new quality in the bilateral relationship. China also objected to the US's maximum pressure policy on Iran ("China urges", 2019), favouring instead the JCPOA and reaffirming its

commitment to the agreement even after Washington had withdrawn from it in May 2018 (“China fully committed”, 2019). This stance allows the Chinese government to claim some credit as a responsible contributor to regional peace and stability. For China, some balance in the regional distribution of power is vital, and Iran plays a key role in countering American-backed Saudi influence.

At the same time, China remains Saudi Arabia's largest oil client (Kuo, 2019), as Saudi oil amounted to 10.68% of China's total import in 2018 (ICT Trade Map; Neuhauser, 2019). In addition, Saudi Arabia enjoys a key geostrategic position on the Arabian Peninsula. This explains why China's gestures towards Tehran tend to be balanced by a similarly attentive foreign policy towards Riyadh. The second stop during Xi Jinping's 2016 tour was in the Saudi capital, where the two sides upgraded their ties to the level of comprehensive strategic partnership. However, China's relationship with Saudi Arabia also has certain limits. On the one hand, Iran also features quite prominently in the implementation of China's signature BRI initiative, specifically for developing Iran's energy infrastructure and transportation capacity and for potentially reassuming its key political and economic role along the historical Silk Road (Shariatinia & Azizi, 2019). On the other, Riyadh is a key US ally, and a major disseminator and supporter of Sunni Jihadist militancy and ideology. The spread of extremist ideas threatens to undermine not just the stability of the MENA region, but that of China's restive Xinjiang province, as well as China's near abroad in Central Asia (Leverett, 2016).

Another conflict, in which China is forced to take sides, is the ongoing civil war in Yemen. A proxy confrontation of Iranian- and Saudi-backed forces, the Yemeni civil war imposes again upon Beijing a delicate task of balancing between seemingly irreconcilable interests. In principle, the Beijing government wishes to see the reunification of Yemen under a stable authoritarian leadership, and whichever side is better positioned to achieve that goal enjoys Chinese support (Ramani, 2017). In April 2015, the Chinese navy evacuated foreign nationals and Chinese citizens from the port of Aden (“Yemen crisis”, 2015). More than two years later, China delivered its first humanitarian batch to the port of Aden (“First batch of China's”, 2017). China's support for the Saudi-backed Hadi government began around late 2015, when the Houthi forces' territorial expansion came to a halt. In the Chinese president's landmark 2016 tour in the region, Xi Jinping announced that China supports the Hadi government in its efforts to reunite the country (“China offers support”, 2016). While this decision was likely to have caused some resentment on the side of Iran, Tehran's overall reliance upon Chinese support in a myriad of global matters renders any threat of retaliation quite negligible. China follows a similar logic in its relationship with Iraq. While Beijing – due to its already mentioned positions

– is officially opposed to Kurdish independence, China would likely be a willing partner to support an independent Iraqi Kurdistan by investing in its vast energy sector and seeking cooperation in counter-terrorism matters (Ramani, 2017).

Obstacles and Criticism of China's Engagement

China's relations with some other MENA states are also not without frictions. Outstanding in this respect is China's crackdown on its ethnic Uyghur minorities in Xinjiang province, and the backlash it caused in Turkey (Maizland, 2019). In February 2019, Ankara finally broke its silence over the abuse Uyghur Turks and other Muslim communities suffered at the hands of the Chinese authorities, condemning what it sees as a clear deterioration of China's human rights situation (Tiezzi, 2019). Another thorn in the relationship is China's reaction to Turkey's invasion of Syria in late 2019. The Chinese government urged Ankara to "return to the right track" and stop its military operations against Kurdish forces in Northern Syria. This was another illustration of China's emphasis on non-intervention and respect for sovereignty in the MENA region (Wong, 2019). Despite Chinese support in the UN for condemning Turkey's move, Russia vetoed a joint statement with the Western powers, arguing that the illegal military presence of other countries, not only Turkey's, would also need to be addressed ("Divided UN fails", 2019).

In August 2019, Qatar likewise criticised the Beijing government over the treatment of its Muslim minorities by withdrawing its support for a letter that acknowledged and lauded China's human rights achievements (Fattah, 2019). The Qatari decision came despite China's willingness to mediate in the conflict between Qatar and the so-called anti-terror quartet of Saudi Arabia, Egypt, the United Arab Emirates (UAE), and Bahrain (Blanchard, 2019), which severed diplomatic ties with Qatar after accusations that Doha supports terrorist organisations ("Saudi Arabia, Bahrain and Egypt", 2019).

While the US foreign policy stresses human rights and democratisation, the Beijing government extends cordial ties to MENA countries regardless of their domestic political systems. At a September 2018 Forum of African-Chinese Cooperation (FOCAC) meeting, President Xi Jinping pledged to provide USD 60 billion in aid to African countries, all the while emphasising that the money comes with "no strings attached" ("China offers Africa", 2018). This was a clear reference to the fact that Western infrastructure and aid projects are generally linked to political conditions, with the goal of pressing recipient countries in the direction of emulating Western political and social practices. In all fairness, while the Chinese government stays silent over its partner countries' domestic political situation, it nonetheless often sets the condition to use Chinese contractors in the implementation of the projects for which it provides funding.

It is this particular conditionality that fuels the discussion about China's allegedly neo-colonial agenda, specifically in the context of the BRI initiative (Kleven, 2019). Another criticism sometimes raised against the Chinese government is that it pursues a “debt-trap diplomacy,” proposing large-scale infrastructure projects irresponsibly, without sound evidence to their financial sustainability, to countries that are economically unable to bear the long-term economic burden of those projects (Green, 2019). Though many Western observers subscribe to this characterisation, others claim that there is no solid evidence showing that Chinese banks are “deliberately over-lending or funding loss-making projects to secure strategic advantages for China” (Brautigam, 2019).

In either case, what is of utmost significance is that China's charm offensive towards the MENA region is a success story (see Chapter 1 for an overview of public perceptions of the Chinese in the region). China offers a viable and attractive developmental alternative, which does not require the region's strongmen to undergo democratisation or Westernisation. More importantly, the vision Beijing propagates through the BRI is a positive one for the region and consistent with the status quo (Fulton, 2019). While the West tends to perceive the MENA region as a hotspot of geopolitical challenges, China sees it as a land of untapped opportunity. Accordingly, the Chinese message is that the region's troubles can be fixed once the MENA states embark upon a developmental path that marries strong authoritarian leadership with openness towards foreign capital, a process in which participation in the BRI is held up as an attractive milestone.

China's Military Engagement in the MENA Region

China's military engagement in the MENA region – besides the role of the responsible and reliable global power – is defined, on the one hand, by the internal development of the Chinese political and strategic thinking, and, on the other, by the strategic need to ensure a stable environment in order to realise economic interests. The sale of weaponry to the region contributes to the realisation of both.

The Development of Strategic Thinking

It is usually taken for granted that the military capabilities of the People's Republic of China have drastically increased in the decades since the “reform and opening” policy was put forward by Deng Xiaoping. Yet, in many aspects relatively little is known about its details, which is attributed to Deng's philosophy “to keep a low profile”, and to the relatively low share of the military budget within the Chinese gross domestic product (GDP) – although it is a widely held notion that China spends much more on its military than is officially

acknowledged (Bartók, 2018). For instance, although China has been a significant arms exporter in the past decade, especially to the third world and to the MENA region, data pertaining to these transfers are not included in the official figures of the military budget. However, following the end of the Cold War, but especially with the Taiwan crisis in 1995-1996, the relative lagging behind of Chinese strategic deterrence capabilities made the development of China's military capabilities imminent. By the end of the 1990s the Chinese military industry came to complement the until-then mainly Russian arms imports and new types of Chinese-developed weaponry started to be produced. The modernisation of the armed forces as well as the weapon systems responded to the changed Chinese strategic environment and thinking: widening the scope of territorial defence to the high seas around China, and then expanding these power projection capabilities further is related to the stepping into office of Xi Jinping, who initiated comprehensive reforms in the Chinese defence policy. The modernisation of the Chinese armed forces and equipment, the increased reliance on sea forces and the enhanced Chinese foreign policy activities, however, are still based on a defensive doctrine ("China's military strategy", 2015). This gradual shift from the "active defence" of territory towards deterrence and power projection both on land and sea went hand in hand with the transformation of the Chinese geopolitical ambitions and activities, and the launch of the BRI – both on land and sea.

The Responsible Global Power – From Counter-Piracy and Peacekeeping Missions to Conflict Mediation and Balancing between Regional Rivals

The first field of this combined strategic defence activity includes the participation in international counter-piracy missions in the Gulf of Aden and along Africa's eastern coasts. Beijing's objective – also in its perceived role as the responsible superpower – is to contribute to regional stability and safety, with special focus upon maritime trade routes. To that end, China is developing a "soft" military approach (Sun, 2015), which entails military exercises with regional countries, the deployment of military patrols, trainers and peacekeeping forces, as well as the establishment of soft military infrastructure like joint intelligence facilities. These steps do not generate a "hard" military presence, which would be incompatible with China's general foreign policy approach to the region. This is so, in spite of the fact that following President Trump's statement that the countries exporting from the Persian Gulf most should be protecting their own ships, the question if China should step in and police the Strait of Hormuz started to be debated. It is argued that China should "resist and reduce the ability of other regions or great powers seeking to dominate the Strait" (Goldstein, 2019). Except for the Chinese naval base in Djibouti, Beijing tries to keep its military involvement to a minimum, which allows some contribution to managing security concerns in the region without assuming overall responsibility for them.

China has had joint military exercises and naval drills with its partners in the Persian Gulf. With Iran, their first ever joint military exercise was held in 2014 (Ministry of National Defense of the People's Republic of China, 2014), to be followed three years later by a joint naval drill in the Gulf of Aden ("Iran and China conduct", 2018). A Russia-China-Iran joint naval exercise was announced "in the near future" in September 2019 and held in December 2019. In spite of the fact that China has significant maritime cooperation with Saudi Arabia, Saudi Arabia is the closest US ally in the region, which puts limits on further military cooperation with China. The Saudi war in Yemen has been another obstacle, particularly as it came at an unopportune time for China. Though the Beijing government dispatched a nuclear submarine to the coast of Yemen, the ongoing intervention led by Saudi Arabia essentially disrupted its demonstration effect (Scott, 2015). The focus of the exercises was maritime security, specifically naval escort missions that support the safety and protection of merchant ships and energy supply lines against pirate attacks around the Horn of Africa. This is a key concern for Beijing in the context of the BRI, and the exercises illustrate that China is willing to step up its military efforts to help regional countries maintain stability on the high seas, especially on the waters off the Horn of Africa, which are particularly exposed to pirate attacks.

China inaugurated its anti-piracy mission in 2008, sending People's Liberation Army Navy warships to secure the waters and the Chinese vessels transiting through them. The purpose of the deployment is deterrence by force demonstration, but also to join the rest of the permanent members of the UN Security Council that had already established a naval presence in the region ("Navy ships may", 2008). China has also steadily diversified its vessels operating off the Somali coast. In April 2019, Beijing added a new missile destroyer to its anti-piracy fleet, and Chinese submarines had been deployed to assess their operational capability and usefulness in the region ("China deploys new", 2019). Unsurprisingly, the expansion of the Chinese fleet, and its regular route through the Indian Ocean and the Arabian Sea, raised concerns in India. More generally, however, Western countries tend to acknowledge the role China plays in keeping the high seas safe in the region.

China is also more active in the field of peacekeeping operations. As China is steadily expanding its investment and business portfolio across the MENA region in line with the 2013 BRI, Beijing has a key stake in regional stability and peace. Chinese peacekeepers are deployed in Darfur, South Sudan and Mali, while Chinese observers are present in a few other countries like Lebanon. Although China's military footprint in the MENA region still remains small in comparison with the US, globally Beijing is now the second biggest contributor to the UN peacekeeping budget, and Chinese troops have been deployed in

large numbers in key conflict zones. Its intensive participation in such missions allows Beijing to fend off some of the criticism that China is free-riding in the region by taking advantage of a US-guaranteed security environment in the MENA region, and also to buttress its claim of being a responsible great power. To be sure, Beijing prefers to help in those conflict zones where important economic interests are at stake. This was the case in South Sudan in 2015, where China deployed more than 1,000 troops and a helicopter squadron in Darfur to address the situation (“China’s role in UN peacekeeping”, 2018). Prior to the Sudanese conflict, the Beijing government sent peacekeeping troops and logistical personnel to Liberia in 2003. In addition, China also opened a UN peacekeeping police centre in 2008, which offers training for civilian police officers from across Asia (“China’s role in UN peacekeeping”, 2018). Overall, China’s contribution to peacekeeping operations and humanitarian aid in the MENA region has been hailed as a step in the right direction, as well as an indication that the Beijing government is willing to shoulder more responsibility for maintaining peace and stability in this part of the world.

Officially intended to support peacekeeping operations and securing naval trade routes in the Gulf of Aden, a new Chinese military base was inaugurated in Djibouti in August 2017. This is the only overseas military base China operates today, although the Pentagon expects many more to be established in different parts of the world in the future (“China will build”, 2019). The Chinese base in Djibouti will no doubt be a test case to assess how Beijing will use its growing military presence in the region. Though strictly speaking Djibouti falls outside of the geographical limits of the MENA in our understanding, the Chinese base will nonetheless influence security developments across the region. China argues that the base is primarily meant as a logistics facility, but satellite images show that the available on-site infrastructure allows for a much more considerable role (Zheng, 2017). American troops who serve in Camp Lemonnier, only a couple of miles away from the Chinese base, claim the base looks more like a fortress able to accommodate thousands of troops (Cheng, 2018). Located at the mouth of the Red Sea, the Chinese base is indeed well-positioned to support China’s growing geopolitical ambitions in the region.

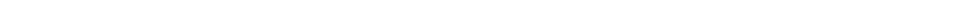
China is also directing attention towards the African continent in multilateral security frameworks. In July 2019, Beijing hosted the first China-Africa Peace and Security Forum. In addition to the African Union (AU), 50 countries from the continent were represented in discussions about expanding cooperation with China in peace and security (“First China-Africa peace”, 2019). By doing so, Beijing offers assistance in creating and maintaining stable local conditions, not least in order to make sure that infrastructure projects financed by China come safely to fruition (Risberg, 2019). The forum fits into a series of similar events in the past, such as the 2018 China-Africa Defense and Security Forum, informed by an

overall Chinese strategy to step up as a manager of peace and security on the continent (Kovrig, 2018). In his 2015 UN General Assembly speech, Chinese President Xi Jinping also pledged USD 100 million of “free military assistance” to the AU (Xi, 2015).

Countering terrorist activities is another key objective for Beijing. International terrorism is seen as a direct threat to Chinese nationals living and working in the MENA region (Duchâtel, 2016). Chinese policy-makers also see a clear link between peace and stability in the MENA region and peace and stability in China’s restive Xinjiang province, whose vicinity to East Turkestan directly exposes it to separatist ideologies. The MENA region is considered to be a key source of terrorist ideology that is associated with Uyghur extremism. Chinese propaganda outlets point out that Xinjiang must be prevented from becoming “China’s Syria” or “China’s Libya” (“Protecting peace, stability”, 2018). Accordingly, the Chinese Communist Party takes measures not just to make impossible the flare-up of ethnic and religious strife in Xinjiang but to prevent the import of extremist ideologies by fighting against them where they originate. Syrian sources claim that as many as 5,000 ethnic Uyghurs from Xinjiang province have been engaged in the Syrian Civil War in recent years (Blanchard, 2017). Fighting their own separatist cause, the Chinese government fears that upon returning these terrorist elements may cause further conflict in Xinjiang, and thus sent Chinese troops to fight Uyghur terrorists in Syria. Back in 2013, it was revealed that around 1,000 Uyghurs might have received terrorist training in Afghanistan (Neriah, 2017). Domestically, the first anti-terrorism law passed in December 2015 paved the way for the military and police forces to play a more active role in countering terrorism (“China passes controversial”, 2015). Within China, the Falco Commando Unit, a top anti-terror squad, is the eminent police force tasked with countering terrorism (“China’s top anti-terror squad”, 2017).

It should be noted, however, that besides the Uyghurs there is another community of Muslim population in China: the Hui, an ethnically Han people who embraced Islam. The discrimination and repression experienced by the Uyghur minority are unknown for the Hui. Despite their Islamic faith, their cultural and linguistic identification with the ruling regime translates into a much better societal standing (Crane, 2014). The Uyghurs have been consistently fighting against assimilation and attempted to secede from the Chinese state and, as such, have remained both ethnically and religiously alien to the dominant Chinese culture (Friedrichs, 2015).

Internationally, China has emphasised the role of the UN and joined a number of conventions since 2006 to show its commitment to fight against global terrorism. Beijing has also established bilateral cooperation mechanisms with many of the MENA states, exchanging



information and best practices with key actors in the region. China's unwavering stance has generated cooperation with the US, too. In October 2001, China complied with Washington's request to seal off its border with Afghanistan, which proved to be an important contribution to successful American military operations in the country (Zhu, 2018). Beijing also sees counter-terrorism as a possible solution to many of the ongoing conflicts in the MENA region, such as the Syrian crisis. China also actively supported the Iraqi forces' fight against the Islamic State of Iraq and Syria (ISIS) by providing intelligence and training, and Beijing sought cooperation with Turkey in order to deal with the threat of the East Turkestan Islamic Movement (Chen, 2018).

Bilateral Military Relations – The Economic Aspect

The instability caused by a number of ongoing conflicts turns the MENA region into a market for Chinese arms exports. Compared to the previous five years, the 2013-17 period registered a 38% increase in China's arms exports to the region, making the country the fifth-largest weapons supplier in the world (Ng & Zhen, 2019). Chinese drones, first instance, are among popular weapons systems employed by many of the local armed forces. Yet, it is not MENA but South Asian countries that are the primary clients for Beijing: Pakistan, Myanmar and Bangladesh (Al-Saud, 2018). It should also be kept in mind that despite the surge in Chinese weapons exports, the US remains the uncontested top exporter of arms to the MENA region. Nevertheless, the region is an eager buyer of Chinese weapons technology, either complementing their US military equipment or, when under US and/or European arms embargo, acquiring modern military technology. While the UAE, Iraq and Egypt are also important customers for China, in 2017 China reached an agreement with Saudi Arabia to establish a drone factory in the country, the first of its kind across the region (Chan, 2017). However, besides the politically "selected" great partners – Algeria, Egypt, Iran and Saudi Arabia –, more than half of the states in the MENA region have purchased Chinese weapons in the past ten years (2008-2018) as shown by the data in Table 1 on the transfer of major weapons between China and the MENA countries¹.

China's military modernisation efforts are of special relevance in the two most dangerous conflicts of the region at the moment: Iran-Israel and Iran-Saudi relations. Ever since the 1980s, Tehran has been a recipient of Chinese military technology through the transfer of tactical ballistic and anti-ship cruise missiles (Hughes, 2018). Today, Iran's overall air defence capabilities are highly advanced primarily because of the country's close collaboration with China ("China and Iran", 2019). And Iran received nuclear assistance from China in the form of technology and machinery in the late 1980s and early 1990s (Harold & Nader, 2012). Most of this assistance was related to civilian use, but taking into consideration the dual-use nature of the nuclear industry, it is usually mentioned in this regard.

¹ For more, see Table 1 in the annexes

On the other hand, Saudi Arabia has also been trying to reach out to China for defence equipment. The weapons Beijing can provide may not be as sophisticated as those from the US, France, Britain and Germany, but at least they are not conditioned politically. China has not supplied unmanned aerial vehicles (UAVs) to Saudi Arabia, but in the summer of 2019 intelligence reports revealed that Saudi Arabia had expanded both its missile infrastructure and technology through recent purchases from China (Mattingly, Cohen & Herb, 2019).

The China-Israel military-related cooperation goes back to the Cold War, when the US encouraged such relations in order to draw China away from the Soviet sphere. However, direct arms sales by Israel to China generated serious tensions between the US and Israel in the 2000s, leading on two occasions to the cancelling of already agreed transactions between Israel and China (2000 Phalcon deal; 2004 Harpy agreement). Instead, Chinese companies linked to Israel's military are looking at civilian technologies adaptable to military use. The Chinese-Israeli technological cooperation (Silicon Wadi), therefore, gives much concern to the US, but has come to make Israel an important participant in the BRI project (Herman, 2019).

In summary, China's military presence has been growing in the past years, and this tendency is expected to continue as US interest towards the MENA region is declining or is perceived to decline. Through a combination of joint military exercises, arms exports, contributions to UN peacekeeping, counter-terrorism efforts, and a more robust naval presence, Beijing has cautiously but steadily increased its soft military profile in the area (Selim, 2019). The reception of the MENA states has so far been mostly positive, as they understand that Beijing considers cooperation in peace and security as a foreign policy priority and a precondition for the successful implementation of the BRI. On the other hand, China's increasingly advanced weapons technology and its readiness to sell it with no political conditions attached, not only boost the Chinese economy but also provide an increasing potential for China to help establish a secure environment to promote and realise its strategic aims.

China's Cultural Engagement in the MENA Region

Chinese cultural engagement complements China's political and economic involvement in the MENA region. While it is still something exotic for the MENA public at large, the Chinese physical presence – Chinese people on the ground – is increasingly visible.² The biggest Chinese expatriate community – some 300,000 – is

² Though the Chinese diaspora in the MENA states is still relatively small, it has been gradually increasing. There are no official statistics but some 550,000 Chinese are estimated to live in the Middle East (Scobell & Nader, 2016).

living in the UAE (Al Dhaheri, 2019). The historical ties between China and some of its regional partners have rarely been conflictual, and interactions have been characterised mostly by cooperation rather than confrontation.

China's perception in the MENA region is closely related, on the one hand, to China's successful global power status (it is notably the only non-European, non-Christian state on the UN Security Council) and its standing up to the US, and to its economic success, on the other. While the former also implies that China makes no demands to its partners over their social and political structures, norms and values, the latter is often attributed to "the Chinese model". The common historical experience of Western intrusion and foreign aggression, coupled with the lack of Western-style liberal democracies in the region, informs a shared understanding that China and the MENA countries are similar in other respects. A widespread notion exists among MENA leaders that the developmental path China has taken since 1978 is adaptable to their own conditions. As Dorsey explains, Arab rulers "marvel at China's ability to achieve extraordinary economic growth while maintaining its autocratic political structures." Furthermore, the attractiveness of the Chinese model is illustrated "by surveys that show reduced faith in democracy among Arab youth" (Dorsey, 2017). The primary appeal of the "Beijing Consensus" is that rapid economic modernisation is possible in the absence of fundamental democratisation or Westernisation (Ramo, 2004). As such, the model consists of an unlikely marriage between a dominant state structure, which is able to control the day-to-day processes that affect the domestic economy, with a relatively liberal trade and investment regime that works to invite foreign capital to China. Although no one has tested the applicability of the model or the conditions in which it could be realised in the MENA countries, "the Chinese model" has been part of the rhetoric. The MENA countries appreciate Beijing not only for the tangible support it provides today but as a role model of an eventual – successful – development alternative.

Just as the official media representations of China tend to focus on the BRI and its positive potential for the MENA region, public perceptions of Beijing confirm a primarily welcoming attitude in the region. In recent years, though the international reception of China's global presence is mixed, it has been overwhelmingly positive in the MENA region and Africa (Silver, Devlin & Huang, 2019; see also Chapter 1). In a similar way, while China is regularly condemned by Western publics for not respecting personal freedoms, those in the Middle East and Africa are much less critical (Wike et al., 2018). China's improved public image across the region has to do with its carefully articulated engagement strategy. Without challenging the US-led security architecture in the region, the Chinese focus on economic development and win-win solutions improves the

Table 2. Number of Confucius Institutes in the MENA region.

Number of Confucius Institutes	Number of Confucius Classrooms	Country	Where?
1		Bahrain	University of Bahrain
2	3	Egypt	Cairo University Suez Canal University Classroom at Ain-Shams University Classroom at Neil Thematic Channel Classroom at Luxor University
2		Iran	University of Tehran University of Mazandaran
2		Israel	Hebrew University of Jerusalem Tel Aviv University
2		Jordan	Ammam Talal Abu-Ghazaleh Organization Philadelphia University
1		Lebanon	Saint-Joseph University
3		Morocco	Mohammed V University Hassan II University Abdelmalek Essaadi University
1		Palestine	Al-Quds University
1		Saudi Arabia	University of Jeddah
1		Sudan	University of Khartoum
1	1	Tunisia	University of Carthage Classroom at CRI in Sfax
4		Turkey	Boğaziçi University Middle East Technical University Okan University Yeditepe University
2		UAE	University of Dubai Zayed University
23	4		MENA Total

Source: Own compilation based on data from Confucius Institute Online.

chances of positive reception, as well as making sure that the Beijing government is not seen to antagonise any of the MENA actors. The generally welcoming attitude of the MENA region illustrates that this strategy has so far been a success.

Consequently, Chinese soft power has been on the increase and has been received favourably, as proven by the appearance of the Confucius Institutes in the MENA region, on the one hand, and by the Chinese universities attracting students (and lecturers) from the region, on the other. Among the Gulf countries, the UAE was the first where a Confucius Institute opened at the University of Dubai in 2010, with the purpose of enhancing the understanding of the culture and language of the Chinese people (Moussly, 2010). Since then, Beijing has also established 13 Confucius Institutes across the Arab world, the most recent one in Tunisia (Sawahel, 2018), two in Israel, two in Iran and four in Turkey. In March 2019, Saudi Arabia announced its plan to start teaching the Chinese language in various stages of education (“Saudi Arabia to launch”, 2019). People-to-people exchanges are also expanding, as more and more Arab students study at Chinese universities and cultural institutions seek closer ties. The number of Arab students studying at Chinese universities grew by 26% from 2004 to 2016, while the number of Chinese students enrolled in Arab universities grew by 21% over the same time period (Sawahel, 2018). Beyond the promotion of such exchanges, China’s Arab Policy Paper also encourages culture years and art festivals (Ministry of Foreign Affairs of the People’s Republic of China [MFA], 2016), in order to increase cross-cultural familiarity between China and the MENA countries. For instance, in 2019 the famous Sharjah Islamic Arts Festival featured the work of renowned contemporary Chinese sculptor Li Hongbo (Abdel-Razzaq, 2019). Furthermore, the Expo 2020 Dubai, though postponed to 2021 due to the Covid-19 pandemic, will host the China Pavilion, one of the largest at the months-long spectacle and intended to spread the word about “5,000 years of Chinese culture” (Al Dhaheri, 2019). Home to the biggest Chinese diaspora across the region, Dubai also held, for the third consecutive year, a range of cultural programs to celebrate the Chinese New Year in 2020 (Haziq, 2020).

Nevertheless, for Beijing, the relevance of this kind of groundwork goes far beyond matters of culture, as it serves the greater aim of political and economic contacts. For instance, the China-Arab Culture and Trade Exchange Promotion Association, a Chinese civil society organisation founded by Chinese investors in Lebanon in 2011, operates with the purpose of coordinating and helping trade relations through cultural cooperation. The China-Arab States Cooperation Forum, created in 2004, also envisages the promotion of such exchanges. But cultural cooperation is also expected

to grease the wheels of diplomacy and make sure there is a sustained regional support for China's signature BRI initiative. This is especially considered necessary as the MENA region has been historically much more accustomed to Western cultural norms and values, making China somewhat disadvantaged in its own relationship with the region (Fulton, 2019).

The rapid increase in Chinese tourism as the result of the economic development has created a further previously practically non-existent channel of direct people-to-people communication. This has become manifest in the China-MENA region context as well: although the Middle East is not among the 10 most important tourist destinations for the Chinese, Chinese tourism has been on the rise. Though this figure is likely to be much smaller due to global travel restrictions related to Covid-19 throughout 2020, the Chinese government initially calculated that some 150 million Chinese tourists will visit the countries involved in the BRI by 2020 (Keju, 2019). The Gulf Cooperation Council (GCC) states expect some 2.5 million for the year 2021.³ It should be also taken into consideration that the GCC states serve as transit stages for Chinese tourists. Until 2022, Chinese tourism to Abu Dhabi is expected to rise by more than 250% compared to 2018, and the welcoming cultural atmosphere supported by the Chinese government is meant to further encourage Chinese nationals to come (Scott, 2016). Chinese tourists likewise flock in growing numbers to Egypt. In 2018, half a million Chinese nationals visited the country compared with 300,000 in 2017 (Ghiles, 2017). The Chinese government also approached the Egyptian Ministry of Foreign Affairs for setting up a Chinese Excavation Center in Luxor. Iran is equally looking to tap into the vast potential of Chinese tourism. Despite excellent political ties, a meagre 50,000 Chinese nationals visited Iran in 2018 (Motamedi, 2019). To make the country more accessible, Tehran decided to waive all visas for Chinese nationals as part of its ambitious plan to increase their number to 2 million by 2020 (Motamedi, 2019). Easing entry requirements appears to be an efficient way to invite Chinese tourists. While the African continent has so far missed out on the booming Chinese tourism (Bavier, 2018), Morocco welcomed 200,000 people from China in 2018, compared with a mere 10,000 in 2015 ("Tourism Minister: Morocco attracted", 2018). According to Moroccan officials, the surge was due to the lifting of visa requirements, as well as to the visit of King Mohammed VI to China in 2016 ("Tourism Minister: Morocco attracted", 2018). Turkey has been one of the favourite destinations: with 250,000 in 2017 and 400,000 in 2018 ("Turkey sees increase in Chinese tourists", 2018), it has been one of the most dynamically expanding destinations. Israel also received more than 100,000 Chinese tourists in 2018, and the number has been rapidly growing (Chaziza, 2019).

³ The Chapter was completed before the outbreak of the coronavirus pandemic, which will most definitely severely affect the number of Chinese tourists, pilgrims, as well as students and teachers, travelling to the MENA region (and elsewhere). The exact figures with regards to tourism and other exchanges are thus likely to decrease in the coming years.

Table 3. Number of Chinese tourists towards the MENA region

MENA country	Number of tourists from China (year)
Morocco	200 000 (2018)
Tunisia	22 000 (2018)
Libya	N/A
Algeria	N/A
Egypt	500 000 (2018)
Sudan	N/A
Somalia	N/A
Israel	100 000 (2018)
Palestine	N/A
Jordan	32 000 (2018)
Syria	N/A
Lebanon	9 450 (2018)
Turkey	400 000 (2018)
Iraq	N/A
Kuwait	N/A
Bahrain	N/A
Qatar	62 000 (2018)
Oman	44 000 (2018)
Saudi Arabia	N/A
UAE	1 000 000 (2017)
Iran	50 000 (2018)
Djibouti	N/A

Sources: "Tourism Minister: Morocco attracted", 2018; "Chinese tourists to Tunisia", 2018; "Egypt sees surging number", 2019; "Xinhua: Spotlight: Israel strives to bring more Chinese tourists", 2019; "Parulis-Cook", 2017; "Xinhua: Interview: Lebanon takes steps to promote Chinese-Lebanese tourism ties to new height: minister", 2019; "Turkey looks to welcome", 2019; "Aljundi", 2019; "Over 44,000 Chinese tourists", 2019; Kader, 2018; Motamedi, 2019.

Nevertheless, some key obstacles remain in China-MENA region cultural cooperation. The prevalent images of an "Islamic threat" in China may be a shared concern with most of the MENA states' understanding of the radical Islamist threat, consequently, anti-terrorist cooperation – as mentioned before – may materialise any time. However, the situation of the Uyghur minority in China's restive Xinjiang province may still prove a sensitive issue. Despite the Chinese authorities' harsh treatment of the Uyghur community, the reaction from the MENA region has been remarkably timid. In July

2019, the UN Human Rights Council issued a letter criticising the abuse of ethnic Uyghurs, yet none of the Muslim-majority countries joined those 22, primarily Western,⁴ countries supporting the document (Westcott & Shelley, 2019). In fact, in the same month 37 countries, including Saudi Arabia, the UAE and Bahrain, sent a letter to the UN lauding China for its human rights achievements in Xinjiang (“Uyghur: Saudi Arabia and Russia”, 2019). This second letter was later signed by an additional 13 countries, rounding up the number of supporters to 50 (Yellinek & Chen, 2019).⁵ The incident was held up as an illustration of how cultural and religious considerations are inevitably subordinated to good political ties with Beijing.

In summary, China has continued in the past few years to cement its presence in the MENA region by applying a wide range of political, military and cultural tools. Politically, the Beijing government is interested in nurturing mutually beneficial relations across the MENA region. In case its partners are locked in an adversarial relationship, China tends to refrain from picking sides and instead seeks cooperation with both to make sure not to exacerbate the underlying conflict. The overarching objective of its diplomatic and political efforts is to secure a positive environment for the BRI, as well as to garner support for domestic and foreign policies, such as the controversial treatment of the Uyghur minority in Xinjiang province, that are often met with significant criticism in the West. Militarily, China is walking a fine line by cautiously increasing its military footprint across the region, primarily within the context of UN-mandated tasks but also by increasing bilateral military cooperation, without challenging the US-led security architecture. Finally, Beijing’s cultural programs are meant both to proactively buttress its positive image as well as to counteract the potential perception of China as a threat. As visions of a menacing China fuel much of the global suspicion with regards to the BRI, the Beijing government is making concerted efforts across the MENA region to be seen as a force for good.

4 Australia, Austria, Belgium, Canada, Denmark, Estonia, Finland, France, Germany, Iceland, Ireland, Japan, Latvia, Lithuania, Luxembourg, the Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland and the United Kingdom.

5 The following MENA countries supported this second, pro-PRC letter: Algeria, Bahrain, Djibouti, Iran, Iraq, Kuwait, Oman, Palestine, Saudi Arabia, Somalia, Sudan, Syria and the United Arab Emirates.

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The Geopolitical Implications of China's Presence in the MENA Region

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While China is a relative newcomer in the Middle East and North Africa (MENA) region, it has rapidly increased its economic and political footprint there over the past decade. Its high energy needs have made it a crucial importer of gas and oil, and the ramifications of its Belt and Road Initiative (BRI) are extending across the MENA countries, multiplying projects and investments in infrastructures of the region. However, despite China's narrative of non-interference in local politics, this growing economic presence will necessarily come with security and political consequences. Tensions between Iran and the United States (US) rapidly escalated in 2019 and early 2020 following the series of attacks around the Strait of Hormuz. As a result, China is increasingly concerned by the need to protect its assets and interests, especially its energy provisions – majorly coming from the MENA region – and the freedom of navigation around the major maritime chokepoints of Hormuz, Suez and Bab el Mendeb, crucial to its BRI. China has so far been careful to balance the different regional powers, such as Saudi Arabia, Iran and Israel, but this neutral positioning might soon become untenable.

Although China is not ready to take on a leadership role in the region, its economic weight is slowly challenging the strategic interests of other traditional external actors, namely the US and Europe. More than attempting to replace these actors, it is, alongside Russia, introducing a degree of multipolarity in the region that provides local players with a new set of bargaining tools in their relationship with Western countries. At a moment when the US is showing growing signs of fatigue towards the MENA region, fear that Washington could abandon its “Carter doctrine” and lessen its military involvement in the region are pushing some countries to look out for alternative partnerships, including with China. This could impact the local balance of powers and stability of the region, with far-reaching consequences on European interests in the long run.

This chapter will look at how China's growing presence in the MENA region is likely to affect the geopolitics and power relations there, and how this would, in return, affect European interests.

A Transforming Regional Order: Towards Increasing Multipolarity in the MENA Region

The question of China's growing presence in the MENA region comes against the backdrop of a broader debate about the current transformation of the region's relationship with external powers, and especially with its traditional partners such as the US and Europe.

At this point, we should distinguish the Middle East, and especially the Gulf, where the US has been the main security guarantor since the United Kingdom (UK)'s withdrawal from "the East of Suez" in 1956, from North Africa and the Southern Mediterranean, where European countries have been leading on trade and economic partnerships. China's growing presence comes at a time of gradual US retrenchment and a European identity crisis that leaves the door open to Beijing's influence.

While European countries remain strong economic and political partners of the Southern Mediterranean, they are failing to deepen the relationship beyond short-term transactional economic and security calculations. The management of post-Arab Spring transitions, the refugee crisis and the current conflicts in Libya and Syria have revealed the deep fragmentation amongst European countries in their policies towards the Southern Mediterranean. This lack of coherent European policy towards the MENA region has largely dampened their influence and credibility and has pushed MENA countries to seek new partners. In 2018, US withdrawal from the Iranian nuclear deal also undermined one of the rare successes of European diplomacy in the Gulf region, further challenging European influence there.

In the Gulf region, however, it is gradual US withdrawal that appears to be the main game-changer. Since 1980, the US Carter Doctrine has reflected the strong connection between the defence of US energy interests in the Gulf and Washington's military backing of Arab Gulf countries. This doctrine has been the backbone of the security architecture of the Gulf and broader Middle East until now. However, growing signs of US fatigue towards the region and repeated announcements of withdrawal made by the past administrations in Washington are suggesting that this structure is bound to change. As the shale production is expected to make the US reach total energy independence in 2020 (Lack, 2019) and new presidential elections are approaching, American policy-makers find it increasingly difficult to justify expensive wars in the MENA region to their constituencies.

This shift in US security and energy priorities has been reflected in President Trump's decreased readiness to intervene following the series of attacks against oil tankers and Saudi oil installations over the summer of 2019. In a tweet in June 2019, he declared that the Strait of Hormuz was no longer crucial for US energy security and that the US should not be bearing the security burden in a region where China and Japan are the ones with the biggest economic interests (Trump, 2019). In December 2019, he also announced the withdrawal of US troops from north-eastern Syria, triggering concerns from the international community over the impact on stabilisation efforts in the region.

For the moment, however, the reality of US withdrawal from the MENA region still has to be demonstrated. Several presidents before Donald Trump announced such withdrawal without ever managing to implement it, and it seems that he will not be an exception to the rule. A few months after his announcement about troop withdrawal from north-eastern Syria, reports suggest that a few hundred US forces remain on the ground and that there are no plans for further withdrawal yet (Seligman, 2019). Additionally, the Pentagon has announced the deployment of 3,000 troops to the MENA region in January 2020 following the killing of Iranian General Qasem Soleimani, bringing the total number of additional troops sent to the region since May 2019 up to 14,000 ("Pentagon to deploy thousands", 2020).

These additional troops and capabilities, as well as the killing of Qasem Soleimani in January 2020, were aimed at reassuring the US' partners in the region and played as a strong reminder of US deterrence capacities. However, the unpredictability of US actions and the contradictory statements have sparked confusion amongst regional actors, feeding a growing sentiment that the US could not be considered a reliable partner anymore. The killing of Qasem Soleimani has even led to unusual expressions of concern on the side of its Arab Gulf partners, usually very supportive of US actions against Iran (C. Lons, personal communication, November 2019 and January 2020).

This evolution in the way the US perceives its own role in the Middle East has triggered heated debates about the impact this could have on the regional security architecture, and on the role of other external powers such as China and Russia. Today, most MENA energy exports, many of them passing through the Strait of Hormuz, are destined to Asian countries. China's bursting economy made it the world's top oil importer in 2015, 43% (2018) of its oil imports coming from the MENA region ("China becomes", 2015). In 2019, Saudi Arabia surpassed Russia (the number one in 2018) as its largest oil provider in the world (GACC, 2019). The two powers have since then been competing for market shares in China. China is amongst the top three importers for almost all countries of the MENA region. It has overtaken the European Union (EU) as the main trading partner in Oman, Kuwait and Iran and is an important external investor for most countries in the region (for more details on economic cooperation, see Chapter 2). While China remains extremely cautious in its security engagement with the region, these growing economic interests are pushing it to start considering greater security commitment (C. Lons, personal communication, September 2019). This shift of the global energy centre of gravity towards Asia is, therefore, questioning how the traditional oil-security nexus and the regional security architecture will be affected in the long term.

The gradual disengagement of the US from both the Middle East and North Africa has raised concerns amongst Pentagon officials that this could leave further space to rapid Chinese expansion in these regions (Seligman & Gramer, 2020). Frustrations over perceived US retrenchment have pushed several countries to diversify their alliances with other external powers, including China, and to work towards their own strategic independence. Over the past few years, a number of Gulf countries have discreetly encouraged China to take a greater role in the region's security (C. Lons, personal communication, September 2019). Recently, the Chinese People's Liberation Army Navy (PLAN) conducted anti-piracy exercises with the Saudi Navy in Jeddah in November 2019 and the Iranian Navy in the Sea of Oman in December 2019.

The declarations of the Chinese ambassador to the United Arab Emirates (UAE) in September 2019 that China could possibly take part in a maritime security coalition, and a few months later by the ambassador to Iraq in January 2020 that China could provide military support to Iraq, have triggered a lot of comments from international observers. Although these declarations were not confirmed by Beijing and are unlikely to lead to very concrete measures, they are worth noting as they show a significant departure from Beijing's traditional non-interventionist rhetoric. The opening of a first overseas naval base in Djibouti in 2017, the organisation of regular maritime security operations in the Gulf of Aden, and the deployment of two major repatriation operations from Libya and Yemen in 2011 and 2015 already show that China is increasingly taking into account the security dimension of its presence in the Middle East and the need to secure its assets. Although these actions have remained limited, both because of China's reluctance to become too involved but also because of MENA countries' care not to antagonise the US too far, they are a clear increase in China's security presence (for more on China's military engagement in the MENA region, see Chapter 3).

China and the Emerging Multipolarity in the MENA Region: A Factor of Stability or Increased Rivalries?

Whether on the economic, political or security fronts, China is becoming an increasingly important player in the MENA region. Although it has been reluctant until now to take a leadership role, its growing presence contributes to the emerging multipolarity of the region, which transforms the calculations and behaviours of local actors on the ground and challenges the hegemony of traditional external powers such

as the US and EU. As MENA countries are using China to diversify their political and economic relations away from the West, this trend is significantly impacting the political leverage that the EU and the US have in the region.

China is not the only external power emerging in the Middle Eastern arena. Russia has also significantly stepped up its presence since its intervention in the Syrian crisis in 2014. Smaller powers such as India or to a lesser extent Japan are also seeking to deepen their ties with the region, partly with the objective of countering China's influence (Boduszynski, Lamont & Streich, 2019; Burton, 2019). These different centres of power are increasingly making the map of power dynamics in the region more complex. Given its economic weight, China is, however, the most likely to pose a real challenge to US influence in the region over the coming years.

The long-term consequences of such multipolarisation of the MENA region for its stability are difficult to assess. A wide literature has debated the effects of unipolarity, bipolarity or multipolarity on peace and stability (Waltz, 1964; Wohlforth, 1999; Monteiro, 2011-12). In the case of China in the MENA region, its impact will largely depend on several factors: 1) how the US security commitment in the region continues to evolve in the coming years, 2) whether and how China continues to step up its presence, especially its military footprint, and 3) how other powers, such as Russia, India, Japan, as well as MENA countries themselves, react to this and adapt their behaviours.

For now, two main – contradictory – features are observable and could give us some hints of how a growing Chinese presence could affect the region's stability.

On the one hand, emerging multilateralism in the MENA region could arguably push some of the regional countries to adopt more pragmatic and reasonable relations with their neighbours. In the case of the Gulf Cooperation Council (GCC)-Iranian rivalry, for example, part of the covert efforts from Riyadh and Abu Dhabi to reach out to Tehran over autumn 2019 were a direct consequence of the lack of a US response to the tanker attacks. Amongst policy-making circles in Abu Dhabi especially, the fear was that disturbances around the strategic sea lanes of the Strait of Hormuz could decrease China's appetite to develop its BRI projects in the area (C. Lons, personal communication, November 2019 and January 2020). The perceived decreased US commitment and the need to hedge their bets would have therefore pushed Arab Gulf countries to shift to a less aggressive positioning towards Iran. It remains to be seen whether the Soleimani killing changes this calculation, but initial feedback from interviews suggest that the US move has instead increased the concerns over uncontrolled

escalations. By promoting an agenda centred on connectivity and maximisation of economic benefits, one could argue that Beijing indirectly encourages regional countries to adopt a more pragmatic position when dealing with their internal rivalries. The Chinese BRI pushes for greater cooperation and infrastructure integration between the countries of the region. This could possibly, in certain cases, play in favour of greater stability.

On the other hand, greater multipolarity or bipolarity could also lead to further volatility and unpredictability in the region. In recent years, the US has been increasingly picturing China and Russia as strategic rivals, renewing the rhetoric of the “great power competition” (O'Rourke, 2020). This discourse was already present in the National Military of the Obama administration in June 2015 (United States Department of Defense, 2015), and further reinforced in the *National Security Strategy* of the Trump administration in December 2017 (United States White House Office, 2017), as well as in the January 2018 *National Defense Strategy* (United States Department of Defense, 2018).

While the focus of the US-China competition is mainly centred on the Indo-Pacific area, the MENA region could also find itself caught in the crossfire as this rivalry expands its scope. The US is already exerting pressures on MENA countries over their partnerships with China to develop and operate critical infrastructures such as their ports or 5G networks. US officials have repeatedly warned Israel over its growing relations with China, Secretary of State Mike Pompeo publicly stating that this could threaten US-Israel intelligence-sharing in the future (Gordon & Arbell, 2019). In the Gulf, pressures have been more limited, but US officials have also warned GCC countries against acquiring Chinese technology for their 5G equipment (Cornwell, 2019).

Despite these warnings, the US and European countries have failed to propose solid alternatives, and Chinese information and communications technology firms are currently making significant inroads in the region. Huawei and ZTE are currently launching 5G networks in most countries of the MENA region. China is also investing significantly in the development of smart cities and technology infrastructures across the region, such as Tangier Tech in Morocco, Tech Town in Dubai, or the Digital Tunisia 2020 strategy. In the Mediterranean, China's Huawei Marine Networks has delivered the “Hannibal” submarine cable, linking Tunisia to Italy in 2009, as well as another major cable linking Libya to Greece in 2010 (Page, O'Keeffe & Taylor, 2019).

Another field where China has made significant inroads and has triggered US warnings is its investments for the development and operating of numerous port infrastructures across the Middle East and North Africa. This includes substantial investments in the



ports of Abu Dhabi (Khalifa Port, UAE), Duqm (Oman), Jizan (Saudi Arabia), Ain Sokhna (Suez, Egypt), Hamdania (Algeria), and Haifa (Israel). These investments include Middle Eastern ports in the broader map of China's Maritime Silk Road and provide Beijing with the ability to influence and control a significant portion of the world's supply chains. Some US experts and officials have raised concerns that in the advent of an escalation between China and the US, this could affect the latter's ability to maintain reliable cross-border trade volumes, in the sense that Beijing could use its control over these and other ports to hinder trade access to other countries like the US (United States House of Representatives, 2019).

Some US officials have also expressed concern over the possible dual civil and military use of certain ports in the future. Testifying before the US House Armed Services Committee in February 2018, General Joseph Votel, commander of Central Command, expressed concern about China's strategy of progressively strengthening its global military posture through access to infrastructure between Gwadar and Djibouti (United States Central Command, 2018).

Some of these concerns expressed by American officials reflect more fear of China's competition rather than a tangible security threat (Zakaria, 2019). They, however, signal real antagonist rhetoric that is emerging in Washington and could have far-reaching consequences for MENA (and world) stability. Within this complex geopolitical map, European powers are likely to find themselves increasingly torn apart. While they might refuse to align with a US positioning that they can find destabilising, they are also worried by the long-term effects of Chinese influence for their own interests and for the region's stability. Paradoxically, while they consider the US as their main ally, they tend to align more with China's positioning on certain MENA files such as Iran and the Middle East Peace Process.

China's Hedging Strategy in the MENA Region: A Light Footprint on Regional Power Relations

Despite its growing economic presence in the MENA region and flourishing speculations from international observers about its long-term geopolitical influence there, China is likely to maintain a relatively light political footprint on the ground, at least in the near future.

So far, policy-makers in Beijing easily admit their reluctance to get involved in a region that appears to them as complex, dangerous and relatively peripheral to their foreign

policy priorities (C. Lons, personal communication, September 2019). China has profited a lot from the US-led security architecture in the MENA region, which allowed it to maximise its economic opportunities there without having to bear any security burden. As long as the US remains in the region, Beijing shows very little appetite to change this status quo.

For all conflicts and rivalries taking place in the MENA region, Beijing has stuck to its traditional line of non-interference, calling for respect for sovereignty, territorial integrity and supporting the efforts made by multilateral platforms such as the United Nations (UN). Its alignment with Russian vetoes on the United Nation Security Council (UNSC) resolutions targeting the regime of Bashar al-Assad in Syria falls in line with its pledge for non-interference in a state's internal affairs. In Yemen as in Libya, Beijing hails the role of the UN and officially supports the internationally recognised governments of Abdrabbuh Mansur Hadi and Prime Minister Fayeze al-Sarraj, respectively. On the Israel-Palestine conflict, Beijing repeatedly called for respect for the UN resolutions and the two-state solution ("China: U.N. resolutions", 2020), and on the Iran dossier, it considers US maximum pressure campaign to be a breach of the Joint Comprehensive Plan of Action (JCPOA).

However, Beijing's non-alignment pledge can often be ambiguous and fall closer to "non-alignment". Beijing is aware of the extreme volatility of the Middle East environment and, in order to preserve its economic interests, it has been playing a careful game of balancing its relations with the different actors on the ground, maintaining relations with all parties, including groups challenging their central governments' authority or the position of the international community.

In Libya, despite officially supporting the UN-sponsored government of Fayeze al-Sarraj, Beijing has also carefully maintained some relations with the Marechal Haftar's Libyan National Army (LNA), which controls an important part of Libya's oil fields. This careful balancing strategy allows Beijing to adapt swiftly to the rapidly changing situation on the ground and to avoid repeating the mistake of 2011's civil war, when it had supported the Gaddafi government and found itself in a delicate position after the National Transitional Council (NTC) took over (Ramani, 2019a).

China has a similar non-aligned position in Yemen. Despite officially supporting the government of Abd Rabbuh Mansur Hadi, Beijing has maintained lines of communication with other factions, including the Southern Transitional Council (STC) and the Houthis. Part of this relationship with the Houthis is inherited from China's support for the

republican forces in the 1960-70s. According to some reports, the Chinese ambassador to Yemen Kang Yong meets regularly with the Houthis and the STC representatives and has even worked to convince them to accept a power-sharing agreement with Hadi's government (Ramani, 2019b). Through this balancing act, Beijing not only reinforces its political relevance to Riyadh in mediating the conflict but it also probably hopes to maintain access to the ports of the Red Sea and the Gulf of Aden in case of future post-conflict reconstruction opportunities.

In Iraq as well, China has taken a flexible approach to the anti-separatist pledge in order to protect its economic interests. Beijing's primary interlocutor in the country is the central government in Baghdad, but it has also developed good ties with Iraqi Kurdistan, where important reserves of oil are located, including in Kirkuk, one of the biggest oil fields in the region. Beijing has maintained good relations with the Kurdish authorities, meeting in 2005 with the Kurdistan Democratic Party (KDP) President Masud Barzani and opening a general consulate in Erbil in 2014 (Akçay, 2018). Important economic deals, including the acquisition by Sinopec in 2009 of Addax Petroleum's operations in Kurdistan, generated some frictions with Baghdad (Calabrese, 2019). However, the eviction of the Peshmergas by Iraqi government forces from Kirkuk shortly after the 2017 independence referendum has tilted the balance of powers in favour of Baghdad. China's "oil for reconstruction" deal signed with Baghdad in September 2019 follows this trend, although Beijing still maintains good ties with Iraqi Kurdistan.

The case of the Israel-Palestine conflict is slightly more complex but worth mentioning as an example of divergence between Beijing's official position and its actual economic and political relations. Beijing has traditionally supported the Palestinian struggle and calls for respect for the UN resolutions, criticising, for example, Israel's illegal settlements in the West Bank. In practice, however, its growing economic ties with Israel are de facto reinforcing Tel Aviv's position in the conflict and undermining international efforts to enforce respect for the UN resolutions and the 1967 borders.

Beijing's skilful balancing strategy has demonstrated that China is growing more flexible on its non-interventionist pledge in order to better adapt to the MENA region's volatile environment. It has so far avoided getting tied up in any political rivalry and has shown the capacity to adapt rapidly in case of a political shift. Whether or not this balancing position will remain tenable in the long-term remains a question, but it has so far been beneficial to China's interests and is likely to remain the guiding principle of its presence in the region for the coming years. Stating that China is not having any impact on the region's political dynamics would not be true. As in the case of Israel, Libya's LNA or

Iraqi Kurdistan, the decision to develop economic relations with some parties does not have an impact on political dynamics and balance of power on the ground. However, this impact remains limited as China tends to align on current trends and adapt to shifts of power. It more often reinforces current trends than goes against them.

This strategy of balancing and following current trends is greatly displayed in Beijing's management of the Iran dossier and the tensions between Arab Gulf countries and Iran. Xi Jinping signed a Comprehensive Strategic Partnership with Iran only a few days after signing a similar partnership with Saudi Arabia, clearly signalling his willingness not to take sides (Fulton, 2019). More recently, the PLAN held maritime security exercises with both Saudi Arabia and Iran only a few weeks away in November-December 2019.

Many observers wondered whether China would play a decisive role in safeguarding the JCPOA after President Trump announced the US withdrawal from the deal in May 2018. Being a signatory of the deal and a major importer of Iranian oil, on top of being slightly less vulnerable to US secondary sanctions than European or Russian markets, China had the power to play an important role in maintaining the standoff with US pressures. However, Beijing's own trade war with Washington was considered as more of a foreign policy priority, and the Iranian crisis became a pawn in Beijing's political messaging to Washington. Beijing maintained minimal oil supply despite the American sanctions as a way to maintain a lifeline for Iran, but also to make a political statement to the US that it will not kneel down to US dictates. At the same time, China has been very careful not to cross any red line or antagonise the US too far on Iran. This subtle balancing in China's policy towards Iran shows that Beijing is carefully weighting the political dimensions of its presence in the MENA region, and that it mainly sees the Iran dossier against the backdrop of its own relationship with the US.

Chinese Investments and Development Aid and their Impact on Economic Development, Prosperity and Stability in the MENA Region

Although China's direct involvement in MENA politics remains minimal, it is more likely to have indirect – but substantial – effects on the region's trajectory via its economic engagement and development projects.

China has emerged over the past decade as a major development provider in the MENA region, but also in the close neighbourhood of the region such as in the Horn of Africa, Sahel and Pakistan. This takes the form of direct investments, development aid and loans.

Over the past ten years, China has made investments and contracts in the region for around USD 140 billion (American Enterprise Institute, 2020), and in 2016 it eclipsed the UAE to become the leading investor in the region (Han & Rossi, 2018). In its “Visions and Actions” paper (2015) that frames the objective of the BRI, China promotes the concept of “developmental peace”, in opposition to the Western notion of “democratic peace”. For China, economic development is a major source of stability and peace. Disputes and conflicts are as China sees it less likely in regions that benefit from economic development, and the BRI is the embodiment of this foreign policy stance (Andersen & Jiang, 2018).

Chinese investments have the potential to play a critical role in the post-conflict reconstruction of countries like Syria, Libya, Iraq and Yemen, or in the development of much-needed infrastructures across the region, with long-term impact on the development of these countries. Many of the region’s crises and conflicts have been rooted in economic causes, such as the lack of public services and job prospects. In 2018-19, waves of popular protests shook the regimes and state structures in Iran, Iraq, Lebanon, Tunisia, Jordan, Algeria, Egypt and Sudan, calling for greater economic development and reduction of inequalities (“Protests are making a comeback”, 2019). Even stable countries like those of the GCC consider the Chinese BRI as playing an important role in advancing their much-needed economic reform and diversification agendas (Dongmei & Wenke, 2019).

However, the Chinese developmental role in the MENA region comes with a number of caveats. First, the BRI is, in large part, designed to boost the competitiveness and innovative capacity of Chinese companies, and does not prioritise the development of other countries. The end goal of Chinese investments remains profitability, and China has shown strong reluctance to invest and lend money to highly unstable countries such as Syria or Yemen, where prospects of profits remain limited. Moreover, it can, in some contexts, be in China’s interest to play on the region’s rivalries to make countries compete against each other and secure better deals.

Secondly, the impact of China’s economic engagement is likely to be heterogeneous depending on the countries, regions and contexts. The economic gains from increased connectivity and improved trade linkage, such as through the BRI, are not equally spread over regions. Studies have shown that regions with good amenities and better access to foreign markets such as large cities and port areas usually make the biggest gains (Gill, Lall & Lebrand, 2019). Chinese investments in connectivity in the Middle East could reinforce spatial concentration around big economic and logistical clusters and increase

the gap with less integrated and developed regions that would still have to bear the fiscal burden of such developments without directly benefiting from them. If these developmental projects are implemented without considering these dynamics, they could reinforce spatial inequalities within countries, which are often entangled in political and sectarian divisions, and could increase sectarian tensions, discontent, protests and, therefore, instability.

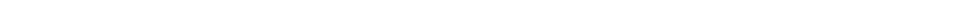
Moreover, Chinese investments linked to Chinese businesses and employing Chinese workers in the Middle East might not address the need for job creation of many Middle Eastern countries. Some of the MENA countries already suffer from high public debt, such as Algeria, Egypt and Oman, and adding to their debt burden may be counterproductive.

China's standards on the viability of development projects and the conditions attached to them – in relation to good governance, economic infrastructure, the rule of law, and respect for human rights – differ to those of the West. In this approach, development projects that focus on resource extraction risk reinforcing authoritarian regimes, clientelist networks, and social inequality – with long-term consequences for the political and economic stability of the countries involved (Dollar & Pritchett, 1999; Young, 2018).

The Iraqi case is a good example of these complex dynamics. Since the withdrawal of US troops at the end of 2011, China has upgraded its partnership with Iraq and increased its investments in the Iraqi energy sector. Iraq, which has the world's fifth-largest oil resources, needs large investment in order to rebuild the country after years of war. During large demonstrations in Baghdad where young people went to the street demanding that the government resign, Iraqi Prime Minister Adel Abdel Mahdi visited Beijing and met with President Xi Jinping in September 2019. A 20-year "oil for reconstruction" agreement was completed, in which China will exchange investment in Iraq for oil up to 100,000 barrels per day. While this appears like a good deal, the decision of the government to bypass parliamentary control as well as local governments to implement the investment projects has antagonised the central government and regional authorities. The frictions generated by this decision could create internal dissent within the power structure of the country and generate further instability.

Decreasing European Leverage to Promote Human Rights, the Rule of Law and Democratic Reform in the MENA Region

Another indirect consequence of China's growing presence in the MENA region is its impact on authoritarian regimes there and their human rights records. This slow transition



towards greater multipolarity is affecting Western countries' ability to pressure their partners in the MENA region into being more compliant to human rights and democratic reform. Although it is worth recalling that the US and European countries have themselves supported authoritarian regimes when considered in their interest, their perception of long-term stability remains centred on the defence of democracy, the rule of law and the respect for human rights. Despite debates on how these elements influence each other, the Western tradition of development theory establishes some links between development, regime stability, democracy and human rights (Lipset, 1959; Moore, 1966). The emergence of China (and Russia) challenges this position.

China has made respect for sovereignty and non-interference in internal affairs a crucial principle of its relations with foreign countries, in accordance with its "Five Principles of Peaceful Coexistence". Beijing considers that Western interference in the Middle East's domestic affairs, including for the toppling of autocrats such as Libya's Gaddafi, has been the cause of much of the region's troubles and instability. Beijing even tends to have a preference for strong regimes in the region, considered as more stable. This "neutrality" on human rights issues has especially been an important reason for China's success amongst many African and Middle Eastern states.

However, one consequence of this policy can be, in some cases, the reinforcement of authoritarian regimes. Indeed, China is often used as a bargaining chip by regimes pressured by the international community over their human rights records. Turning to China for economic support or investments has sometimes been used by certain countries to avoid the governance reforms and human rights accountability that usually come as a condition on Western aid.

In Syria, China's support for the Assad regime, through UNSC vetoes and humanitarian support, has not been decisive for the evolution of the conflict but has definitely contributed to the support of the Russian initiative and the survival of the regime.

On the Western Sahara file, although China insists on being neutral on the topic and on supporting the UN's position, its relationship with the Moroccan regime has undermined the leverage of Western Sahara militants. After tensions rose in 2016 between the kingdom and the EU over the agricultural and fishing agreement that involved Western Sahara, Morocco broke off contact with the EU delegation and increased its diplomatic links with China.

This way of turning to China in order to decrease Western pressures on human rights records could be compared to the Saudi behaviour following the assassination of Jamal Khashoggi. A few months after the affair and the heated debates in the US and Europe regarding arms sales to the kingdom, Saudi crown prince Mohammed bin Salman made a well-publicised Asia tour in February 2019, displaying its relationship with China and sending a message to its Western partners that it would not comply to their pressures.

Further to this, Beijing has also been promoting its own model of governance for political stability, sharing its surveillance technologies and “social control” methods to several regimes in the region (Crawford, 2019). In 2018, China hosted sessions on censorship and surveillance for media officials from Morocco, Egypt and Libya. In 2019, an investigation by *The Wall Street Journal* also reported that Huawei installed a “mass monitoring and cyber-surveillance system” in Algeria under Bouteflika’s regime, used to spy on political opponents (Parkison, Bariyo & Chin, 2019). A recent report by the Council of Foreign Relations argues that “under the guise of the BRI, China is seeking to export its authoritarian cyber controls” (Sherman & Morgus, 2018). In these different cases, China’s non-interference pledge is a fine line, and it is difficult to assess whether Chinese companies are primarily seeking economic profit or are pursuing a political agenda in trying to support friendly autocratic regimes.

As Beijing claims it does not interfere in its partners’ domestic affairs, it expects a similar discretion from them on topics such as the treatment of the Uyghurs, its largest Muslim minority. Despite a few limited criticisms voiced in Turkey, Qatar, Jordan or Kuwait (Dorsey, 2019), Beijing has successfully managed to shield itself from international critics, deploying an aggressive campaign of communication in the Middle East targeted at local journalists, policy-makers and religious authorities alike (Hassanein, 2019).

Conclusion

While increasing its footprint in the MENA region over the past decade, China has so far managed to mainly remain outside of the regional divisions. As recent developments around Iran have shown, Beijing is not yet able or willing to significantly step up its political and security role, and has, therefore, maintained a balancing position in the region that allows it to navigate the region’s quagmire without getting dragged into it. However, China’s growing presence contributes to a broader transformation of the regional order, where the US and European influence is being increasingly challenged. This emerging multipolarity is already affecting power relations and the players’

behaviours. On a more local scale, China's investments and development projects also have the potential to affect deeply power networks, local dynamics, inequalities and stability, in a direction that still needs to be assessed.

Assessments until now of China's geopolitical impact in the Middle East have often been tainted with political and ideological perspectives, either demonising or over-enthusiastic. The context of the US-China trade war has especially contributed to the spread of an anti-Chinese sentiment amongst certain Western policy-makers and media outlets, which does not necessarily deal objectively with what China's impact on the Middle East is likely to be. Whether it is the reality of the security threat posed by Chinese 5G networks, or China's impact on the respect for human rights, tangible evidence is still being debated.

China and Western powers have a shared interest in maintaining the stability in the MENA region. While disagreements remain regarding the way to achieve it, China will have a role to play in ensuring the stability and long-term development of the region, and Europeans should avoid seeing its influence as a zero-sum game.

Overall, an increased Chinese role in the Middle East will only confirm Anoushiravan Ehteshami's and Raymond Hinnebusch's observation that it remains the most penetrated region in the world by great powers (Ehteshami & Hinnebusch, 2002). Middle Eastern states and non-state actors have experience in balancing power relations between great powers and will probably continue when China enters the scene as it does now.

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Annexes

Table 1. Transfers of major weapons: Deals with deliveries or orders made for 2008 to 2019

Supplier/ recipient (R)	Ordered	No. designation	Weapon description	Year(s) Weapon of order
China				
R: Egypt	18	ASN-209	UAV	(2010)
Iran	380	C-802/CSS-N-8	Anti-ship missile	1992
	(150)	Type-86	APC	(1996)
	(260)	FL-6	Anti-ship missile	(1998)
	(150)	TL-10/FL-8	Anti-ship missile	(2002)
	(50)	C-704	Anti-ship missile	(2003)
	(50)	C-801	Anti-ship missile	(2004)
	650	QW-11	Portable SAM	(2005)
Sudan	(460)	Type-63 107mm	Towed MRL	(2000)
Turkey	(200)	B-611	SSM	(1999)
Algeria	(18)	WA-021/Type-88		
		155mm	Towed gun	(2007)
	3	C-28A	Frigate	
	(50)	C-802/CSS-N-8	Anti-ship missile	
	(50)	FM-90	SAM	
	(50)	PLZ-45 155mm	Self-propelled gun	
	(18)	SR-5	Self-propelled MRL	
	(5)	CH-3	Armed UAV	

Year delivery	Of delivered	No. Comments
2012-2014	(18)	
1994-2012	(380)	Incl for Hudong (Thondor), new-produced and modernized Combattante-2 (Kaman) FAC and coast defence systems; possibly incl air-launched version; Iranian designation Tondar or Noor; status since 2010 uncertain (due to UN arms embargo)
1997-2011	(150)	Iranian designation Boraq; incl IFV, anti-tank, mortar-carrier and command versions
1999-2015	(260)	Developed or copied by China from Italian Sea Killer (Marte-2) anti-ship missile supplied by Iran to China; Iranian designation Fajr-e Darya; incl for SH-3D helicopters; status since 2010 uncertain (due to UN arms embargo)
2004-2015	(150)	TL-10A and possibly TL-10B version; status since 2010 uncertain (due to UN arms embargo)
2010-2011	(50)	Developed for Iran; Iranian designation Nasr-1
2006-2015	(50)	Iranian designation Kosar and/or Sagheb; incl submarine-launched version; status since 2010 uncertain (due to UN arms embargo)
2006-2015	(650)	Iranian designation Misagh-2; status since 2010 uncertain (due to UN arms embargo)
2001-2014	(460)	Incl production in Sudan as TAKA-1
2002-2012	(200)	Turkish designation Yildirim or Project-J or J-600T; possibly incl B-611M version
2010	(18)	
(2012)	2015-2016	3 C-28A version
(2012)	2015-2016	(50) For C-28A frigates
(2012)	2015-2016	(50) For C-28A frigates
(2013)	2014	(50)
(2016)	2017	(18)
(2017)	2018	(5)

Table 1. Transfers of major weapons: Deals with deliveries or orders made for 2008 to 2019

Supplier/ recipient (R)	Ordered	No. designation	Weapon description	Year(s) Weapon of order
	(5)	CH-4	Armed UAV	(2017)
	(18)	SM-4 120mm	Self-propelled mortar	(2017)
	(10)	W-86 120mm	Mortar	2017
Bahrain	(4)	SR-5	Self-propelled MRL	(2015)
Egypt	40	K-8 Karakorum-8	Trainer/combat ac	2004
	(300)	Blue Arrow-7	Anti-tank missile	(2016)
	(10)	Wing Loong-1	Armed UAV	(2016)
	(32)	Wing Loong-2	Armed UAV	2018
Iraq	(100)	AR-1	ASM	(2014)
	(12)	CH-4	Armed UAV	(2014)
	(100)	FT-9	Guided bomb	(2014)
Jordan	(4)	WM-80 273mm	Self-propelled MRL	(2009)
	(20)	QW-2	Portable SAM	2014
	(6)	CH-4	Armed UAV	(2015)
Morocco	(12)	AR-2/PHL-03 300mm	Self-propelled MRL	(2009)
	(54)	Type-90-2M/ MBT-2000	Tank	(2009)
	(75)	PL-9	SRAAM	(2010)
	(50)	Red Arrow-8	Anti-tank missile	2010
	(6)	Sky Shield	AD system	(2010)
Qatar	(48)	BP-12A	SSM	(2016)
	(8)	SY-400 TEL	Self-propelled MRL/SSM TEL	
Saudi Arabia	(54)	PLZ-45 155mm	Self-propelled gun	(2007)
	(5)	CH-4	Armed UAV	(2014)
	(15)	Wing Loong-1	Armed UAV	(2014)
	(50)	Wing Loong-2	Armed UAV	2017
South Sudan	1200	Red Arrow-73	Anti-tank missile	(2013)
Sudan	(50)	WZ-551/Type-92	IFV	(2003)
	(12)	K-8 Karakorum-8	Trainer/combat ac	(2004)

Year delivery	Of delivered	No. Comments
2018	(5)	
2018	(18)	
2018	(10)	
2016	(4)	
2007-2010	(40)	K-8E version; assembled from kits in Egypt
2017-2018	(300)	For Wing Loong UCAV
2017-2018	(10)	
2015-2016	(100)	For CH-4B UAV
2015-2016	(12)	Armed CH-4B version
2015-2016	(100)	For CH-4B UAV
2010	(4)	
2014	(20)	Designation uncertain (reported as 'MANPADS')
2016	6	Armed CH-4B versio
2010	12	
2010	54	
2011-2012	(75)	For Sky Shield air defence systems
2010	(50)	
2011-2012	(6)	
2017-2018	(48)	For SY-400 MRL
2016	2017-2018	(8)
2008-2009	(54)	
2015	(5)	
2015-2017	(15)	
2017-2019	(25)	
2014	1200	\$14.5 m deal (incl 100 launchers); Red Arrow-73D version
2006-2015	(50)	Assembled of produced in Sudan as Shateef-2
2005-2008	(12)	Incl for combat role

Table 1. Transfers of major weapons: Deals with deliveries or orders made for 2008 to 2019

Supplier/ recipient (R)	Ordered	No. designation	Weapon description	Year(s) Weapon of order
	(50)	Type-59D	Tank	(2008)
	(450)	Red Arrow-8	Anti-tank missile	(2009)
	6	WS-1 302mm	Self-propelled MRL	(2009)
	(5)	CH-3	Armed UAV	(2014)
	(5)	CH-4	Armed UAV	(2015)
	(2)	FB-6	Mobile SAM system	(2015)
	(100)	FN-6	Portable SAM	(2015)
	6	FTC-2000	Trainer/combat ac	(2015)
	(40)	Python-3	SRAAM	(2015)
Syria	(5)	JY-27	Air search radar	(2008)
	(1)	JYL-1	Air search radar	(2008)
	(4)	Type-120	Air search radar	(2008)
	(500)	Red Arrow-73	Anti-tank missile	(2013)
UAE	(25)	Wing Loong-1	Armed UAV	(2011)
	(500)	Blue Arrow-7	Anti-tank missile	2017
	(15)	Wing Loong-2	Armed UAV	2017
	(6)	AH-4 155mm	Towed gun	(2018)
		SR-5	Self-propelled MRL	(2018)
Recipient/ supplier (S)	Ordered	No. designation	Weapon description	Year(s) Weapon of order
Algeria				
S: China	(18)	WA-021/Type-88 155mm		Towed gun
	3	C-28A	Frigate	(2012)
	(50)	C-802/CSS-N-8	Anti-ship missile	(2012)
	(50)	FM-90	SAM	(2012)
	(50)	PLZ-45 155mm	Self-propelled gun	(2013)
	(18)	SR-5	Self-propelled MRL	(2016)

Year delivery	Of delivered	No. Comments
2010-2015	(50)	Sudanese Type-59 rebuilt to Type-59D; assembled in Sudan
2009-2012	(450)	
2014	(6)	
2015	(5)	
2016-2017	(5)	
2016	(2)	
2016	(100)	
2017-2018	(6)	PL-8 version; for FTC-2000 trainer/combat aircraft
2017-2018	(40)	
2009-2010	(5)	
2009	(1)	
2009	(4)	
2014	(500)	Red Arrow-73D version
2013-2017	(25)	For Wing Loong-2 UCAV
2017-2019	(350)	
2017-2018	(15)	
2019	(6)	

Year delivery	Of delivered	No. Comments
(2007)	2010	(18)
2015-2016	3	C-28A version
2015-2016	(50)	For C-28A frigates
2015-2016	(50)	For C-28A frigates
2014	(50)	
2017	(18)	

Table 1. Transfers of major weapons: Deals with deliveries or orders made for 2008 to 2019

Recipient/ supplier (S)	Ordered	No. designation	Weapon description	Year(s) Weapon of order
	(5)	CH-3	Armed UAV	(2017)
	(5)	CH-4	Armed UAV	(2017)
	(18)	SM-4 120mm	Self-propelled mortar	(2017)
	(10)	W-86 120mm	Mortar	2017
Bahrain				
S: China	(4)	SR-5	Self-propelled MRL	(2015)
Egypt				
S: China	18	ASN-209	UAV	(2010)
	40	K-8 Karakorum-8	Trainer/combat ac	2004
	(300)	Blue Arrow-7	Anti-tank missile	(2016)
	(10)	Wing Loong-1	Armed UAV	(2016)
	(32)	Wing Loong-2	Armed UAV	2018
Iran				
S: China	380	C-802/CSS-N-8	Anti-ship missile	1992
	(150)	Type-86	APC	(1996)
	(260)	FL-6	Anti-ship missile	(1998)
	(150)	TL-10/FL-8	Anti-ship missile	(2002)
	(50)	C-704	Anti-ship missile	(2003)
	(50)	C-801	Anti-ship missile	(2004)

Year delivery	Of delivered	No. Comments
2018	(5)	
2018	(5)	
2018	(18)	
2018	(10)	
2016	(4)	
2012-2014	(18)	
2007-2010	(40)	K-8E version; assembled from kits in Egypt
2017-2018	(300)	For Wing Loong UCAV
2017-2018	(10)	
1994-2012	(380)	Incl for Hudong (Thondor), new-produced and modernized Combattante-2 (Kaman) FAC and coast defence systems; possibly incl air-launched version; Iranian designation Tondar or Noor; status since 2010 uncertain (due to UN arms embargo)
1997-2011	(150)	Iranian designation Boraq; incl IFV, anti-tank, mortar-carrier and command versions
1999-2015	(260)	Developed or copied by China from Italian Sea Killer (Marte-2) anti-ship missile supplied by Iran to China; Iranian designation Fajr-e Darya; incl for SH-3D helicopters; status since 2010 uncertain (due to UN arms embargo)
2004-2015	(150)	TL-10A and possibly TL-10B version; status since 2010 uncertain (due to UN arms embargo)
2010-2011	(50)	Developed for Iran; Iranian designation Nasr-1
2006-2015	(50)	Iranian designation Kosar and/or Sagheb; incl submarine-launched version; status since 2010 uncertain (due to UN arms embargo)

Table 1. Transfers of major weapons: Deals with deliveries or orders made for 2008 to 2019

Recipient/ supplier (S)	Ordered	No. designation	Weapon description	Year(s) Weapon of order
	650	QW-11	Portable SAM	(2005)
Iraq				
S: China	(100)	AR-1	ASM	(2014)
	(12)	CH-4	Armed UAV	(2014)
	(100)	FT-9	Guided bomb	(2014)
Jordan				
S: China	(4)	WM-80 273mm	Self-propelled MRL	(2009)
	(20)	QW-2	Portable SAM	2014
	(6)	CH-4	Armed UAV	(2015)
Morocco				
S: China	(12)	AR-2/PHL-03 300mm	Self-propelled MRL	(2009)
	(54)	Type-90-2M/ MBT-2000	Tank	(2009)
	(75)	PL-9	SRAAM	(2010)
	(50)	Red Arrow-8	Anti-tank missile	2010
	(6)	Sky Shield	AD system	(2010)
Qatar				
S: China	(48)	BP-12A	SSM	(2016)
	(8)	SY-400 TEL	Self-propelled MRL/SSM TEL	
Saudi Arabia				
S: China	(54)	PLZ-45 155mm	Self-propelled gun	(2007)
	(5)	CH-4	Armed UAV	(2014)
	(15)	Wing Loong-1	Armed UAV	(2014)
	50)	Wing Loong-2	Armed UAV	2017
South Sudan				
S: China	1200	Red Arrow-73	Anti-tank missile	(2013)

Year delivery	Of delivered	No. Comments
2006-2015	(650)	Iranian designation Misagh-2; status since 2010 uncertain (due to UN arms embargo)
2015-2016	(100)	For CH-4B UAV
2015-2016	(12)	Armed CH-4B version
2015-2016	(100)	For CH-4B UAV
2010	(4)	
2014	(20)	Designation uncertain (reported as 'MANPADS')
2016	6	Armed CH-4B version
2010	12	
2010	54	
2011-2012	(75)	For Sky Shield air defence systems
2010	(50)	
2011-2012	(6)	
2017-2018	(48)	For SY-400 MRL
2016	2017-2018	(8)
2008-2009	(54)	
2015	(5)	
2015-2017	(15)	
2017-2019	(25)	
2014	1200	\$14.5 m deal (incl 100 launchers); Red Arrow-73D version

Table 1. Transfers of major weapons: Deals with deliveries or orders made for 2008 to 2019

Recipient/ supplier (S)	Ordered	No. designation	Weapon description	Year(s) Weapon of order
Sudan				
S: China	(460)	Type-63 107mm	Towed MRL	(2000)
	(50)	WZ-551/Type-92	IFV	(2003)
	(12)	K-8 Karakorum-8	Trainer/combat ac	(2004)
	(50)	Type-59D	Tank	(2008)
	(450)	Red Arrow-8	Anti-tank missile	(2009)
	6	WS-1 302mm	Self-propelled MRL	(2009)
	(5)	CH-3	Armed UAV	(2014)
	(5)	CH-4	Armed UAV	(2015)
	(2)	FB-6	Mobile SAM system	(2015)
	(100)	FN-6	Portable SAM	(2015)
	6	FTC-2000	Trainer/combat ac	(2015)
	(40)	Python-3	SRAAM	(2015)
	Syria			
S: China	(5)	JY-27	Air search radar	(2008)
	(1)	JYL-1	Air search radar	(2008)
	(4)	Type-120	Air search radar	(2008)
	(500)	Red Arrow-73	Anti-tank missile	(2013)
Turkey				
S: China version	(200)	B-611	SSM	(1999)
UAE				
S: China	(25)	Wing Loong-1	Armed UAV	(2011)
	(500)	Blue Arrow-7	Anti-tank missile	2017
	(15)	Wing Loong-2	Armed UAV	2017
	(6)	AH-4 155mm	Towed gun SR-5	(2018) Self-propelled MRL

Note: The 'No. delivered' and the 'Year(s) of deliveries' columns refer to all deliveries since the beginning of the contract. The 'Comments' column includes publicly reported information on the value of the deal. Information on the sources and methods used in the collection of the data, and explanations of the conventions, abbreviations and acronyms, can be found at URL <<http://www.sipri.org/contents/armstrad/sources-and-methods>>.

Source: SIPRI Arms Transfers Database

Year delivery	Of delivered	No. Comments
2001-2014	(460)	Incl production in Sudan as TAKA-1
2006-2015	(50)	Assembled or produced in Sudan as Shateef-2
2005-2008	(12)	Incl for combat role
2010-2015	(50)	Sudanese Type-59 rebuilt to Type-59D; assembled in Sudan
2009-2012	(450)	
2014	(6)	
2015	(5)	
2016-2017	(5)	
2016	(2)	
2016	(100)	
2017-2018	(6)	
2017-2018	(40)	PL-8 version; for FTC-2000 trainer/combat aircraft
2009-2010	(5)	
2009	(1)	
2009	(4)	
2014	(500)	Red Arrow-73D version
2002-2012	(200)	Turkish designation Yildirim or Project-J or J-600T; possibly incl B-611M
2013-2017	(25)	
2017-2019	(350)	For Wing Loong-2 UCAV
2017-2018	(15)	
2019 (2018)	(6)	

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Founded in 1996 and comprising 102 institutes from 29 European and South Mediterranean countries, EuroMeSCo is the main network of research centres in the Mediterranean, striving at building a community of institutes and think tanks committed to strengthening Euro-Mediterranean relations.

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The EuroMeSCo work plan includes a wide range of publications involving experts from both sides of the Mediterranean and including reactive and policy-oriented formats, as well as a number of activities including multi-stakeholders events and a specific scheme targeting young researchers.

IEMed.

The European Institute of the Mediterranean (IEMed), founded in 1989, is a consortium comprising the Catalan Government, the Spanish Ministry of Foreign Affairs and Cooperation and Barcelona City Council. It incorporates civil society through its Board of Trustees and its Advisory Council formed by Mediterranean universities, companies, organisations and personalities of renowned prestige.

In accordance with the principles of the Euro-Mediterranean Partnership's Barcelona Process, and today with the objectives of the Union for the Mediterranean the aim of the IEMed is to foster actions and projects which contribute to mutual understanding, Exchange and cooperation between the different Mediterranean countries, societies and cultures as well as to promote the progressive construction of a space of peace and stability, shared prosperity and dialogue between cultures and civilisations in the Mediterranean.

Adopting a clear role as a think tank specialised in Mediterranean relations based on a multidisciplinary and networking approach, the IEMed encourages analysis, understanding and cooperation through the organisation of seminars, research projects, debates, conferences and publications, in addition to a broad cultural programme.



CASE – Center for Social and Economic Research is an independent, non-profit research institute founded on the idea that research-based policy-making is vital for the economic welfare of societies.

Established in Warsaw in 1991, CASE today is recognized as the top think tank in Central and Eastern Europe and is one of the most highly regarded think tanks internationally.

CASE carries out policy-oriented research and development assistance projects, specializing in the areas of:

- 1) Fiscal, monetary and financial policies
- 2) Sustainable development policies
- 3) Trade, innovation and productivity policies. It predominantly focuses on the economies and societies of Poland and the European Union, as well as the EU's Eastern and Southern Neighbourhoods.

Drawing on an experienced in-house staff, a network of fellows, and a database of approximately 1,000 experts, CASE provides rigorous quantitative and qualitative analyses, innovative methodologies, and sound recommendations.