

## ECONOMIC AND STRATEGIC IMPLICATIONS OF CHINA'S GROWING PRESENCE IN THE MIDDLE EAST

Razia Bibi<sup>1</sup>, Zu Xhu<sup>2</sup>, Iqra Bibi<sup>3</sup>

<sup>1</sup>PhD Scholar, Department of Business Administration, Hunan University of Finance and Economics, Hunan, China

<sup>2</sup>Associate Professor, Department of Business Administration, Hunan University of Finance and Economics, Hunan, China

<sup>3</sup>Department of Business Administration, AWKUM, Mardan, Pakistan

<sup>1</sup>[raziabibi190@gmail.com](mailto:raziabibi190@gmail.com), <sup>2</sup>[zuxhu@hufe.edu.cn](mailto:zuxhu@hufe.edu.cn), <sup>3</sup>[iqrakhan2021@gmail.com](mailto:iqrakhan2021@gmail.com)

Corresponding Author: \*

Razia Bibi

Received	Accepted	Published
10 October, 2025	15 December, 2025	31 December, 2025

### ABSTRACT

This paper examines China's expanding role in the Middle East over the past two decades, focusing on its economic, diplomatic, and strategic engagements. It analyzes how China's energy dependence, Belt and Road Initiative (BRI) investments, and deepening trade partnerships are reshaping regional alignments and challenging traditional power structures. The study primarily investigates the implications of China's growing economic and strategic involvement on regional stability and global geopolitics. Employing a qualitative, document-based approach, the research reviews policy documents, scholarly literature, and official reports to provide a comprehensive structural analysis. Findings reveal that China's strategic presence is expanding cautiously yet assertively, leveraging economic influence without direct military involvement, in line with its non-interference policy and pursuit of a multilateral global order. However, regional uncertainties, local financial constraints, and limited security engagement pose challenges that may restrict China's full exercise of power in the region. This study offers a nuanced understanding of China's evolving role in the Middle East and provides insights for scholars and policymakers assessing its regional and global implications.

**Key Words:** China, Middle East, Belt and Road Initiative, Strategic Involvement, Regional Equilibrium, Geopolitics, Energy Dependency

### INTRODUCTION

During the past twenty years, China's role in the Middle East has undergone a profound transformation, shifting from that of a distant, largely passive trading partner to an increasingly active geopolitical and economic actor with far-reaching interests in the region. Traditionally, Beijing adhered to a strict policy of non-interference, focusing almost exclusively on securing stable supplies of energy while avoiding involvement in the region's complex political and sectarian disputes. This approach allowed China to

maintain cordial relations with all major Middle Eastern states without becoming entangled in the rivalries that have historically destabilized the region.

However, the launch of the Belt and Road Initiative (BRI) in 2013 marked a turning point in China's engagement strategy. Under the BRI framework, China has significantly expanded its economic footprint across the Middle East through large-scale infrastructure investment, enhanced diplomatic outreach, and the formation of strategic partnerships

with countries in the Gulf, North Africa, and the Levant (Fulton, 2019). These partnerships have included multimillion-dollar port projects, energy exploration agreements, telecommunications cooperation, and the creation of special economic zones. As a result, China has moved beyond its earlier minimalist approach and positioned itself as a key stakeholder in the region's economic development and future strategic direction.

The Middle East remains one of the world's most geopolitically volatile regions, shaped by a combination of global energy dependence, deep-rooted religious and ideological divisions, and control over crucial maritime chokepoints such as the Strait of Hormuz and the Bab el-Mandeb. By 2023, Middle Eastern states had become the leading source of China's crude oil imports, accounting for more than 40 percent of its total supply (IEA, 2023). This growing dependence on Middle Eastern hydrocarbons has elevated the region to a position of central importance within China's national security and foreign policy calculations. In particular, the Strait of Hormuz—through which more than one-fifth of global oil supply transits—represents a critical lifeline for China's energy security (U.S. EIA, 2023). Ensuring the uninterrupted flow of energy through this chokepoint has become a strategic imperative for Beijing.

China's expanding presence also coincides with a relative reduction in direct U.S. engagement in certain parts of the Middle East, particularly after Washington's strategic pivot toward the Indo-Pacific. This shift has created openings for China to increase its influence, often through economic means and diplomatic mediation efforts. For example, China's facilitation of the 2023 Saudi-Iran rapprochement demonstrated its willingness to play a more visible political role, albeit one still grounded in principles of non-interference and mutual economic gain rather than security guarantees or alliances.

Against this backdrop, the central question guiding this paper is: **What are the effects of China's expanding economic and strategic interests in the Middle East on the regional balance of power, and what are the broader implications for global geopolitical stability?**

Understanding this dynamic is essential because changes in regional alignments, energy networks, and great-power competition in the Middle East can generate ripple effects across the global system—from energy prices and trade routes to security alliances and diplomatic relations.

The hypothesis proposed here is that China's distinctive engagement model—rooted in economic interdependence, political non-interference, and carefully calibrated strategic participation—has enabled it to cultivate strong bilateral ties and project influence without assuming the heavy financial or military burdens typically associated with interventionist foreign policies. This approach allows Beijing to benefit from regional opportunities while avoiding the entanglements and liabilities that have historically constrained external powers operating in the Middle East. Yet it also raises questions regarding China's ability to act as a long-term stabilizing force in a region where economic influence alone may prove insufficient amid ongoing security challenges.

## The objectives of this paper are to:

To trace the historical evolution of China–Middle East relations;

- To examine China's economic influence via trade, investment, and energy ties;
- To analyze strategic dimensions, including military and diplomatic engagements;
- To identify constraints to China's long-term role in the region.

The methodology of this work is the qualitative method, which develops not only academic literature but also official statistics and policy analyses. Realism has been used in the paper as a means to comprehend the balance of strategy, liberal institutionalism as an explanation for economic cooperation and interdependence, and the theory to describe the diplomatic position of China and management of its image.

The combination of these lenses forms an overall theology through which the complex nature of the Chinese influence and the regional and global impacts of the expanding

Chinese role in the Middle East can be assessed.

## 1.2 Justification of the Study

The rationale of the study is based on the necessity of realizing the transformational effects of the increasing presence of China in one of the most geopolitically problematic regions of the world. With the rise of the economic and strategic interests and ambitions of China in economic and strategic areas not immediately adjacent to itself, the Middle East has become an essential arena in the global ambitions of Beijing. Considering the importance of the region to the global energy market and geopolitical alliances, studying the role of China enables policy-makers, researchers, as well as other stakeholders in the region, to understand the possible changes in the power balance and interdependence of economies to define the 21st century.

## 1.3 Significance of the Study

This study holds significance for several compelling reasons. First, it offers a valuable intellectual contribution to the scholarly discourse on China's evolving foreign policy by examining its strategic engagement in the Middle East. Through a focused analysis, the research sheds light on the subtle yet impactful shifts in China's diplomatic posture and long-term geopolitical objectives.

Second, it enhances understanding of how China's economic initiatives—particularly large-scale infrastructure and investment projects situated at carefully chosen locations—pose challenges to the traditional Western dominance in the region. By highlighting the strategic calculus behind these projects, the study reveals how economic influence is increasingly being used as a tool of geopolitical competition.

Third, the findings offer practical utility for regional policymakers who must navigate a highly complex environment characterized by shifting alliances, emerging security dynamics, and expanding economic opportunities. The study equips them with insights that can support informed decision-making in the face of these evolving regional realities.

Finally, the research broadens perspectives on the global implications of China's rise, emphasizing its impact on the transformation of international politics. In particular, it illuminates how China's ascent is reshaping debates surrounding multipolarity, global power redistribution, and deepening economic interdependence.

## 1.4 Scope of the Study

The time frame is presented in terms of the early 2000s and 2025, and the analysis deals with China and its interaction with the countries of the Middle East in economic, diplomatic, and minor military aspects. It spans most strategically important states such as Saudi Arabia, Iran, the United Arab Emirates, Egypt, and Israel, as well as extended states in the Gulf and North Africa region, taking part in the Belt and Road initiative by China. In terms of theme, the research is based on looking at themes of energy security, trade and investment, infrastructure projects, diplomatic efforts, as well as the scope of security cooperation, but looking at such themes within the scope of the wider global strategy of China.

## 2. Historical Context of China-Middle East Relations

The trajectory of Sino-Middle Eastern relations has evolved significantly since the mid-20th century, shaped by shifting ideological, economic, and strategic imperatives. During the Maoist era (1950s–1970s), China's foreign policy was predominantly ideological, aligning itself with anti-imperialist movements across the Global South. China supported nationalist and leftist movements in Egypt, Algeria, and Palestine, establishing early connections with leaders such as Gamal Abdel Nasser and granting recognition to the Palestine Liberation Organization (PLO) in 1965 (Alterman, 2009). Yet China's influence in the Middle East remained marginal during the Cold War. The Soviet Union and the United States dominated the regional power balance, and China—distrustful of Soviet intentions after the Sino-Soviet split—found its ideological support for revolutionary causes increasingly sidelined.

(Scobell& Nader, 2016). Throughout this period, Beijing maintained a cautious distance, avoiding major entanglements in Middle Eastern conflicts and focusing instead on internal consolidation.

This changed after the economic reforms initiated by Deng Xiaoping in 1978. Ideological outreach was replaced by pragmatic diplomacy aimed at energy security and trade diversification. During the 1980s and 1990s, China established or normalized diplomatic relations with nearly all Arab countries, as well as Iran and Israel (Chaziza, 2020). Beijing's outreach was driven by its growing dependence on Middle Eastern oil. By 1993, China became a net oil importer, and countries like Saudi Arabia and Iran became key energy suppliers (Downs, 2010).

In the early 2000s, China's strategy deepened through arms sales, construction projects, and infrastructure development across the region. Notably, it provided weapons to Iran, Iraq, and Saudi Arabia and contributed to large-scale projects in Algeria and Egypt (Alterman, 2009). The establishment of the China-Arab States Cooperation Forum (CASF) in 2004 formalized these ties, offering a multilateral platform to coordinate economic and cultural cooperation (Fulton, 2020).

The 2011 Arab Spring and subsequent regional instability, such as the Libyan civil war, tested China's traditional non-interventionism. China evacuated over 35,000 nationals from Libya in what was its largest-ever overseas evacuation, signalling a shift toward protecting its citizens and commercial interests abroad (Zhao, 2013). This pragmatic engagement expanded further with China's anti-piracy missions off the Gulf of Aden starting in 2008, and culminated in the establishment of its first overseas military base in Djibouti in 2017 (Scobell& Nader, 2016).

The launch of the Belt and Road Initiative (BRI) in 2013 marked the most significant expansion of China's Middle East strategy. The region—particularly the Gulf, Iran, and North Africa—was designated a key link between Asia, Africa, and Europe. China invested in ports (e.g., Egypt's Port Said), railways (e.g., Iran's Tehran-Mashhad line), and energy projects (e.g., Iraq's oil refineries), integrating the

region into its global infrastructure vision (Chaziza, 2020).

More recently, Beijing has taken on a diplomatic role, brokering the 2023 normalization agreement between Saudi Arabia and Iran and issuing position papers on the Palestinian issue. This evolution reflects an "adaptive non-interventionism," where China seeks to protect its interests and image without direct entanglement in conflicts (Fulton, 2023).

From ideological ally to strategic investor and diplomatic broker, China's approach to the Middle East has been one of steady evolution. Understanding this trajectory is critical for analyzing Beijing's current and future impact on regional order.

### 3. China's Economic Engagement in the Middle East

China's deepening economic engagement in the Middle East over the past two decades has reshaped regional dynamics by focusing on three main pillars: energy dependency, Belt and Road Initiative (BRI) infrastructure investment, and regional trade and investment patterns. Each reflects China's pursuit of market diversification, political influence, and long-term strategic stability.

#### 3.1 Energy Dependency and Interdependence

China's voracious appetite for energy has been the primary engine of its economic relationship with the Middle East. As of 2023, more than 40% of China's crude oil imports originate from Middle Eastern countries, predominantly Saudi Arabia, Iraq, and the United Arab Emirates (IEA, 2023). This places Beijing in a position of mutual interdependence: Middle Eastern exporters rely heavily on Chinese demand, while China depends on these exporters to meet its energy needs.

According to the International Energy Agency, China surpassed the United States as the world's largest importer of crude oil in 2017, with the Middle East as a key supplier (IEA, 2023). The U.S. Energy Information Administration further reports that Saudi Arabia remains China's top supplier, accounting for nearly 17% of its crude

imports, followed by Iraq (12%) and the UAE (10%) (EIA, 2023). This energy reliance has not only prompted Beijing to secure long-term contracts but also to invest directly in refining capacity abroad, placing China as a stakeholder in preserving order in the Gulf region.

### 3.2 Belt and Road Initiative Infrastructure Projects

Since President Xi Jinping unveiled the BRI in 2013, the Middle East has been treated as a strategic partner in China's quest to integrate Asia, Europe, and Africa into a vast infrastructure and trade network. Several high-profile projects exemplify this effort:

1. **Egypt - Suez Zone:** China's involvement in the development of the Suez Economic and Trade Cooperation Zone includes investment in shipyards, logistics centres, and industrial parks. State-owned enterprises like COSCO Shipping have modernized container terminals in Port Said, while other Chinese firms have invested in petrochemical plants in the Greater Cairo region (Fulton, 2020).

2. **Iran - Rail and Energy:** In Iran, Chinese firms (e.g., CRRC, Sinohydro) have been involved in constructing the Tehran-Mashhad high-speed railway and upgrading sections of the North-South corridor. Concurrently, Chinese energy giants like CNPC and Sinopec participate in joint ventures for oil field development in South Pars and refining in Isfahan (Chaziza, 2020).

3. **United Arab Emirates - Al Faya Refinery & AI Port Projects:** Joint efforts between UAE sovereign entities and Chinese investors have resulted in ventures such as the Al Faya refinery project near Abu Dhabi and a planned industrial park near Noof Port involving Huawei and other Chinese tech firms, drawing parallels with Malaysia's Pagoh Industrial Park model (Fulton, 2020).

4. **Israel - Technology and Transit Linkages:** China has become a significant player in Israel's high-tech and transportation sectors, investing in Haifa Port and possibly participating in a future Israel-Gaza-Jordan

railway—an extension of the broader Middle Corridor envisioned under the BRI (Chaziza, 2020).

These projects reflect China's strategy to combine economic gains with geopolitical leverage. Unlike Western investors, China conditions financing on commercial returns and host-government negotiations, rather than political liberalization, a stance welcomed by many regional governments.

### 3.3 Trade and Investment Trends

China's goods trade with the Middle East skyrocketed from approximately US\$90 billion in 2009 to over US\$300 billion by 2022, encompassing everything from crude oil to electronics (Fulton, 2020). Notably:

- China-GCC trade accounted for nearly US\$200 billion, reflecting synergies between Chinese industrial needs and Gulf exports (UAE Ministry of Economy, 2023).

- The China-Iran bilateral trade surged after the 2015 JCPOA nuclear deal, with exports growing from US\$10 billion to US\$25 billion by 2018, before fluctuating amid renewed U.S. sanctions (Chaziza, 2020).

Chinese state-owned enterprises (SOEs) now dominate regional infrastructure, utilities, and telecom sectors. Huawei has won major 5G contracts in Bahrain, the UAE, and Saudi Arabia, while PowerChina and Sinohydro have built desalination and power plants in Oman and Kuwait (Fulton, 2020; Chaziza, 2020). These investments support host-state development goals and entrench China's economic footprint, reducing barriers to its long-term influence.

Finance has also become an instrument of Chinese power projection. The 2018 China-UAE \$3 billion currency swap agreement and the 2021 offshore renminbi clearing facility in Abu Dhabi exemplify China's expanding financial integration with Gulf financial centers (IMF, 2021).

### 3.4 Implications for Regional Economics and Geopolitics

China's economic engagement has several strategic implications:

- **Diversified leverage:** By becoming deeply embedded in regional economies,

China earns political goodwill and influence without direct political intervention.

- **Infrastructure-backed dependencies:** As regional economies integrate further into Chinese-led networks, decisions in capitals like Riyadh or Abu Dhabi risk growing sanction dependency.

- **Diplomatic capital:** Economic momentum underpins Beijing's diplomatic roles, enabling China to offer itself as a "win-win" alternative to U.S. conditionality in arenas like maritime security or geopolitical mediation.

However, these trends are not without risks. BRI debt-fueled projects have spurred concern about regional financial exposure. Middle Eastern governments are increasingly wary of "debt traps," given the scale of capital China offers (Fulton, 2020). Political dynamics remain unpredictable, fluctuating oil prices, U.S. policy shifts, and geostrategic crises could expose China's economic stakeholders to instability, potentially reversing gains in infrastructure and market integration.

#### 4. Strategic and Military Dimensions

In recent years, China's economic engagement in the Middle East has been accompanied by a gradual yet deliberate expansion of its strategic and military presence. This development reflects a significant shift in Beijing's foreign policy trajectory—one that blends its longstanding principle of non-interference with pragmatic measures designed to protect its widening overseas interests and enhance its geopolitical influence. As China's energy needs, trade routes, and global economic partnerships have deepened, so too has its willingness to assume a more proactive security role in key regions such as the Middle East.

China's initial military involvement in the wider Middle Eastern maritime sphere began with its participation in international anti-piracy operations near the Horn of Africa. Beginning in 2008, the People's Liberation Army Navy (PLAN) has continuously deployed escort fleets to the Gulf of Aden and the waters off Somalia, marking the country's first sustained naval operations far from its domestic coastline (Scobell & Nader, 2016). These missions served dual purposes:

protecting vital trade and energy shipments—including a significant proportion of China's crude oil imports—and providing the PLAN with opportunities to gain operational experience in blue-water navigation, logistical coordination, and joint task force management. Through these deployments, Chinese naval vessels also engaged in port calls, humanitarian activities, and goodwill visits to states such as Oman and Pakistan, which later evolved into periodic bilateral naval exercises aimed at strengthening military-to-military cooperation (Scobell & Nader, 2016).

A major turning point in China's regional military strategy occurred in 2017 with the establishment of its first overseas military facility in Djibouti. Strategically positioned near the Bab-el-Mandeb Strait—a critical maritime chokepoint facilitating nearly 12% of global trade and 30% of global container shipping—the Djibouti base expanded China's capacity to sustain long-term naval operations, support anti-piracy patrols, conduct joint exercises, and provide logistical assistance for humanitarian responses (Scobell & Nader, 2016). Although officially described as a logistics and support facility, the base significantly enhances China's strategic reach in the Western Indian Ocean and signals Beijing's readiness to complement economic partnerships with long-term security arrangements. It also serves as a tangible indicator to both regional governments and global powers that China is increasingly willing to extend its influence beyond purely commercial engagements.

In addition to naval expansion, arms sales and security cooperation represent integral components of China's evolving Middle Eastern strategy. Throughout the 2010s, China emerged as a major supplier of military hardware, particularly to Gulf states such as Saudi Arabia and the United Arab Emirates, as well as to longstanding partner Pakistan (Fulton, 2020). Beijing's arms exports—which include drones, ballistic missiles, radar systems, and various air-defense technologies—are attractive to regional governments seeking high-utility systems with fewer political constraints than those typically imposed by

Western suppliers. Unlike the United States or European countries, China often integrates arms sales within wider diplomatic and economic agreements, avoiding overt political preconditions or human rights-related stipulations (Chaziza, 2020). This model enables Middle Eastern states to diversify their security partnerships and reduces their dependence on traditional Western suppliers. China's diplomatic conduct in regional conflicts underscores another dimension of its strategic evolution. While officially adhering to a non-interference doctrine, Beijing has displayed increasing readiness to leverage its political neutrality and economic clout to shape regional dynamics. A notable example is China's diplomatic intervention in helping facilitate the 2023 Saudi-Iran rapprochement. By employing its non-aligned reputation and strong economic ties with both sides, Beijing positioned itself as a credible mediator capable of brokering de-escalation without coercive pressure (Fulton, 2023). Similarly, China's stance on the Gaza crisis—emphasizing humanitarian assistance, ceasefire advocacy, and political dialogue—aligns with its global image as a stabilizing and responsible actor, reinforcing its soft-power influence while avoiding the political backlash associated with direct intervention (Fulton, 2023).

Moreover, China has expanded its military diplomacy through joint exercises focusing on non-traditional security threats such as counter-piracy, disaster relief, and humanitarian assistance. These engagements allow the PLAN to improve operational interoperability with regional partners while also signaling Beijing's commitment to collective security. Such activities offer a stark contrast to Western military interventions, which are often perceived in the region as coercive or overly politicized. China's more restrained and cooperative posture provides an attractive alternative for Middle Eastern states seeking security assistance without geopolitical entanglement (Scobell & Nader, 2016).

Despite these advances, China's military strategy in the Middle East remains constrained by structural and geopolitical limitations. Its Djibouti base is the only permanent overseas facility it currently

maintains, and its force projection capacity remains limited compared to the U.S. military's entrenched presence through bases in Bahrain, Qatar, Kuwait, and the broader CENTCOM network (Scobell & Nader, 2016). Chinese military exercises with regional partners, while increasing, remain relatively narrow in scope and frequency. Furthermore, China does not offer the types of defensive alliances, mutual security guarantees, or integrated command structures that underpin longstanding U.S. partnerships with countries such as Saudi Arabia, Israel, or Jordan. Its reluctance to provide advanced systems like fifth-generation fighter jets or naval carrier strike capabilities further reflects Beijing's cautious approach.

These limitations are partly attributable to domestic considerations and strategic calculation. China's strategic culture has traditionally emphasized restraint, stability, and avoidance of costly foreign entanglements. The principle of non-interference still influences policymaking and public opinion, constraining political willingness to undertake large-scale overseas military commitments. Geopolitically, China remains conscious of escalating tensions with the United States. A more assertive military posture in the Middle East could trigger a heightened U.S. response, thereby undermining China's economic interests, threatening its Belt and Road investments, and complicating its relationships with Gulf states wary of superpower confrontation.

In conclusion, China's strategic and military role in the Middle East is evolving through a methodical and calibrated approach. While still cautious and limited in scope, Beijing has significantly expanded its naval deployments, built its first overseas military base, deepened arms partnerships, and engaged in targeted diplomatic mediation. This multi-layered strategy enables China to safeguard its economic interests, gradually increase its regional presence, and experiment with broader global power projection—all while avoiding the high risks and political costs associated with Western-style interventionism. As China continues to balance economic priorities with growing geopolitical ambition,

its selective and subtle engagement model may increasingly shape its approach to other strategically sensitive regions in the years ahead.

## 5. Regional and Global Implications

China's expanding presence in the Middle East is transforming the geopolitical landscape both regionally and globally. This involvement, once limited to trade and diplomacy, is now influencing regional alignments, affecting U.S. hegemony, challenging established norms, and prompting a reassessment of global power distribution. As China's economic, diplomatic, and limited security roles grow, the Middle East becomes a critical theatre in Beijing's broader strategy of building a multipolar world order.

### 5.1 Impact on U.S. Hegemony and the Shift toward Multipolarity

For decades, the United States has exercised unparalleled influence in the Middle East, a dominance rooted in its extensive military footprint, large-scale arms sales, and deeply institutionalized strategic alliances with key regional actors such as Saudi Arabia, Israel, and the United Arab Emirates. U.S. Central Command (CENTCOM) maintains an expansive network of bases across the Gulf, from Bahrain and Qatar to Kuwait and the UAE, enabling Washington to project power rapidly and enforce regional security arrangements. These military commitments have been complemented by significant diplomatic leverage, intelligence-sharing frameworks, and defense treaties that have cemented the United States as the primary guarantor of regional order since the Cold War.

However, over the past decade, China's expanding economic, diplomatic, and limited security presence has contributed to a gradual diffusion of power in the region, nudging it toward multipolarity. This shift does not imply a direct strategic confrontation between Beijing and Washington, nor does it signal an imminent erosion of U.S. military supremacy. Instead, it reflects a diversification of regional partnerships—what scholars increasingly describe as “multi-alignment” (Fulton, 2020).

In this emerging pattern, Middle Eastern states avoid exclusive dependence on a single global power and instead engage multiple major players to maximize economic benefits, expand political autonomy, and reduce strategic vulnerability.

This trend is visible across the Gulf monarchies and beyond. Saudi Arabia and the United Arab Emirates, long-standing security partners of the United States, have significantly expanded their economic, technological, and infrastructural cooperation with China. Riyadh's Vision 2030 and Abu Dhabi's long-term diversification programs rely heavily on Chinese investment, technology transfer, and collaborative sectors such as renewable energy, artificial intelligence, telecommunications, and logistics (Fulton, 2020; Scobell & Nader, 2016). At the same time, both states continue to rely on Washington for advanced defense systems, intelligence coordination, and military training. The simultaneous pursuit of deeper Chinese economic ties and continued American security guarantees highlights the pragmatism underlying multi-alignment.

China's rise as the largest trading partner for many Middle Eastern countries further enhances its regional leverage. For oil-producing Gulf states, China is not only a primary customer for energy exports but also a source of investment capital and technological innovation. Crucially, China enters the region without the political and military legacy that shapes perceptions of the United States—namely, its record of intervention in Iraq, Afghanistan, and Libya. This absence of historical baggage allows Beijing to position itself as a non-intrusive economic partner, appealing to regional governments seeking development assistance without external political conditionality.

While the United States remains the predominant force in traditional security sectors—particularly military operations, counterterrorism cooperation, and intelligence sharing—China's growing influence introduces a new balancing mechanism that Middle Eastern governments can strategically exploit. This rebalancing was dramatically illustrated in 2023, when China played a pivotal role in

mediating the rapprochement between Saudi Arabia and Iran. The agreement, facilitated in Beijing, marked the first time that China successfully engaged in high-level diplomacy involving two rival Middle Eastern powers (Fulton, 2023). Although the initiative did not displace U.S. influence, it underscored China's capacity to present an alternative diplomatic forum—one focused on dialogue and economic incentives rather than military involvement.

The symbolism of the 2023 Saudi-Iran deal was profound: it signaled to the region and the world that Beijing is no longer merely an economic actor but also an emerging diplomatic stakeholder. For Middle Eastern governments, this development widens the strategic space within which they can operate. They now have more partners offering mediation, investment, and political support—allowing them to hedge between great powers rather than rely exclusively on Washington.

In sum, China's expanding presence in the Middle East is reshaping the region's strategic landscape by fostering a more distributed balance of influence. The United States retains unrivaled military dominance, but China's economic weight and growing diplomatic role introduce new alternatives for regional states. Rather than a zero-sum contest, the region is witnessing the emergence of a flexible and pragmatic system of multi-alignment, in which states engage multiple major powers to pursue their national interests more effectively.

## 5.2 Responses from Regional Powers

Regional powers have responded to China's rise with a blend of strategic enthusiasm and cautious pragmatism. Saudi Arabia has deepened its ties with China in sectors including infrastructure, energy, and technology. China's Belt and Road Initiative (BRI) aligns with Riyadh's Vision 2030, encouraging large-scale projects such as the construction of smart cities and high-speed rail (Chaziza, 2020). The signing of multiple energy and technology deals reflects a robust and pragmatic approach to economic diversification.

Iran, isolated from the West due to sanctions, sees China as a lifeline. The two countries

signed a 25-year strategic cooperation agreement in 2021, encompassing energy, infrastructure, and potentially military coordination (Downs, 2021). Iran views this as a counterbalance to Western pressure, although the actual depth of Chinese commitment remains debated. Nonetheless, Iran has benefited from Chinese imports of sanctioned oil and investments in transport corridors that bypass chokepoints vulnerable to U.S. control.

Meanwhile, Israel has adopted a more cautious strategy. While it has welcomed Chinese investment in infrastructure and technology, particularly in its ports and telecom sectors, U.S. pressure has forced Israel to restrict Chinese access to sensitive areas (Fulton, 2020). This illustrates the tightrope that many Middle Eastern countries walk as they attempt to navigate the emerging bipolar world order.

## 5.3 Normative and Institutional Influence

Beyond economics, China's influence is being institutionalized through multilateral frameworks and soft power. The Middle East's gradual incorporation into Chinese-led institutions such as the Shanghai Cooperation Organization (SCO) and the Asian Infrastructure Investment Bank (AIIB) represents a shift away from reliance on Western-led institutions. For instance, in 2022, Saudi Arabia, Egypt, and Qatar became dialogue partners of the SCO, and Iran became a full member (ECFR, 2022).

China also promotes its model of state-led development as an alternative to Western liberalism. This includes the concept of "non-interference" in domestic affairs, a principle that appeals to many authoritarian or semi-authoritarian regimes in the region (Chaziza, 2020). Chinese soft power—through Confucius Institutes, cultural exchanges, and elite education programs, is slowly but steadily gaining ground, though still limited compared to Western media and educational reach.

Nevertheless, China's normative influence remains constrained by several factors. First, it lacks the values-based appeal of liberal democracy. Second, it avoids involvement in contentious regional issues, such as the Israeli-Palestinian conflict, often opting for neutral

and vague diplomatic statements (Scobell & Nader, 2016). This limits its ability to influence political narratives or foster ideological realignment in the region.

#### 5.4 Strategic and Global Spillover Effects

China's Middle Eastern strategy also has global ramifications. Energy security is a critical driver. Nearly half of China's oil imports come from the Middle East, making the region vital to its long-term strategic planning (Fulton, 2020). Beijing has thus prioritized investments in port infrastructure and pipelines to diversify energy transit routes and reduce vulnerability to U.S. naval dominance—part of its strategy to resolve the so-called "Malacca Dilemma" (Downs, 2021).

Moreover, Chinese involvement in the region complements its broader Indo-Pacific strategy. Ports and logistics hubs in the Middle East are critical nodes in the Maritime Silk Road, linking China to Europe via the Suez Canal. This geoeconomic connectivity strengthens Beijing's hand in global trade and logistics.

China's alignment with Russia in several global fora, including the BRICS and SCO, adds another layer to the emerging multipolar order. While the two powers do not share identical regional goals, their joint emphasis on reducing U.S. global influence creates a cooperative dynamic, including occasional coordination in the Middle East. However, competition and mistrust between the two remain potential limiting factors.

#### 6. Challenges and Constraints

While China's growing influence in the Middle East has expanded significantly over the past two decades, its regional engagement faces numerous challenges and structural limitations. These range from geopolitical risks and strategic overstretch to local suspicions and internal contradictions in China's foreign policy doctrine.

##### 6.1 Geopolitical Volatility and Security Risks

One of the most significant challenges facing China is the inherent instability of the Middle East. The region is prone to recurring conflicts, proxy wars, sectarian divisions, and terrorism. Beijing has long pursued a policy of non-interference in regional affairs, but rising

economic and political stakes make complete neutrality increasingly difficult to maintain. For example, China's investments in Iraq, Syria, and Iran are exposed to risks from armed conflict, sanctions, and U.S. military actions (Scobell & Nader, 2016).

The Israel-Iran conflict and the Yemen civil war are key examples of crises in which Chinese economic interests—such as energy imports and Belt and Road Initiative (BRI) infrastructure—could be jeopardized. Beijing's unwillingness to take firm stances in such conflicts may protect it in the short term, but it limits its credibility as a serious power capable of shaping security outcomes (Fulton, 2020).

#### 6.2 Strategic Ambiguity and Limited Military Presence

Despite its expanding economic footprint across the Middle East, China has deliberately refrained from assuming a direct military role in regional security affairs. Beijing's military presence remains minimal and highly circumscribed, reflecting both its strategic preferences and institutional limitations. To date, China's only formal overseas military installation in the broader region is the logistics base established in Djibouti in 2017. While the facility enhances the People's Liberation Army Navy's (PLAN) capacity to sustain long-distance deployments, its stated functions remain restricted to supporting anti-piracy missions, participating in humanitarian assistance, and enabling limited logistical operations (Downs, 2021). Beyond Djibouti, China has not sought permanent basing rights or defense agreements with Middle Eastern states, signaling its cautious approach toward military expansion.

China's naval activity in the region is likewise limited in scope. PLAN escort missions in the Gulf of Aden and adjacent waters—initiated in 2008—remain China's primary form of sustained military engagement. These missions focus mainly on safeguarding maritime trade routes, particularly those vital for China's energy imports, and on participating in international anti-piracy operations. While these deployments have provided the PLAN with valuable experience in blue-water

operations, they fall far short of demonstrating the kind of force projection or rapid response capabilities associated with a global security provider (Downs, 2021). Occasional joint naval exercises with regional states serve more as confidence-building measures than as evidence of a comprehensive security strategy. This restrained military posture stands in stark contrast to the extensive American military architecture embedded throughout the Middle East. The United States maintains a dense network of bases across Bahrain, Qatar, Kuwait, the UAE, and beyond, supported by formal alliances and long-term defense agreements. These installations enable Washington to conduct rapid deployments, maintain air and naval supremacy, and uphold security guarantees for key partners such as Israel, Saudi Arabia, and the Gulf monarchies. China, by comparison, lacks both the strategic infrastructure and the institutional military relationships required to support an equivalent level of influence or operational readiness.

China's limited military engagement is shaped in part by its broader strategic philosophy. Beijing has long prioritized avoiding entanglement in conflict-prone regions, adhering to a traditional foreign policy doctrine that emphasizes non-interference, restraint, and the primacy of economic engagement. Direct military involvement in the Middle East would expose China to the complexities of regional rivalries, sectarian tensions, and rival great power competition—risks that Beijing has sought to avoid as it expands its global presence.

Additionally, the People's Liberation Army (PLA) still lags behind the U.S. military in terms of expeditionary capabilities, interoperability, and strategic logistics. Although the PLA has made notable advancements in modernization, power projection, and naval expansion, it does not yet possess the large-scale overseas infrastructure, transport capacity, or combat support systems required for sustained operations far from home (Scobell & Nader, 2016). These limitations constrain China's ability to act as a reliable security guarantor for regional states, particularly those facing complex, high-intensity threats.

As a result, Middle Eastern governments generally view China as an important economic partner but not as a credible alternative to the United States in security matters. Beijing's inability—or unwillingness—to provide concrete military guarantees undermines its influence in strategic domains where the U.S. continues to dominate. Countries such as Saudi Arabia, the UAE, and Israel may diversify their economic partnerships, but they still rely overwhelmingly on American military protection, advanced weapons systems, and intelligence-sharing networks.

In essence, China's cautious military posture both reflects and reinforces the limits of its strategic role in the Middle East. Economic engagement has expanded rapidly, but without a broader security infrastructure or credible military commitments, Beijing's influence remains asymmetric—strong in economic ties yet constrained in security affairs. Unless China dramatically reshapes its military strategy, its ability to challenge U.S. security dominance in the region will remain limited for the foreseeable future.

### 6.3 Diplomatic Balancing Acts

China's insistence on maintaining balanced relations with rival states—such as Iran and Saudi Arabia, or Israel and Palestine—presents another constraint. While this approach helps avoid alienating any major actor, it also restricts Beijing's ability to take decisive positions or lead peace processes. For example, China's simultaneous courtship of both Iran and Saudi Arabia, while useful economically, limits the depth of trust on either side (Chaziza, 2020).

Moreover, China's "non-interference" doctrine is often criticized as a convenient excuse to avoid responsibility in crises. Its reluctance to engage in high-stakes diplomacy during conflicts like the Syrian civil war or the Gaza crisis diminishes its image as a proactive global leader (Fulton, 2023).

### 6.4 Domestic Economic Pressures

Finally, China's domestic economic slowdown and rising debt levels within BRI projects may constrain its ability to sustain large-scale

investments in the Middle East. Questions about the feasibility and returns of long-term BRI projects are increasingly raised, both domestically and in host countries (Hillman, 2020). The COVID-19 pandemic and subsequent economic aftershocks have further complicated China's capacity to continue financing ambitious foreign infrastructure ventures.

## 7. Conclusion

China's growing influence in the Middle East reflects a strategic recalibration of its foreign policy to align with its broader global ambitions. What began as a primarily energy-driven relationship has evolved into a multifaceted engagement encompassing trade, infrastructure, diplomacy, and limited security cooperation. This expansion reflects Beijing's desire to assert itself as a global power, secure vital energy supplies, diversify trade routes, and shape an international order less dominated by the West.

Economically, China has become the largest trading partner for several Middle Eastern countries, leveraging initiatives like the Belt and Road Initiative (BRI) to secure investments in energy, logistics, and digital infrastructure (Fulton, 2020). Diplomatically, Beijing has positioned itself as a neutral actor able to mediate between traditional rivals such as Saudi Arabia and Iran, while avoiding entanglement in the region's protracted conflicts (Fulton, 2023). Strategically, it has made cautious inroads into security affairs, maintaining a military base in Djibouti and enhancing defense cooperation with a few regional states. However, this involvement remains limited compared to U.S. dominance. Despite these advancements, China's regional role is constrained by several factors. Chief among them is the volatile geopolitical landscape of the Middle East, which makes economic projects and diplomatic initiatives highly susceptible to disruption. Moreover, China's policy of non-interference and strategic ambiguity, while safeguarding its relationships, also limits its credibility as a power capable of resolving regional conflicts or providing security guarantees (Scobell & Nader, 2016).

The balancing act that China maintains between Iran and Saudi Arabia, Israel and Palestine, and the U.S. and Russia demonstrates both its diplomatic finesse and the structural limits of its regional engagement. This multipolar, hedging environment benefits Beijing in the short term, as Middle Eastern states seek to diversify their foreign relations. However, the same environment demands that China take on greater responsibility, something it has so far been reluctant to do.

On a global scale, China's growing Middle East presence contributes to the erosion of unipolarity, ushering in a more multipolar world order where power is distributed across several actors. While Beijing is not attempting to replace the U.S. militarily, it is building a parallel economic and diplomatic sphere of influence that offers an alternative model of engagement—one centered on infrastructure, trade, and sovereignty, rather than liberal norms and military alliances (Chaziza, 2020).

Ultimately, China's role in the Middle East is a work in progress. Its ability to maintain and expand influence will depend on its internal economic resilience, diplomatic dexterity, and willingness to navigate the region's complex political terrain. While challenges remain, there is no doubt that China has emerged as a critical actor in shaping the future of the Middle East and, by extension, the evolving structure of international relations in the 21st century.

## Recommendations

- **Formulate a balanced and sustainable engagement policy**

China should craft a more balanced foreign policy approach that leverages its significant financial resources while simultaneously safeguarding its national interests. This requires reducing excessive dependence on foreign intermediaries, ensuring greater oversight of Chinese investments abroad, and prioritizing long-term strategic objectives over short-term economic gains. A calibrated engagement model will help China navigate political complexities in the Middle East while preventing vulnerabilities arising from overreliance on local partners.

- Strengthen risk-hedging frameworks and explore selective security partnerships**  
Given the volatility of the Middle East, China must develop more robust mechanisms to mitigate risks associated with large-scale investments and infrastructure projects. This includes adopting advanced risk assessment tools, diversifying investment portfolios, and establishing contingency plans for political or security disruptions. Moreover, Beijing should consider exploring limited, confidence-building security arrangements with willing regional partners—not in the form of traditional military alliances, but as structured cooperation frameworks focused on maritime safety, infrastructure protection, and counter-piracy efforts. Such arrangements would allow China to safeguard its economic interests without compromising its principle of non-interference.

- Monitor the geopolitical and energy security implications of China's expanding footprint**

As China deepens its presence in the Middle East, it should closely monitor how these developments affect regional stability and global energy security. Enhanced engagement has the potential to either contribute to conflict de-escalation or exacerbate existing tensions, depending on how it is managed. Continuous analysis of geopolitical trends will help inform Chinese diplomacy, enabling Beijing to clarify its intentions to regional actors and avoid misunderstandings. This also supports more proactive diplomatic engagement and confidence building with both regional governments and global stakeholders.

- Conduct further research on the socio-environmental impacts of BRI projects**

Future research should focus on evaluating the environmental, social, and cultural implications of Belt and Road Initiative (BRI) projects in the Middle East. This includes assessing how Chinese infrastructure investments affect local ecosystems, labor dynamics, community wellbeing, and public perceptions of China. Understanding shifting local attitudes toward increasing Chinese influence is essential for enhancing the long-term sustainability and acceptance of BRI

projects. Such studies can also guide the development of more responsible investment practices that align economic initiatives with regional development priorities.

## REFERENCES:

Alterman, J. B. (2009). China's Soft Power in the Middle East. Center for Strategic and International Studies (CSIS).

Chaziza, M. (2020). *China and the Persian Gulf: The New Silk Road Strategy and Emerging Partnerships*. Sussex Academic Press.

Downs, E. (2021). *China's Strategic Partnership with Iran: Implications for U.S. Strategy in the Middle East*. Brookings Institution. Retrieved from <https://www.brookings.edu/>

European Council on Foreign Relations (ECFR). (2022). *China's Middle East strategy: From energy security to strategic influence*. Retrieved from <https://ecfr.eu/>

Fulton, J. (2019). *China's changing role in the Middle East*. Atlantic Council. <https://www.atlanticcouncil.org/in-depth-research-reports/report/chinas-changing-role-in-the-middle-east/>

Fulton, J. (2020). *China's Changing Role in the Middle East*. Atlantic Council. <https://www.atlanticcouncil.org/in-depth-research-reports/report/chinas-changing-role-in-the-middle-east/>

Fulton, J. (2023). *The Saudi-Iran Deal: What It Says About China's Global Role*. The Diplomat. <https://thediplomat.com/2023/03/the-saudi-iran-deal-what-it-says-about-chinas-global-role/>

Hillman, J. (2020). *The Emperor's New Road: China and the Project of the Century*. Yale University Press.

IMF. (2021). *People's Republic of China: Publication of the 2021 Article IV Consultation*. IMF Country Report No. 21/76.

International Energy Agency. (2023). *World Energy Outlook 2023*. <https://www.iea.org/reports/world-energy-outlook-2023>

Scobell, A., & Nader, A. (2016). China in the Middle East: The Wary Dragon. RAND Corporation. [https://www.rand.org/pubs/research\\_reports/RR1229.html](https://www.rand.org/pubs/research_reports/RR1229.html)

U.S. Energy Information Administration (EIA). (2023). World Oil Transit Chokepoints. [https://www.eia.gov/international/analysis/special-topics/World\\_Oil\\_Transit\\_Chokepoints](https://www.eia.gov/international/analysis/special-topics/World_Oil_Transit_Chokepoints)

Zhao, S. (2013). China's Diplomacy and Economic Activities in the Middle East. *Journal of Middle Eastern and Islamic Studies (in Asia)*, 7(4), 1–17.

