



*A New Great Power Engages  
with the Middle East:*

## China's Middle East Balancing Approach

Gordon Houlden and Nouredin M. Zaamout\*  
China Institute, University of Alberta

*A New Great Power Engages  
with the Middle East:*

# China's Middle East Balancing Approach

.

Gordon Houlden and Nouredin M. Zaamout\*  
China Institute, University of Alberta

January 2019



# Foreword

The China Institute University of Alberta (CIUA) is pleased to publish this Occasional Paper on the subject of Sino-Middle East and North African (MENA) relations. This is the first publication by the China Institute on the subject of Sino-MENA relations.

As the People's Republic of China emerges as a power with global reach, understanding its interactions with the range of states comprising the modern MENA region has become more urgent.

It is beyond the scope of this paper to review in depth the economic, political, and strategic dimensions of Chinese interactions with the modern Middle East. Instead, this China Institute Occasional Paper will briefly sketch the interactions between China and the states of the MENA region in the early 21st century.

Although this paper includes a short historical survey of China-Middle East relations, the focus is the present and future of the relationship, and existing economic linkages with the People's Republic of China (PRC). Our hope is that gathering and publishing the core economic data will provide an important reference point for other researchers who are working on China – MENA relations.

Both Nouredin Zaamout and I wish to thank CIUA members Christopher LaRoche, Tom Alton, Evan Oddleifson for their editorial support, Genevieve Ongaro and Vivian Chiew for their design and formatting contribution, and Jia Wang for her contributions on project coordination. As well, I wish to thank the reviewers of this paper, Mojtaba Mahdavi, Ferry de Kerckhove and David Drake for their assistance.



Gordon Houlden  
Director, China Institute  
University of Alberta





# About the Authors

*\* Both Authors are primary first authors, who contributed equally to the research and writing of this article.*

## **GORDON HOULDEN**

Gordon Houlden is the Director of the China Institute, Professor of Political Science and Adjunct Professor of the Alberta School of Business at the University of Alberta.

Professor Houlden joined the Canadian Foreign Service in 1976, serving in Ottawa and abroad. Twenty-two of his years in the Canadian Foreign Service were spent working on Chinese economic, trade and political affairs for the Government of Canada including five postings in China. He also served at Canadian Embassy in Havana and Warsaw, and at Canada National Defence College. His last assignment before joining the University of Alberta in 2008 was as Director General of the East Asian Bureau of the Department of Foreign Affairs and International Trade, responsible for Greater China, Japan, the Koreans and Mongolia.

Under Professor Houlden's leadership, the China Institute has focused on contemporary China studies, with an emphasis on Canada's trade, investment and energy linkages with the PRC, and Asian security issues.

## **NOUREDDIN M. ZAAMOUT**

Noureddin M. Zaamout completed his Bachelor of Arts Honours in Political Science (First Class) from the University of Calgary in 2013, and a Master of Arts in Political Science from the University of Alberta in 2017.

He is currently a Ph.D student in the Department of Political Science at the University of Alberta, specializing in the fields of international relations and comparative politics. In his first field of focus, Noureddin specialises in international relations theory and the study of Sino-Middle Eastern relations. In the second, he specialises in the study of democratization, social movements and contentious politics as well as post-colonial theory.

Noureddin is also a Policy Researcher at the China Institute University of Alberta (CIUA). At the CIUA, he is responsible for conducting research on a wide variety of topics as well as managing the CIUA's China-Canada Investment Tracker Database.



# Table of Contents

<b>Overview of China's Relations with the Middle East</b> .....	2
Pre-Modern Interactions .....	2
China and MENA: From Mao to Deng.....	2
Conceptualizing China's Contemporary Foreign Policy .....	3
China's MENA Foreign Policy.....	4
<b>China and the Persian Gulf Region</b> .....	11
China and Saudi Arabia.....	14
China and the United Arab Emirates .....	15
China and Oman .....	17
China and Kuwait.....	18
China and Qatar .....	19
China and Bahrain .....	20
China and Yemen .....	21
<b>China and the Levant, Iran, and Turkey</b> .....	23
China and Israel.....	26
China and the Palestinian Authority .....	27
China and Syria .....	28
China and Iraq.....	30
China and Jordan .....	31
China and Lebanon.....	32
China and Iran.....	33
China and Turkey.....	35
<b>China and North Africa</b> .....	37
China and Egypt .....	39
China and Sudan .....	41
China and Algeria.....	43
China and Morocco.....	44
China and Tunisia .....	46
China and Libya.....	47
<b>Conclusion</b> .....	49
<i>Appendix A: Chinese investment in the Middle East Data</i> .....	51
<i>Appendix B: Trade Data between China and the Mena Region</i> .....	52
<i>Endnotes</i> .....	53

# Introduction

As the People's Republic of China emerges as a power with global reach, understanding its interactions with the range of states comprising the modern Middle East and the Maghreb states of North Africa (MENA) has become more urgent.<sup>1</sup> For an emerging power such as China, relations with the Middle East offer a range of ambitions, from political influence to long-term strategic considerations. Since China began economic reforms in 1978, its interest in the MENA region has been primarily economic. This is consistent with the Chinese leadership's broader focus on economics in international affairs beginning with Deng Xiaoping.

While seldom absent from China's broad goals in the Middle East, Beijing has placed greater emphasis on its political relationships and strategic interests in the region and since the early 21<sup>st</sup> Century. This includes the security challenges faced by MENA states, from terrorism, civil wars and political tensions to the establishment of China's first military base on the southern approaches to the Suez Canal in Djibouti. The Sino-American rivalry complicates any analysis of China's Middle East policies. China's relations with Russia do not constitute an alliance, but do complicate its relations with MENA, given Beijing's reluctance to recognize Russia's far bolder Middle East policies with their prominent use of force.

It is probable that China's economic interests will remain at the forefront of its MENA policies going forward. However, as a United Nation Security Council permanent member, and as a great power with an expanding military capacity and reach, it would be natural that, over time, China will be drawn more deeply into the security challenges faced by MENA. Should the current US-China trade war metastasize into a sharper strategic rivalry or confrontation, this would work to accelerate the very gradual expansion of China's political and strategic interests in the region.

---

<sup>1</sup> The scope of this paper includes all of the states of the Middle East and Maghreb, and each of these nations is addressed, but for simplicity the geographical term "Middle East" is also used as a shorthand description, including in the title, of both the modern Middle East and the Maghreb. The acronym "MENA" (Middle East and North Africa) is also employed.



# Overview of China's Relations with the Middle East

## PRE-MODERN INTERACTIONS

Historical interactions between the Middle East and China span at least two millennia in which movements of people, goods, and ideas crossed the deserts and mountains that geographically separate China from the MENA region. Merchants travelled along the 4,000 mile Silk Road, trading silk, ivory, rugs, horses, camels and spices.<sup>1</sup> Trade enabled people-to-people contact, facilitated extensive cultural and modest political exchange between the empires of the Middle East and China. The intensity of these interactions varied depending on the political and economic conditions of each historical period.<sup>2</sup> In 206 B.C. the Han Dynasty was established by Liu Bang with its capital in Chang'an. The dynasty grew prosperous and expanded from China's northern and central plains to the western regions of what is now the People's Republic of China, under Emperor Wudi. Agricultural production, silk and handcrafts manufacturing, and commerce all flourished, facilitating outward trade empires further west, such as the Roman and Persian Empires.<sup>3</sup> Demand for Chinese silk in particular garnered significant interest and facilitated the creation of the Silk Road.

A high point in Sino-Middle East exchanges along the Silk Road took place during the Islamic Umayyad and Abbasid Empires. In the late 600s, the Umayyad Empire expanded rapidly and in less than fifty years stretched from Western China in the east to the Iberian Peninsula (Al-Andalus) in the west.<sup>4</sup> Similarly, powerful Chinese dynasties from the Han to the Qin extended their reach deep into Central Asia, opening or reopening new trade routes. The Umayyads established close ties with the Chinese Tang Dynasty, enhancing economic, political and cultural exchanges.<sup>5</sup> The ascendancy of the Abbasid Empire in the mid-700s changed the relationship with the Tang dynasty to take on, in addition to trade, a scientific focus.<sup>6</sup> During this period Baghdad became a center of knowledge, attracting scholars from around the world. Chinese contributions to Arab learning were particularly important in the fields of astrology, papermaking, and irrigation.<sup>7</sup>

The Mongol ascendancy of the 13<sup>th</sup> Century devastated the Middle East. Under Hulagu Khan, the Ilkhanate Mongols

pursued a violent military campaign that swept across the region, destroying villages and towns and disrupting trade along the Silk Road. The sacking of Baghdad in 1258 by the Ilkhanate Mongols was a catastrophic event for the Arab world and brought about the effective end of the Abbasid Caliphate. Their rapid advances were eventually halted by the Mamluk Sultanate in the Battle of Ain Jalut. Silk Road trade resumed and intensified under consolidated Mongol rule of Kublai Khan, however, who emerged in 1271 as the fifth Khagan of the Mongol Empire and Yuan dynasty in China. From the 1400s-1600 trade persisted between the Ottoman and Safavid Empires on one side, the Chinese Ming and Qing dynasties on the other - although it was complicated due to occasional disruptions caused by a number of geopolitical considerations. Trade between Chinese and Middle Eastern Empires decreased significantly starting in the 1700s for three reasons: First, the Ottoman Empire began to decline and was primarily concerned with responding to internal challenges and regional threats. Second, the Safavid Empire collapsed in 1736, and was succeeded by a number of fragile inwardly-concerned Empires in Iran. Third, the Qing dynasty also pursued an inwardly-focused approach, limiting interactions with other Empires in the world.

## CHINA AND MENA: FROM MAO TO DENG

In the first half of the 20th Century, China's weak agricultural economy, Japan's occupation of China, and the Chinese Civil War all gave the Republic of China little interest or capacity to establish deep ties with MENA countries. In 1949, the Communist Party of China (CCP), under the leadership of Mao Zedong, defeated the Nationalist Kuomintang forces of Chiang Kai-shek, asserted control over the entire territorial mainland of China, and established the People's Republic of China (PRC). The PRC's foreign policy under Mao had a strong ideological dimension centered on revolutionary anti-colonial and anti-imperial discourses and sought to both end "humiliation and foreign meddling" and "liberate the Chinese nation" from foreign imperialism.<sup>8</sup> Joseph Yu-Shek Cheng and Franklin Wankun Zhang describe this as a *yibiandao* or "leaning to one side" foreign policy: China cooperated

“with the Soviet Union to struggle against the U.S., thus positioning China as a key member of the socialist bloc against the imperialist camp in the bipolar Cold War era.”<sup>9</sup> Against this backdrop, the PRC’s approach to the MENA region centered on this revolutionary disposition. China actively supported various national liberation movements in the Middle East, such as Yasser Arafat’s Palestinian Liberation Movement (PLO). United by their shared anti-colonial politics, between 1956 and 1959 China established relations with largely anti-Western or Non-Aligned regimes in Yemen, Syria, Egypt, Iraq, Algeria, Morocco, and Sudan. The remaining MENA countries did not develop ties with China until the 1970s and after.<sup>10</sup> Despite these links, China’s foreign policy under Mao remained primarily focused on East Asia, maintaining only moderate contact with Middle East governments as a whole.<sup>11</sup> The MENA region was geographically distant and of little immediate strategic interest to what was a relatively poor and agrarian China.<sup>12</sup>

Only two years after Mao’s death in 1976, Mao’s successor, Deng Xiaoping, took control of China. Deng was determined to lead China out of poverty by abandoning Maoist agrarian economics and gradually implementing major economic reforms.<sup>13</sup> Deng’s policies opened China to the outside world, encouraging an influx of investment that generated rapid development and industrialization. China’s GDP grew an average of 9.6% per year from 1979 to 2016.<sup>14</sup> By enacting these policies, China gradually embraced elements of the capitalist system it once opposed and had viewed as a tool of imperialist domination. Under Deng, China’s foreign policy shifted away from Maoist “leftist fervour” and support of movements such as the PLO, towards a largely pragmatic and business-oriented approach.<sup>15</sup> State rhetoric shifted from one based on leftist anti-imperialism towards language based on developing “friendships and cooperation.”<sup>16</sup> Employing this rhetoric, Chinese leaders starting with Deng and continuing to present pursued a carefully devised and pragmatic foreign policy that sought to embed China within the prevailing international economic and political systems. This profound transformation of China’s foreign policy position was also reflected in China’s policies toward the MENA region.

## CONCEPTUALIZING CHINA’S CONTEMPORARY FOREIGN POLICY

Andrew Nathan and Andrew Scobell describe the security threats China faces as a rising power under international anarchy using a “four ring” approach.<sup>17</sup> The first ring involves domestic pressures/constraints and will not be discussed for this purpose of this paper. The second ring

involves “the twenty immediately adjacent countries” to China, including Japan, Vietnam, South Korea, India, the Philippines, and Indonesia.<sup>18</sup> The third consists of “six regional systems, each of which consists of a set of states whose foreign policy interests are interconnected.”<sup>19</sup> Those are Northeast Asia, Oceania, Continental Southeast Asia, Maritime Southeast Asia, and Central Asia. These two rings present a “foreign policy agenda of extreme complexity, which absorbs most of the resources China, is able to devote to foreign and defence policy.”<sup>20</sup> More specifically, faced with hostile or unsympathetic neighbours throughout these two rings, including India, Vietnam, South Korea, Taiwan and Japan, and a heavy U.S. military presence in its “backyard,” Beijing has continued to expand its military capabilities since the 1980s and vocally asserted its regional claims, especially over the South China Sea.<sup>21</sup> China’s military expenditures nearly doubled as a proportion of its GDP between the 1980s and late 1990s.<sup>22</sup> Suspicious of Chinese claims, states in the region have also increased military spending.<sup>23</sup> The United States remains the “region’s most powerful player with its military alliances and considerable firepower.”<sup>24</sup>

While states in the region strengthen their militaries and advance their respective maritime and land claims, however, they also recognize the importance of economic interdependence.<sup>25</sup> The United States, Vietnam, India, South Korea, Taiwan, and Japan are all, to some extent, reliant on China in terms of trade.<sup>26</sup> Armed conflict would disrupt trade between them, jeopardizing their access to the capital they need to advance/protect their competing claims. Hence, this dependency has allowed for emergence of a regional balance of power, fueled by ongoing militarization.<sup>27</sup> The rest of the world – including the Middle East – lies in an outer fourth ring. Countries in this ring are geographically distant, and do not pose an immediate military threat to China.<sup>28</sup>

Preoccupied with balancing against U.S. hegemony in East Asia and concerned with upholding its territorial and maritime claims, China does not yet have the capacity, security incentive, or will to engage in conflicts or complex geopolitical struggles beyond its immediate security rings in East Asia. Despite the “assumption that China has become a world power, Beijing essentially remains a regional power with a global presence.”<sup>29</sup> In East Asia, the United States enjoys “the preponderance of power with a strong network of alliances, notably Japan and South Korea, and where significant concentrations of American sea, air, and land power are located.”<sup>30</sup>

In its efforts to mitigate the pressure posed by U.S. dominance in East Asia, China has sought closer ties

with MENA region countries as part of broader efforts to contain U.S. hegemony.<sup>31</sup> We describe this strategy as the *China's Middle East Balancing approach*. As an outsider to MENA, China's overall strategy is to deepen economic linkages without getting embroiled in the region's myriad and protracted political or military quagmires. From the Beijing's point of view, this strategy is best understood as its attempt to be a "responsible great power" and secure needed resources, rather than making geopolitical assertions. The MENA approach stands in contrast with Beijing's approach to East Asia—for now. From the Middle East angle, China provides many of these countries a "Third Way" export market for their resources, and potential two-way access to Chinese market, that is not the U.S. or the European Union. This is something akin to the post-Cold War search for a market and relations that is not the often "troublesome West", as it is sometimes viewed from Beijing perspective.

China's policy of non-interference, grounded in its "Five Principles of Peaceful Coexistence," has aided these efforts; Beijing has developed relations even with states that face tremendous international sanctions such as Iran, Syria, and Sudan.<sup>32</sup> This has demonstrated China's desire and capacity to work with any and all states in the MENA region, even those considered pariah states by Western powers. For example, sanctions imposed on Iran by the Western countries in efforts to slow Iran's nuclear program have not deterred China from developing close economic relations with Tehran. Nor did the global pressure brought to bear against Sudan, especially in the first decade of this century, deter Chinese investment in that country's oil industry. For the countries of the region that are faced with Western scrutiny, China is an important alternative partner. The China option can reduce the risks of isolation faced by MENA states and offers a counterweight to Western MENA policies. This option is also aided by China's restrictionist stance on the UN Charter, under which it opposes any overt interference in the internal affairs of other states.<sup>33</sup> However, it can be argued that by its willingness to work with any state irrespective of that state's internal policies, China has maximized the benefits of its relations with MENA states for itself.

## CHINA'S MENA FOREIGN POLICY

By virtue of MENA's distant position in China's outer security ring, relations between China and MENA region states since 1978 have centred on trade and economic cooperation. China's current MENA position is articulated in the 2016 "China's Arab Policy Paper," Beijing's first official policy paper on the Middle East.<sup>34</sup> The paper offers a "broad historical, strategic and economic rationale for Chinese

engagement" with states of the Middle East, based on "win-win cooperation."<sup>35</sup> It asserts that China's Middle East policy is rooted in six core principles, which are listed as:

1. Creating communication and dialogue mechanisms to allow political cooperation;
2. Strengthening economic ties through investment and trade cooperation;
3. Promoting the principle of territorial sovereignty and non-intervention in internal affairs;
4. Cooperating on matters of social development such as health care, education, science and technology, and agriculture;
5. Cooperating on the media and broadcasting as well as on culture, arts, and literature;
6. Cooperating on traditional security matters such as terrorism and policing, and non-traditional matters such as cybersecurity.<sup>36</sup>

In 2002, China appointed Wang Shijie as its first Special Envoy to the Middle East, "at the request of Arab States."<sup>37</sup> The Envoy, according to China's Ministry of Foreign Affairs, is responsible for forging close and friendly relations with "relevant parties," continuing the mediation efforts to advance peace talks, and making contributions to regional peace and stability.<sup>38</sup> Wang was succeeded by Sun Bigan in 2006 and then by Gong Xiaosheng in 2014. In 2004, then President Hu Jintao announced the creation of the Sino-Arab Cooperation Forum, reasoning that "the formation of the forum was a continuation of the traditional friendship between China and the Arab world and an important move to promote bilateral ties under new circumstances."<sup>39</sup> In the opening ceremony of the first Sino-Arab Cooperation Forum, Chinese Foreign Minister Li Zhaoxing said that "the Arab world is an important force in the international arena, and that the China and Arab countries enjoy a time-honored friendship."<sup>40</sup> He added, the Forum was "designed to serve as a platform for exchanging views between China and Arab nations, promoting cooperation in politics, the economy and trade, culture, technology and international affairs while advancing peace and development."<sup>41</sup> Since 2004, the Forum has been held seven times. The most recent forum was held in Qatar in May 2016 and attended by Chinese Foreign Minister Wang Yi.<sup>42</sup> In an op-ed published after the seventh forum, Minister Wang wrote that "China will discuss the means of jointly advancing the Belt and Road Initiative and deepen China-Arab strategic cooperation."<sup>43</sup>

The MENA region is also situated at the heart of the Beijing's Belt and Road Initiative (BRI). This initiative was introduced by the Chinese government in 2015 as "a bid to enhance regional connectivity and embrace a brighter future."<sup>44</sup>

It called for “policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds to make complementary use of participating countries’ unique resource advantages through multilateral mechanisms and multilevel platforms.”<sup>45</sup> The BRI is at the core of China’s diplomatic encounter with MENA countries. Chinese officials have repeatedly emphasized that through the BRI, China and countries of the MENA region will be able to develop mutually beneficial relations. The precise MENA role in the proposed initiative however remains unclear.

The MENA region is an important destination for Chinese exports, a key source of petroleum products, and a growing destination for Chinese investment. China’s rapid economic growth since the late 1970s “has prompted a growing appetite for energy” resources and today, the country is the world’s largest importer of petroleum.<sup>46</sup> In 2015, China consumed nearly 10 million barrels of oil and 52 million cubic meters of natural gas a day.<sup>47</sup> By 2035, Chinese demand for oil is expected to increase by 61% and natural gas by 186%.<sup>48</sup> The MENA region has

been the largest supplier of petroleum resources to China since 1995.<sup>49</sup> Niu Xinchun argues that Beijing’s reliance on Middle East oil is what makes the region strategically significant for China.<sup>50</sup> This reliance on foreign oil has concerned policymakers in Beijing, who fear a disruption of supply “could derail the continued economic momentum, leading to unrest.”<sup>51</sup> This was made clear in 2003, when oil was highlighted as a crucial component of the national economic security agenda.<sup>52</sup> China has not displayed either the capacity or the will to advance and protect its energy security militarily within MENA, in contrast to the U.S., which for many years through a more robust reliance on military strength has essentially secured the flow of Middle East oil (especially after the 1973 oil embargo).<sup>53</sup> China has rather focused on diplomacy centred on seeking ‘economic’ cooperation in order to secure its interests.<sup>53</sup> Through actively pursuing opportunities for investment in the oil and gas sector, China has been able to exert considerable influence on the dynamics of the management of the region’s energy resources.<sup>54</sup>

## China’s Growth Rate, Oil Production, Consumption and Import from the Middle East<sup>55</sup>

Year	Growth Rate	Oil Production mb/d	Oil Consumption mb/d	Net Imports mb/d	Oil Import Percentages from the Middle East
1993	13.40	2,903,463.00	2,959,491.00	56,028.00	34.70
1994	11.80	2,957,310.00	3,160,605.00	203,290.00	39.70
1995	10.30	3,059,620.00	3,363,155.00	303,530.00	45.50
1996	9.70	3,211,280.00	3,610,085.00	398,780.00	52.90
1997	8.80	3,284,550.00	3,916,270.00	631,720.00	47.30
1998	7.80	3,301,740.00	4,105,835.00	804,090.00	61.00
1999	7.00	3,317,028.00	4,363,601.00	1,046,573.00	46.20
2000	8.00	3,377,527.00	4,795,715.00	1,418,188.00	53.60
2001	7.30	3,434,535.00	4,917,882.00	1,483,347.00	56.20
2002	8.00	3,529,761.00	5,160,714.00	1,630,953.00	49.60
2003	9.10	3,559,006.00	5,578,111.00	2,019,105.00	50.90
2004	9.10	3,657,452.00	6,437,484.00	2,780,031.00	45.40
2005	9.90	3,781,760.00	6,720,000.00	2,939,240.00	47.20
2006	10.50	3,844,870.00	7,201,278.00	3,356,404.00	40.22
2007	11.40	3,900,958.00	7,817,000.00	3,677,000.00	39.95
2008	9.60	3,725,000.00	7,937,000.00	4,212,000.00	46.00
2009	9.20	3,995,620.00	8,537,860.00	4,210,000.00	52.00
2010	10.3	4,071,000.00	9,057,000.00	4,986,000.00	47.00
2011	9.20	4,100,000.00	9,510,000.00	5,410,000.00	46.00
2012	8.10	4,300,000.00	9,963,000.00	5,663,000.00	45.10
2013	7.70	4,215,000.00	10,190,000.00	5,975,000.00	51.00
2014	7.50	4,444,000.00	10,360,000.00	5,916,000.00	54.00

<sup>55</sup> China has, however, gradually increased its naval presence along the lengthy maritime trade routes linking MENA oil producers to Chinese ports.

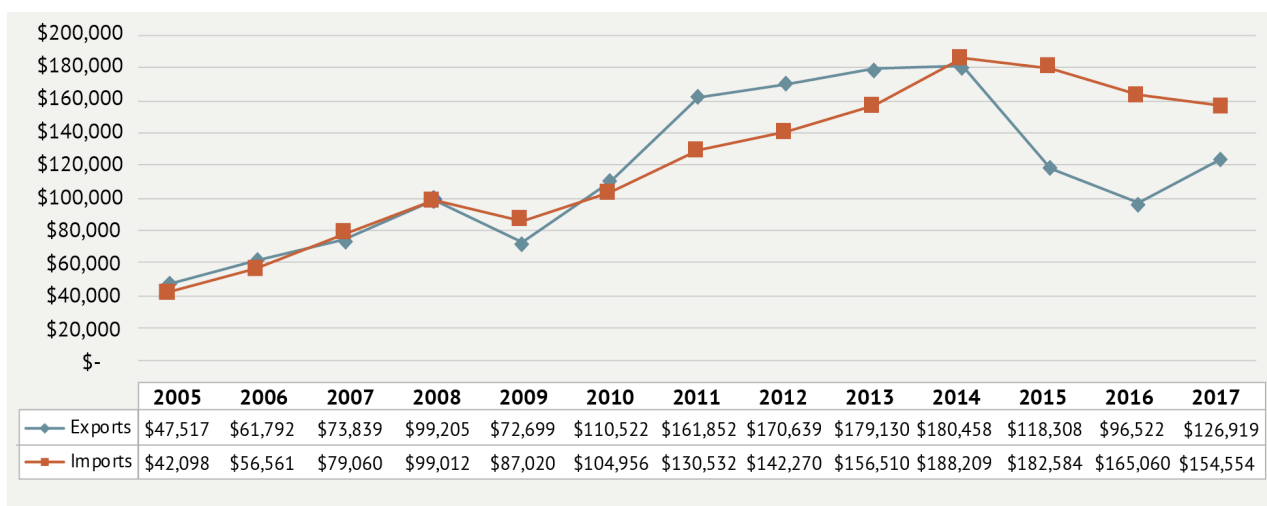
Trade between China and MENA has risen substantially in the last decade. Between 2005 and 2008 the combined bilateral trade grew rapidly by an average of 30% annually. However, this rise was curtailed by a 19% decline in 2009, following the global financial crisis and drop in oil prices. Trade rebounded in 2010-2011, increasing by an average of 35% annually in those years. From 2012 to 2014, trade increased annually by an average of 8%. In 2014, bilateral trade reached a record high of over US\$368 billion, with Chinese exports to the region accounting for 51% of that total, while imports from MENA accounted for 49%. However, amid falling oil prices, this growth was curtailed, resulting in a decline in trade value by an average of 16% annually in 2015 and 2016. With the rise of oil prices in 2017, bilateral trade increased by nearly 8% from, US\$261.5 billion in 2016 to US\$281.5 billion in 2017. From 2010 to 2014, the average annual oil price for Brent Crude ranged between US\$98 and US\$111/barrel. In 2015, oil prices sunk to US\$52/barrel of Brent Crude and in 2016 to US\$43/barrel.<sup>56</sup> The decline in oil prices has had a significant impact on the total value of MENA exports to China, given the centrality of oil and gas exports to the economies of these states. The region supplies 57% and 33% of China's total crude oil and natural gas imports, respectively.<sup>57</sup> As a result, the combined bilateral trade volume between the MENA region and China declined by 41%, from US\$368 billion in 2014 to US\$261 billion in 2016; of this decline, MENA

exports to China dropped by 87%, while MENA imports from China dropped by 13%. However, the 2017 rally in petroleum prices resulted in a corresponding 31% rebound in MENA exports to China, shirking the China-MENA trade deficit from US\$ 66 billion in 2016 to US\$27 billion to 2017.

The trade balance had generally been in favor of the MENA region, especially from 2010-2013. As evident in the data for those years, 52 to 56% of the total combined trade primarily accounted for MENA exports to China. During that period, the region's average annual trade surplus with China exceeded US\$24 billion. However, the balance shifted in China's favor in 2015 and 2016, resulting in a trade surplus for China totaling US\$62 billion and US\$66.5 billion in those years respectively. Put differently, MENA's exports to China shrunk to 40% and 37% in relation to the combined total trade in 2015 and 2016 respectively. However, with the rally in petroleum prices, MENA exports grew by 31% in 2017, compared to 2016, while import from China dropped by 7%. This reduced MENA's trade deficit with China from US\$ 66 billion in 2016 to US\$27 billion in 2017. Clearly, the prime driver behind the Sino-MENA trade figures is the MENA region's rich petroleum resources: when prices of petroleum decline sharply, as was the case in 2015-2016, China's exports to the MENA region also fall due to the decline in funds needed to import Chinese goods.

## Trade Between the MENA Region and China

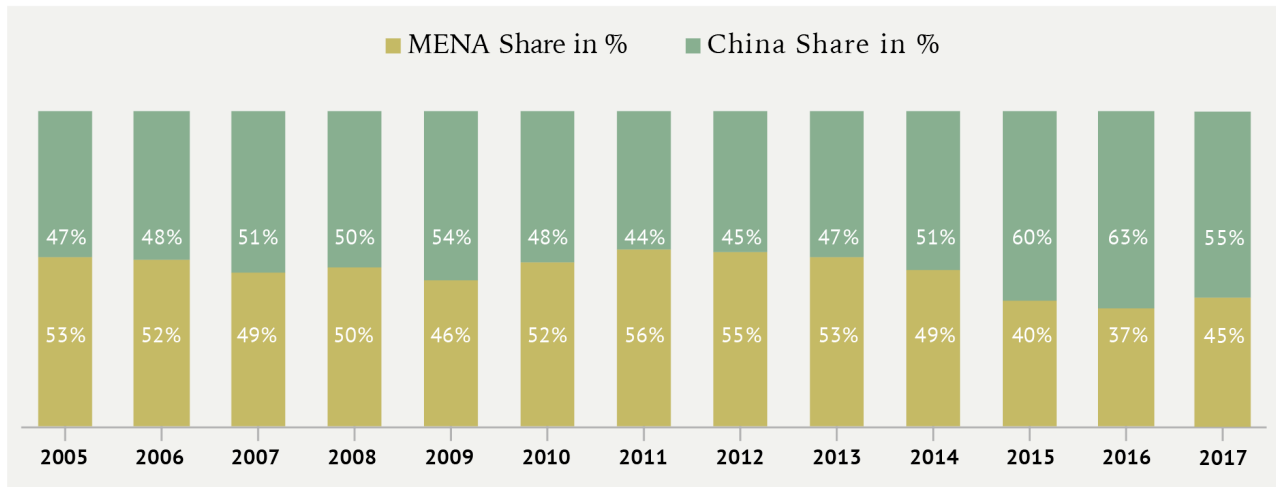
*In Million US\$, 2005-2017*



Source: UN ComTrade Data

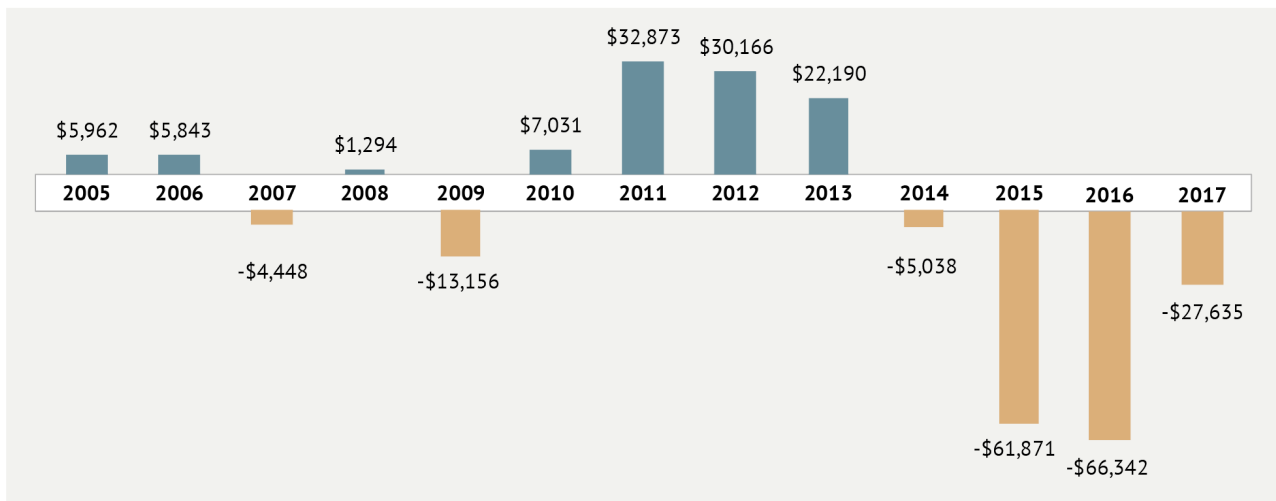


## Share of Combined MENA-China Trade In Percent (%), 2005-2017



Source: UN ComTrade Data

## MENA Trade Balance with China In Millions US\$, 2005-2017



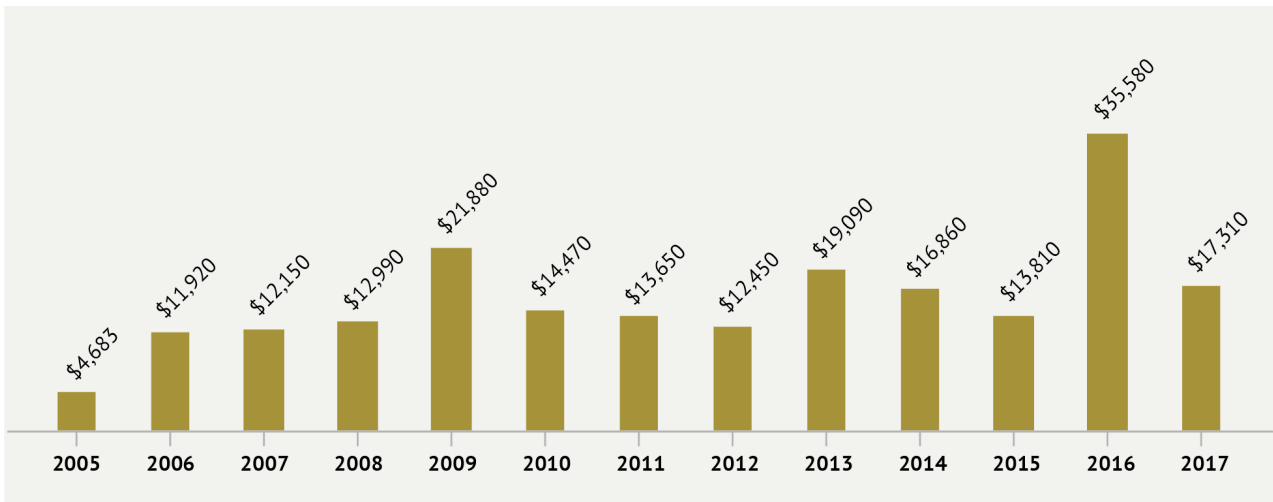
Source: UN ComTrade Data

According to the American Enterprise Institute and Heritage Foundation China Global Investment Tracker, the MENA region attracted 12% of China's total outbound investment between 2005 and 2017. Within this time period, the total stock of Chinese investment in the MENA region exceeded US\$207 billion. Chinese investment in MENA accelerated

in 2006, increasing by 154% from US\$4.7 billion in 2004 to US\$11.9 billion in 2006. From 2006 to 2015, Chinese investment ranged between from US\$11 and US\$14 billion annually, with the exception of 2006, when investment totaled US\$21.9 billion. In 2016, new Chinese investment in MENA reached a record high of US\$35.6 billion, while in

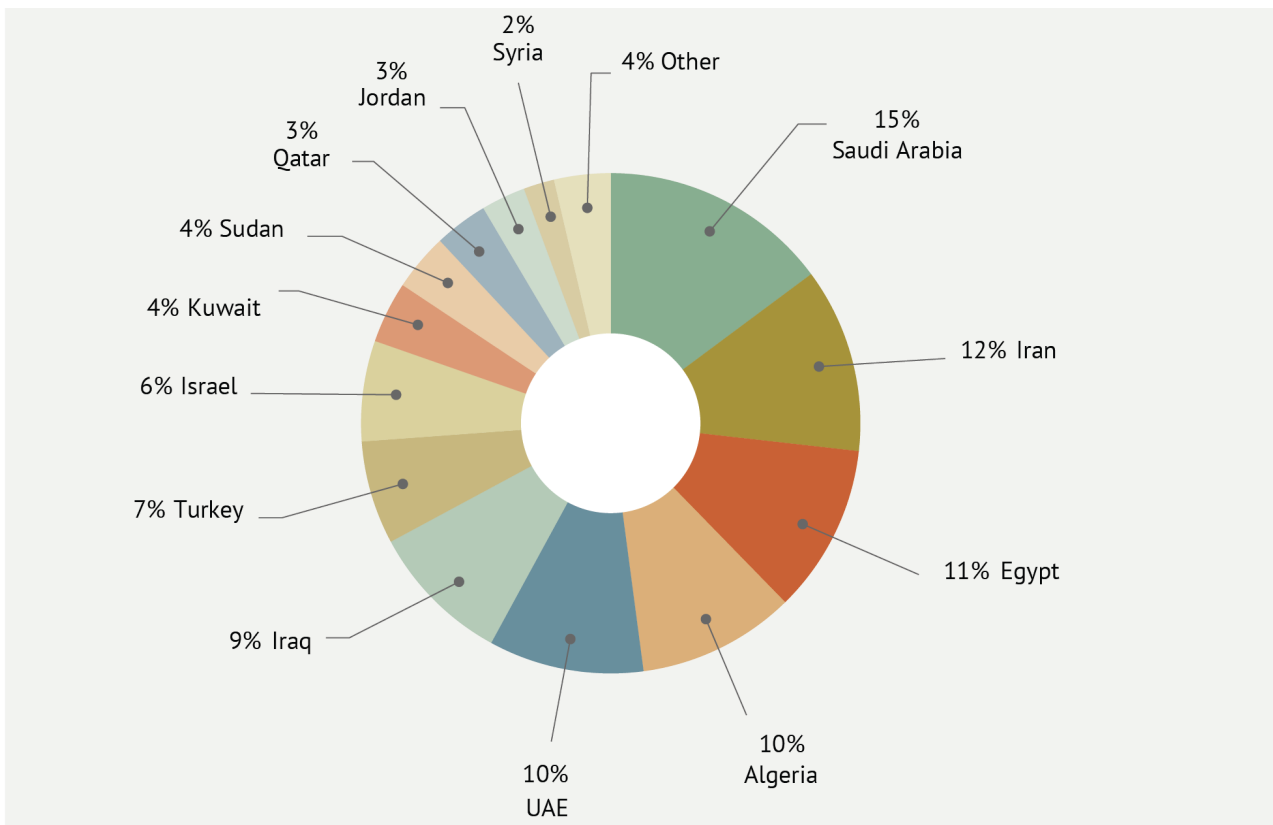


## Chinese Investment in MENA In Millions US\$, 2005-2017



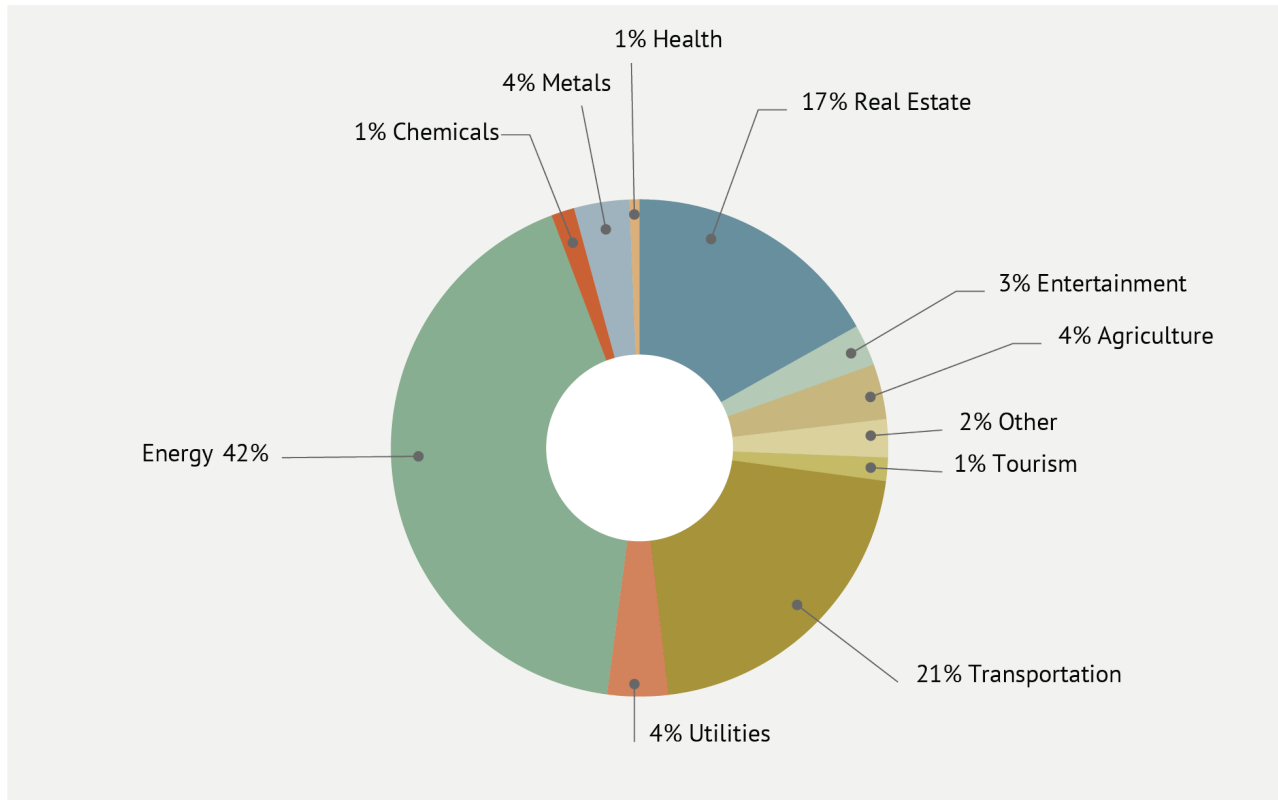
Source: American Enterprise Institute and the Heritage Foundation China Global Investment Tracker

## Chinese Investment by Country in MENA 2005-2017



Source: American Enterprise Institute and Heritage

## Chinese Investment by Sector in MENA 2005-2017



**Source:** American Enterprise Institute and Heritage Foundation China Global Investment Tracker

2017 investment dropped to US\$17 billion. Despite this drop, 2017's total investment remains 14% higher than the average total annual Chinese investment between 2005 and 2017, which is US\$14.9 billion.

The energy sector attracted 42% of total Chinese investment in the MENA region. This was followed by the transportation sector, which attracted 21%, real estate (17%), agriculture (4%), utilities (4%), metals (4%), and entertainment (3%).

Saudi Arabia has been the largest recipient of Chinese investment, absorbing 15% or US\$30.18 billion of the total invested capital in the region between 2005 and 2017. Iran was the second largest destination for Chinese investment in the MENA region, attracting 12% or US\$24.29 billion of the total stock of investment. This is followed by Egypt at 11% or US\$22.19 billion, Algeria at 10% or \$20.7 billion, and the UAE at 10% or \$20.4 billion, Iraq at 9% or US\$18.7 billion, Turkey at 7% or \$13.6 billion, and Israel at 6% or 13.2 billion.

In 2016, the UAE was China's top trading partner and destination for Chinese exports in the MENA region, followed by Saudi Arabia. Saudi Arabia was the top importer of goods from China. In the same year, Egypt attracted the most Chinese investment, followed by Israel and Iran.

## China's Top Trade and Investment Partners in the MENA Region in 2016

**China's Top 5 Trading Partners in 2016**

Country	Total in US\$ Million
UAE	\$55,191
Saudi Arabia	\$44,922
Iran	\$31,776
Turkey	\$21,961
Israel	\$18,737

Source: UN ComTrade Data

**Top 5 Destinations for Chinese Investment in 2016**

Country	Total in US\$ Million
Egypt	\$8,110
Israel	\$6,060
Iran	\$5,260
UAE	\$4,150
Algeria	\$3,350

Source: American Institute and the Heritage Foundation China Global Investment Tracker

**China's Top 5 Export Destinations in 2016**

Country	Total in US\$ Million
UAE	\$43,858
Saudi Arabia	\$20,805
Turkey	\$18,752
Iran	\$16,689
Israel	\$12,402

Source: UN ComTrade Data

**China's Top 5 Import Destinations in 2016**

Country	Total in US\$ Million
Saudi Arabia	\$24,117
Iran	\$15,087
Oman	\$12,064
UAE	\$11,333
Iraq	\$10,663

Source: UN ComTrade Data

# China and the Persian Gulf Region

## POLITICAL AND ECONOMIC RELATIONS

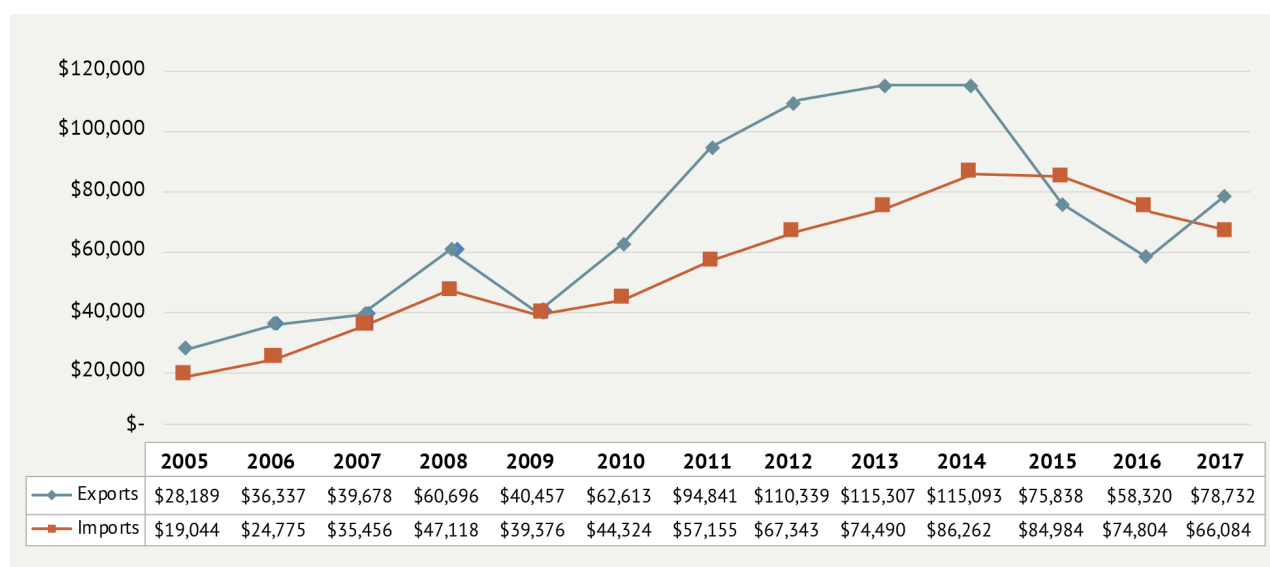
Diplomatic ties between the Persian Gulf Arab States and China were established first by Kuwait in 1971 and followed by Oman in 1978, the UAE in 1984, Qatar in 1988, and Bahrain in 1989. Saudi Arabia was the last Gulf state to establish ties with China, in 1990. Yemen, the only non-Gulf Cooperation Council (GCC) member in this region, established diplomatic relations with China in 1956.

China's rapid economic growth in the 1980s, and 1990s expanded the country's demand for energy resources, particularly for oil and natural gas, and the Gulf region was a naturally important partner given its proven reserves and ready maritime access Chinese ports. China currently imports nearly 10 million barrels of oil a day and this

consumption is expected to exceed 13 million barrels a day by 2035.<sup>58</sup> In 2015, the Gulf region supplied over 36.1% and 30% of China's total crude oil and natural gas imports, respectively.<sup>59</sup> Oil, natural gas, and petrochemicals account for 82% of the Gulf region's exports to China.<sup>60</sup>

In 2004, the GCC and China began negotiating a free trade agreement. Since the commencement of these negotiations, there have been nine rounds of talks, the most recent of which was held in December of 2016 in the Saudi capital of Riyadh. According to China's Ministry of Commerce, the "two parties have reached agreement on the majority of issues concerning trade in goods. Negotiations on trade in services were also launched."<sup>61</sup> During a May 2017 meeting with the Kuwaiti Minister Sheikh Nasser Sabah Al-Ahmad Al-Saba, Chinese Vice President Li Yuanchao called on China and the GCC to "speed up FTA negotiation."<sup>62</sup>

## The Gulf Region's Trade with China In Millions US\$, 2005-2017



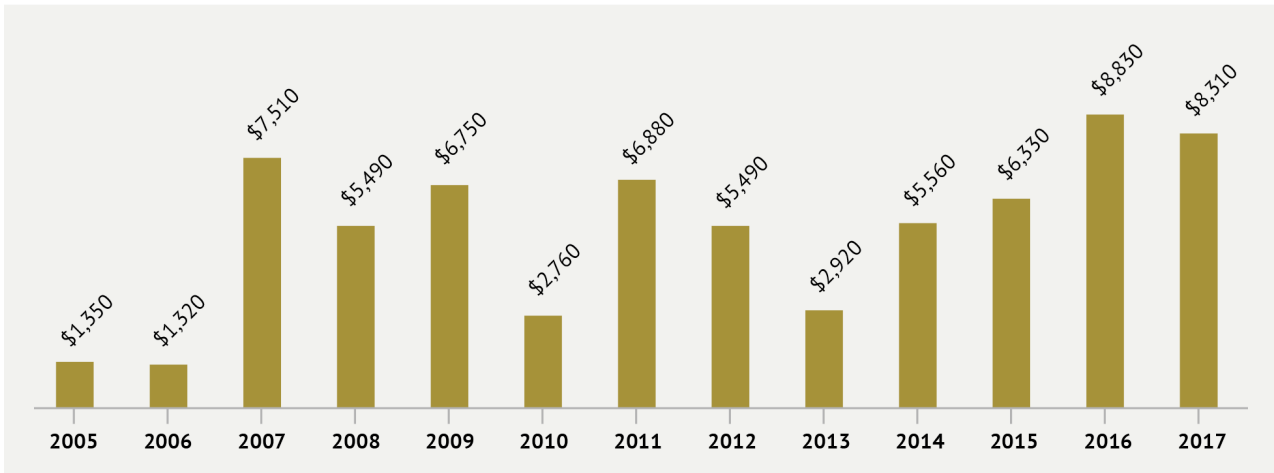
Source: UN ComTrade Data

## The Gulf Region's Trade Balance with China In Millions US\$, 2005-2017



Source: UN ComTrade Data

## Chinese Investment in the Gulf Region In Millions US\$, 2005-2017



Source: American Enterprise Institute and the Heritage Foundation China Global Investment Tracker

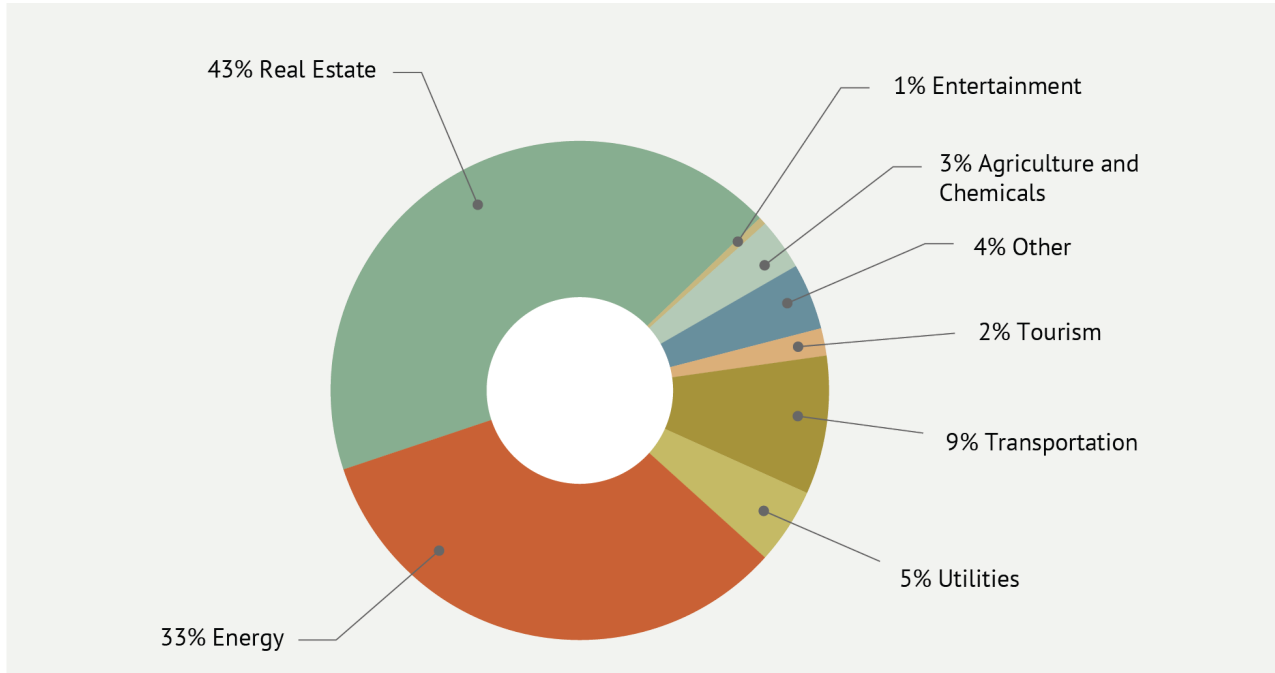
However, an exact timeline for the agreement is unclear. Furthermore, the negotiations may be jeopardized by the ongoing Saudi-led embargo of Qatar.

Sino-Gulf relations have intensified over the last decade, with bilateral trade volume expanding four-and-a-half times from a combined total of US\$39 billion in 2005 to an all-time high of US\$201 billion in 2014. The Gulf region became China's sixth largest trading partner,<sup>63</sup> while China

is currently the largest trading partner of both the GCC and Yemen, accounting for 14.9% of their total trade.<sup>64</sup>

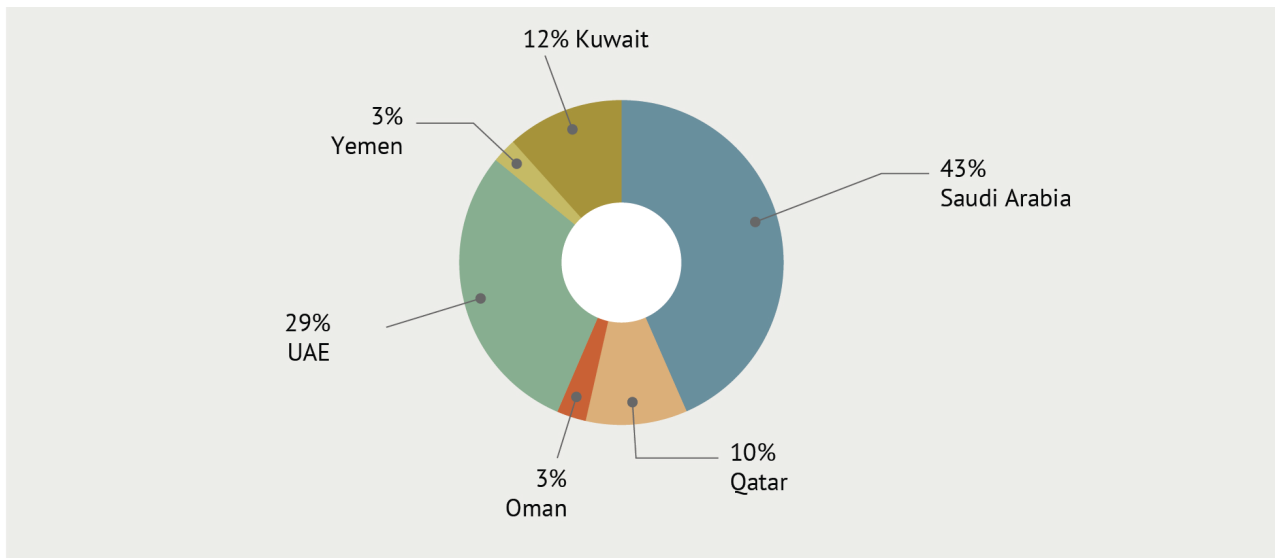
From 2005 to 2014, the balance of trade favoured the Gulf countries. More specifically, the Gulf region maintained a US\$43 billion trade surplus with China in 2012. This surplus turned into a US\$9 billion deficit in 2015 and US\$16.5 billion in 2016, due to the decline of petroleum prices. However, with the rise of petroleum prices in 2017, the Gulf

## Chinese Investment in the Gulf Region by Sector 2005-2017



Source: American Enterprise Institute and Heritage Foundation China Global Investment Tracker

## Chinese Investment in the Gulf Region by Country 2005-2017



Source: American Enterprise Institute and Heritage Foundation China Global Investment Tracker



region's trade deficit with China turned into a surplus of US\$12.6 billion.

The Gulf region attracted 34% of China's total FDI in the MENA region. Chinese investment in the region increased from US\$1.3 billion in 2006 to US\$7.5 billion in 2007. Investment reached record high in 2016, exceeding US\$8.8 billion. Total investment in the Gulf region, from 2005-2017, reached nearly US\$70 billion. 43% of these investments have targeted the real estate sector, while 33% have targeted energy, 9% transportation, and 5% utilities. 43% of total Chinese investment in the region was invested in Saudi Arabia, 29% in the UAE, 12% in Qatar, 3% in Yemen, and 3% in Oman.

## *China and Saudi Arabia*

### **POLITICAL AND ECONOMIC RELATIONS**

China and Saudi Arabia established diplomatic relations in 1990. Sino-Saudi advanced in October, 1999, following then-President Jiang Zemin's visit to Saudi Arabia. This was the first ever state visit made by a Chinese Head of State to the Kingdom. During his visit, Jiang met with King Fahd bin Abdul-Aziz and Crown Prince Abdallah Bin Abdul-Aziz. The meeting concluded with the signing of an agreement to enhance "mutual understanding, expand common ground, deepen friendship, and promote cooperation."<sup>65</sup>

In 2006, Saudi King Abdullallah Bin Abdul-Aziz made a state visit to China and met with Jiang Zemin's successor, President Hu Jintao. The meeting concluded with the signing of "a protocol on bilateral cooperation concerning petroleum, natural gas and minerals."<sup>66</sup> In the same year, President Hu visited Saudi Arabia and met with King Abdullallah, and Crown Prince Sultan Bin Abdul-Aziz. The meetings concluded with the signing of further trade agreements.<sup>67</sup> These meetings were followed by visits in 2008 by Vice President Xi Jinping and President Hu.

Both sides have continued to seek increased economic cooperation. In January 2016, President Xi Jinping made a two-day visit to Saudi Arabia, meeting with King Salman and the Deputy Crown Prince Mohammed bin Salman. Xi said that Saudi Arabia stood "at a key junction along the Belt and Road initiative [BRI]" and the two countries should "discuss aligning their development strategies and that they should actively participate in the interconnectivity and intercommunication in the Middle East and the Gulf region."<sup>68</sup> The countries issued a joint statement describing their bilateral relations as a

"comprehensive strategic partnership."<sup>69</sup>

In light of Saudi Arabia's current economic downturn, Crown Prince Mohammed Bin Salman Al-Saud announced the Kingdom's "2030 Vision" in April 2016. This vision presents a comprehensive "methodology and roadmap for economic and developmental action" in Saudi Arabia, according to Government sources.<sup>70</sup> The ultimate purpose of this initiative is to diversify the Saudi economy and reduce its dependency on oil. To this end, Saudi officials have, not surprisingly, looked to rising China as an important economic partner. In August 2016, Deputy Crown Prince Mohammed Bin Salman visited China to discuss bolstering bilateral ties. The meeting produced fifteen preliminary agreements concerning "oil storage, water resources, cooperation on science and technology, and cultural cooperation."<sup>71</sup> In May 2017, King Salman Bin Abdul-Aziz began his first-ever Asia tour, stopping in China, Indonesia, Malaysia, and Japan.<sup>72</sup> In China, Salman met with Xi Jinping and Premier Li Keqiang, where the leaders signed investment deals worth US\$65 billion. Such deals are expected to facilitate economic cooperation in a number of sectors, including "energy, finance, culture, and aerospace."<sup>73</sup>

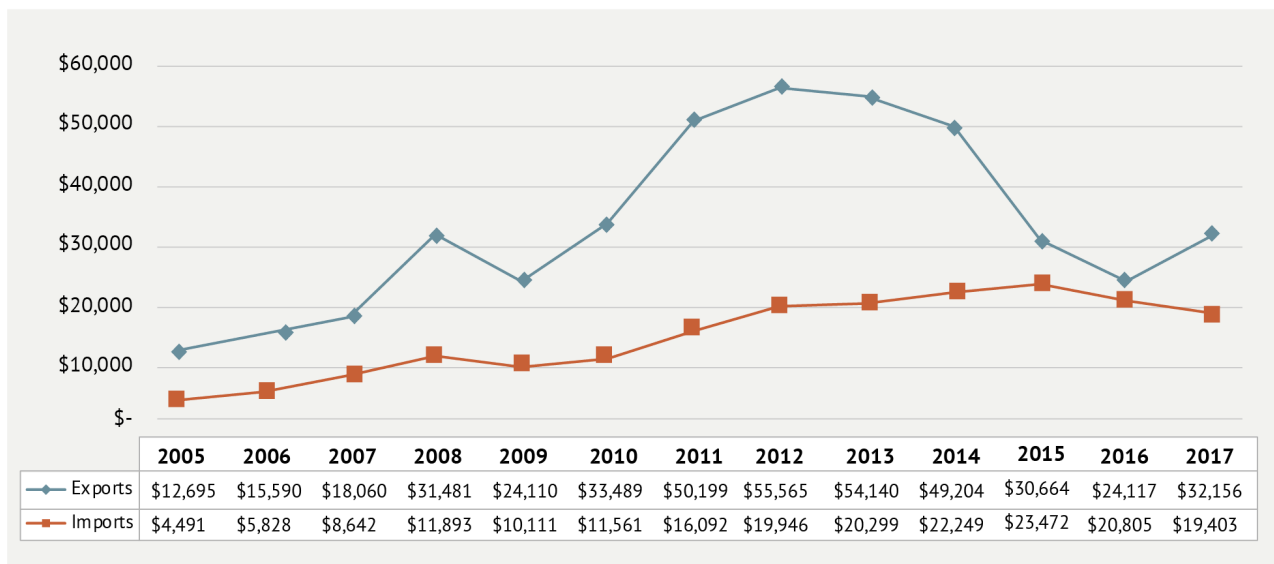
In August, 2017, Saudi Arabia and China agreed to cooperate in the field of nuclear energy. China's "leading state nuclear project developer China National Nuclear Corp (CNNC) has signed a memorandum of understanding with the Saudi Geological Survey (SGS) to promote further existing cooperation between the two sides to explore and assess uranium and thorium resources."<sup>74</sup>

In the same year, Saudi Energy Minister Khalid Al-Falih announced Saudi plans to establish, and operate jointly with China, "a \$20 billion investment fund, sharing costs and profits on a 50:50 basis." In addition to this, he expected 11 business agreements worth about \$20 billion to be signed between the two sides in the near future.<sup>75</sup> In September 2018, Saudi Basic Industries Corp (SABIC) signed a memorandum of understanding with "China's Fujian provincial government to build a petrochemical complex."<sup>76</sup>

China is Saudi Arabia's top trading partner.<sup>77</sup> As of 2016, 61% of Saudi exports to China consisted of crude petroleum, making up 15% of China's crude petroleum imports, while 22% of its exports consisted of chemicals.<sup>78</sup> Trade between the two sides has increased four-and-a-half-times from US\$17.2 billion in 2005 to an all-time high of US\$75 billion in 2013. Compared to 2015, the total value of Saudi exports to China decreased by 104% in 2016, from US\$49 billion to \$24 billion. Despite the substantial decrease in trade value, Saudi Arabia reported a US\$3.2 billion trade surplus with China in 2016. More specifically, the total value of 2016's

## Saudi Arabia's Trade with China

*In Millions US\$, 2005-2017*



Source: UN ComTrade Data

bilateral combined trade exceeded US\$45 billion, of which 53% consisted of Saudi exports to China and 47% of Saudi imports from China. In 2017, supported by rising oil prices, Saudi exports to China increased by 33%, from US\$24 billion in 2016 to US\$32 billion.

Saudi Arabia has also been the largest recipient of Chinese investment in the region with total stock of US\$30.1 billion, invested from 2005-2017.<sup>79</sup> 15% of all Chinese investment in the MENA region from 2005-2017 has been invested in Saudi Arabia. 39% of that total targeted the energy sector, followed by 17% in metals, 16% in real estate, 10% in transportation, 6% in chemicals, 4% in agriculture, 3% in utilities, and 5% in other sectors.<sup>80</sup>

### FUTURE BILATERAL RELATIONS

With an already robust economic relationship, the two countries will likely continue to cooperate as they seek to deepen economic ties. For Saudi Arabia, China will be key as Riyadh strives to diversify the Saudi economy. For China, Saudi Arabia remains the largest supplier of petroleum to the Chinese economy and a potentially important partner in the BRI, although the Saudi role in the proposed initiative remains unclear. While both countries diverge on issues such as the Syrian civil war, this divergence has not set

back the overall warming of bilateral relations. Given Saudi Arabia's current economic downturn, the Kingdom is likely to continue to deepen economic and political relations with China as part of its diversification strategy—but unless China is prepared to play a more active security role in the Middle East, China is unlikely to supplant the United States as Saudi Arabia's indispensable partner.

## China and the United Arab Emirates

### POLITICAL AND ECONOMIC RELATIONS

Relations between the UAE and China intensified in 2012 when the two sides agreed to elevate bilateral relations to form a 'strategic partnership.' During a visit to the UAE, Chinese Premier Wen met Vice President and Prime Minister Sheikh Mohammed bin Rashid Al-Maktoum and signed an agreement to establish such partnership. He emphasized that the "decision to establish a strategic partnership between the two nations is in line with the fundamental interests of both sides and will create a broader prospect for them in the expansion of bilateral cooperation in various areas."<sup>81</sup> In 2015, Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, paid a

visit to China and met with President Xi Jinping. President Xi stressed “China regards the UAE as a good friend and good partner in the Gulf region, and is willing to elevate the level of strategic partnership with the UAE so as to break a new ground for China-UAE friendly and mutually beneficial cooperation.”<sup>82</sup> The meeting concluded with both sides signing the ‘Memorandum of Understanding on Establishing China-UAE Investment Cooperation Fund (Limited Partnership)’ which strengthened economic cooperation between the two sides.

Sino-UAE relations strengthened following President Xi’s historic visit to the UAE in July 2018. This was the first official visit by a Chinese head of state to the UAE. The meeting concluded with the two sides agreeing to “strengthen their cooperation on a wide range of areas from trade to military and energy.”<sup>83</sup> More specifically, the two sides agreed to allow “state-owned financial services firm Industrial Capacity Co-Operation Financial Group to set up a lending platform in Abu Dhabi” as well as to “build a traders market at the Dubai Jebel Ali free economic zone.”<sup>84</sup>

China is the UAE’s top trading partner with a combined bilateral trade value of US\$55 billion in 2016.<sup>85</sup> Bilateral trade increased by five times from US\$15.9 billion in 2005 to an all-time high of US\$72 billion in 2014. The UAE is also the single largest importer of goods from China in the MENA region. The UAE also supplies China with 10% of its total natural

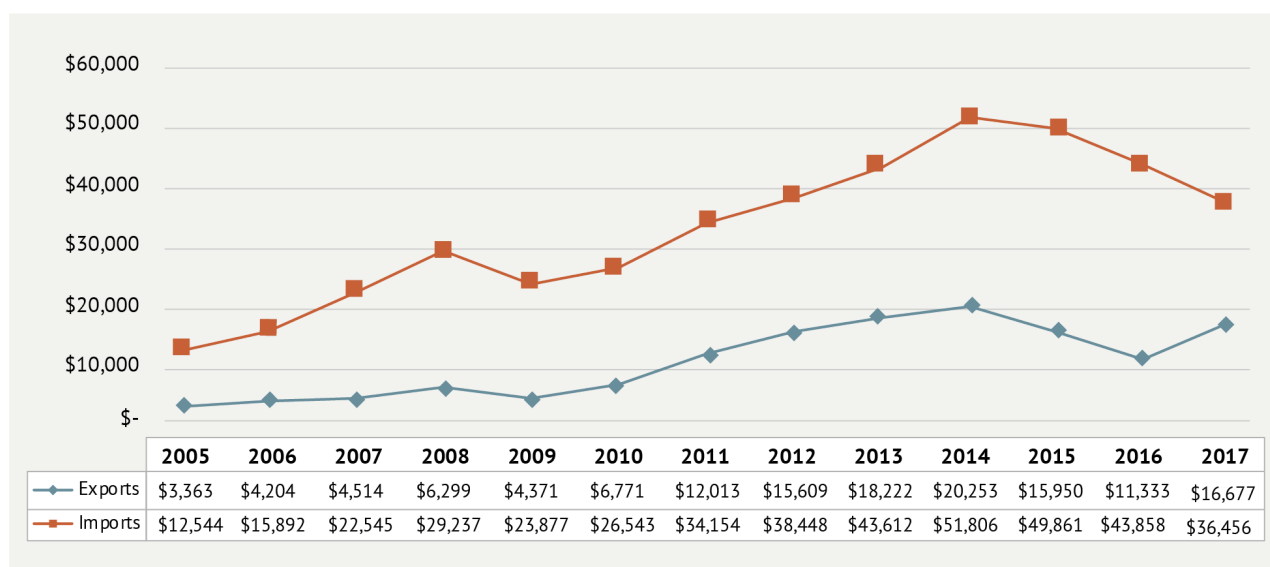
gas imports, and 3.3% of crude petroleum, which when combined, makes up 56% of the UAE’s total exports to China in 2016.<sup>86</sup> In 2017, the combined total trade exceeded US\$53.1 billion; of that total, 31% accounted for UAE exports to China, while 69% were UAE imports from China. Compared to 2014, the UAE’s total value of exports to China decreased by 18% in 2017, from US\$20.2 billion to US\$16.7 billion, while in the same period imports from China decreased by 30% from US\$52 billion to US\$36.5 billion.

The UAE is the fifth-largest destination for Chinese investment in the MENA region, attracting 10% of the total stock of Chinese investment in MENA from 2005 to 2017.<sup>87</sup> 54% of all Chinese investment in the UAE targeted the energy sector, followed by 27% in real estate, 10% in agriculture, 7% in tourism, and 2% in other sectors. In 2015 there were as many as 1,400 Chinese companies operating in the UAE, and 2,400 are registered members of the Dubai Chamber.<sup>88</sup> According to more recent estimates, the number of Chinese companies operating in the UAE as of 2016 increased to 4,200.<sup>89</sup>

## FUTURE BILATERAL RELATIONS

The UAE is an important trading partner for China, underlined by the UAE’s status as a regional hub for banking and finance. Furthermore, the UAE is also an important

### The UAE’s Trade with China In Millions US\$, 2005-2017



Source: UN ComTrade Data

supplier of petroleum products to China. While the two sides diverge politically on issues such as the Syrian crisis, their political differences are not expected to hinder bilateral relations, given the economic focus of their relationship.

## China and Oman

### POLITICAL AND ECONOMIC RELATIONS

Oman's foreign policy has generally been low-key, maintaining neutrality and avoiding regional and global conflicts or disputes. Political interactions with China have been limited and specifically focused on trade. Diplomatic interactions between the two countries have remained primarily at the ministerial level. Over the last decade, the two countries have held eight rounds of strategic consultation between foreign ministries.<sup>90</sup> During the eighth round, the two sides vowed to deepen their relations in political, energy, economic, trade, investment, people-to-people, cultural, and other fields.<sup>91</sup>

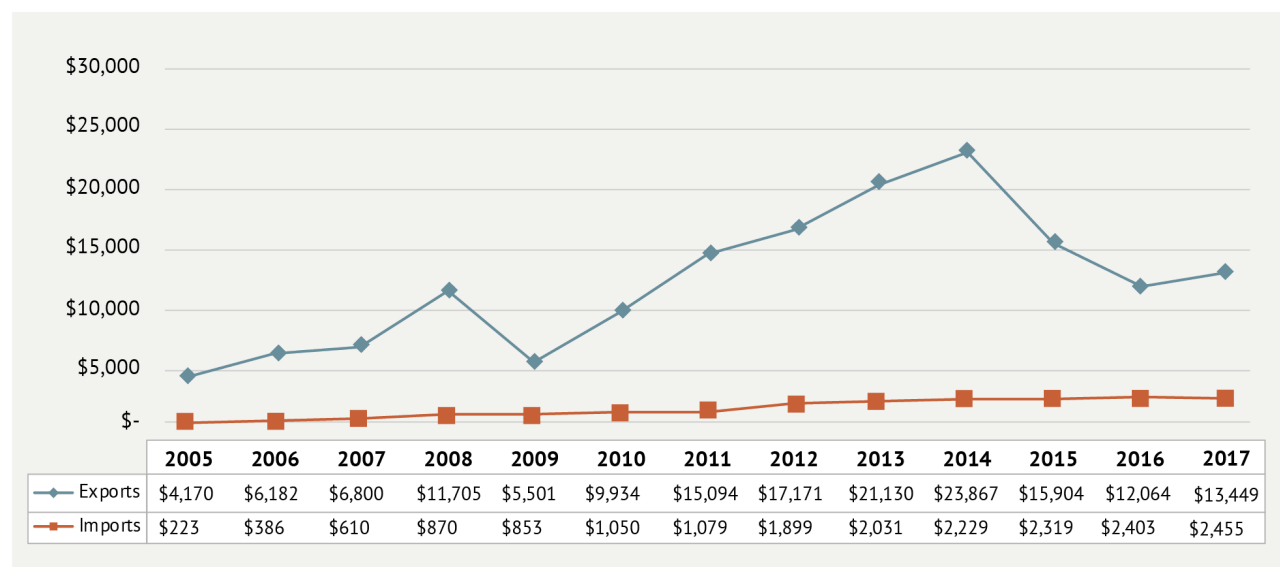
China is Oman's top destination for exports; over 44% of Oman's exports are destined for China.<sup>92</sup> The combined total trade between the two countries exceeded US\$14.5 billion in 2016. Omani exports to China accounted for 83.5% of that

total, while imports from China made up 16.5%, resulting in an Omani trade surplus of US\$9.5 billion. As of 2016, 92% of Omani exports into China consisted of crude petroleum, comprising 9.4% of China's total crude petroleum.<sup>93</sup> Trade between both countries reached an all-time high in 2014, exceeding US\$26 billion. Chinese exports into Oman have been steadily rising since 2005. In comparison to 2014, imports from China increased by 10% in 2017, from US\$2.2 billion to US\$2.45 billion, while the value of Omani exports into China dropped by 36% from US\$23.9 billion to US\$13.4 billion in the same year.

### FUTURE BILATERAL RELATIONS

Omani-Chinese relations are expected to remain limited, focused on economic cooperation. Oman is one of China's largest suppliers of oil, and given the former's geographic proximity to China and easy access to the Arabian Sea, this allows for a quick turnover in maritime shipments of oil from Oman to China. Politically, each country holds views consistent with the other, preferring non-intervention and diplomatic solutions to regional disputes/conflicts. Both countries have maintained neutrality vis-à-vis regional disputes. While for China this policy is articulated in order to promote business-

## Oman's Trade with China In Millions US\$, 2005-2017



Source: UN ComTrade Data

oriented relations with a great number of state, for Oman this policy may be driven by the country's lack of global ambition, perhaps reflecting its position in the international system.

## China and Kuwait

### POLITICAL AND ECONOMIC RELATIONS

Kuwait and China have traditionally maintained close relations. Kuwait was the first country in the Gulf Cooperation Council (GCC) to develop diplomatic relations with China, dating from 1971. From 1990 to 2009, the countries held three head-of-state and thirty-six ministerial visits together, resulting in a number of bilateral agreements on trade and investment (1980, 1985, 1986), civil aviation transportation (1980), cultural cooperation (1982), taxation (1989), economic and technical cooperation (1989), and sports cooperation (1992).<sup>94</sup>

In 2014, Prime Minister Sheikh Jaber Al-Sabah met his Chinese counterpart, Li Keqiang, in Beijing. Premier Li called for increased cooperation between the two countries, especially in trade, investment, finance, and infrastructure construction, stressing Kuwait's critical position in the BRI.<sup>95</sup> The meeting produced ten agreements and memoranda of

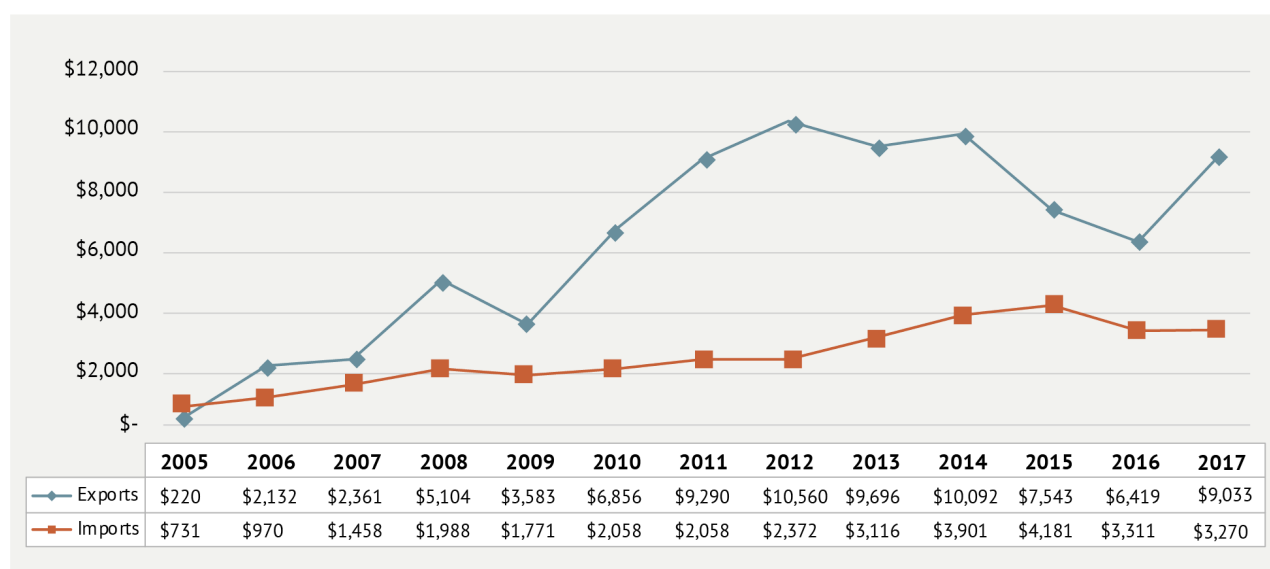
understanding "to boost their ties and cooperation in the areas of economy, investment, energy, culture, education and civil aviation."<sup>96</sup>

Both sides have sought to deepen bilateral ties as they seek to implement their respective economic initiatives: China's BRI and Kuwait's "Vision 2035". The latter, announced in January of 2017, is a comprehensive plan that seeks to lessen Kuwait's dependency on oil exports, transforming in by 2035 into a "regional financial and cultural hub" through a number of "strategic development programs."<sup>97</sup> In 2017, PRC Vice Premier Zhang Gaoli paid a visit to Kuwait and expressed China's support for the Kuwait Vision 2035. He reasoned that the plan is "highly consistent with the 'Belt and Road' initiative put forward by President Xi Jinping" and emphasized that the two sides should "strengthen the integration of development strategies, so as to achieve advantage complementarity and boost common development."<sup>98</sup>

In 2017, bilateral trade between Kuwait and China totaled US\$12.3 billion; 75% accounted for Kuwaiti exports to China, while Kuwaiti imports from China made up the remaining 25%. Nearly 81% of Kuwait's total exports to China consist of crude and refined petroleum, making up 4.1% of China's total crude petroleum imports in 2016.<sup>99</sup> China is Kuwait's largest trading partner.<sup>100</sup> Trade between

## Kuwait's Trade with China

*In Millions US\$, 2005-2017*



Source: UN ComTrade Data

the two countries capped in 2014 at US\$14 billion. Kuwaiti exports to China fell by 36.4% in value from 2014 to 2015, from US\$10 billion to US\$6.5 billion, while imports from China fell by 15%, from US\$3.9 billion to US\$3.3 billion. Supported by rising oil prices, Kuwaiti exports to China increased by 41% in 2017, while imports from China decline by 1%.

Kuwait is the ninth-largest recipient of Chinese investment in the MENA region, absorbing 4% of the total Chinese investment in the region between 2005 and 2017.<sup>101</sup> During this time period, Chinese investment in Kuwait totalled US\$8.1 billion. 30% of that total targeted the energy sector, followed by 27% in real estate, 24% in education and medical, and 19% in transportation.

### FUTURE BILATERAL RELATIONS

The two countries are expected to continue cooperating on economic and trade matters as they seek to implement their respective economic plans. Politically, the two sides take similar approaches to regional issues: Kuwait focuses on working with regional and global partners and strengthening bilateral relations, given the county's limited power and influence. This allows Kuwait to focus on economic relations, which is generally in line with the

type of relationships China hopes to pursue in MENA. However, Kuwait does play a limited role in regional conflicts/disputes. In addition to vocal stances on the crisis in Syria and Saudi-Iranian rivalry, Kuwait has contributed to the Saudi-led war in Yemen.

## China and Qatar

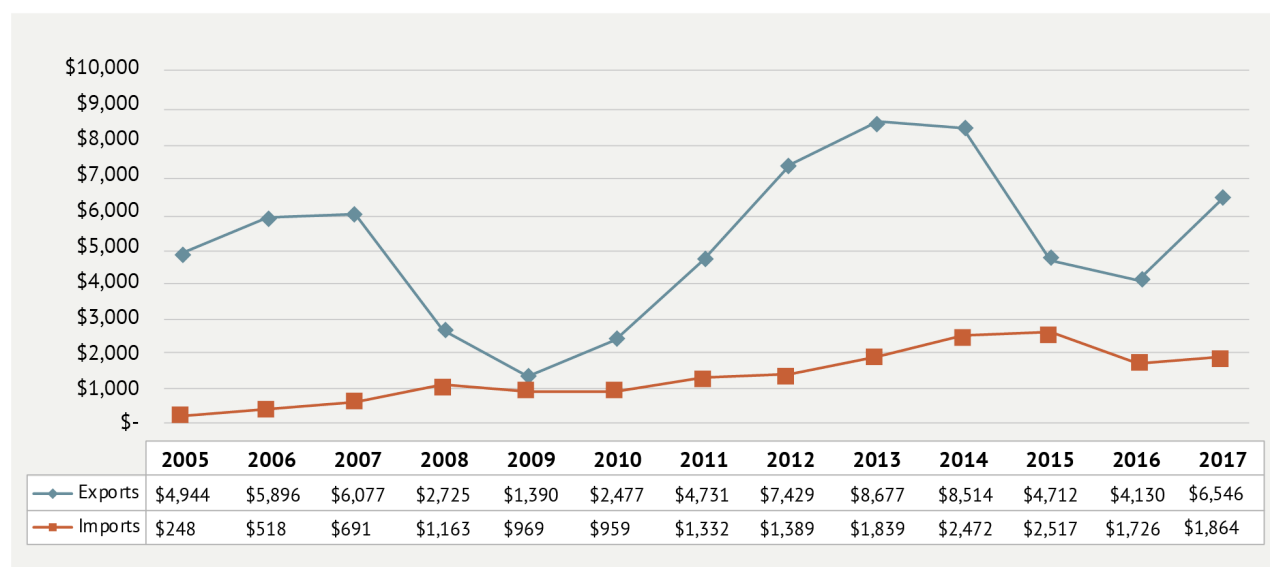
### POLITICAL AND ECONOMIC RELATIONS

Sino-Qatari relations have intensified over the last decade, as the latter become an increasingly important supplier of natural gas and destination for Chinese investment. In 2008, then-Chinese Vice President Xi Jinping made an official visit to Qatar, meeting with Emir Hamad bin Khalifa Al-Thani and Crown Prince Tamim bin Hamad Al-Thani. The leaders vowed to deepen their cooperation on trade, energy, and investment. The meeting concluded with agreements establishing a “Sino-Qatari investment promotion commission... sister city relationship between Beijing and Doha, as well as a series of bilateral cooperation agreements concerning labor, shipping, tourism and petrochemicals.”<sup>102</sup>

In 2014, China's central bank signed a US\$5.7 billion “currency swap deal with its Qatari counterpart in a step towards expanding use of the Chinese yuan in a region

## Qatar's Trade with China

*In Millions US\$, 2005-2017*



Source: UN ComTrade Data



long dominated by the U.S. dollar.”<sup>103</sup> In the same year, China signed agreements to take part in infrastructure projects in Qatar worth US\$8 billion.<sup>104</sup> In September 2018, PetroChina Co. signed a 22-year deal with Qatargas Operating Co. to “purchase 3.4 million tons of liquefied natural gas annually.”<sup>105</sup>

In 2017, the combined bilateral trade between Qatar and China exceeded US\$8.4 billion: Qatari exports to China accounted for 77% of the total and imports from China the remaining 34%. In 2016, over 63% of Qatar’s exports to China consisted of natural gas; 9.5% was crude and refined petroleum.<sup>106</sup> Qatar is China’s second top supplier of natural gas, making up 16% of China’s total natural gas imports in of 2015.<sup>107</sup> China is Qatar’s top source of imports and the third- largest export destination for Qatari goods.<sup>108</sup> Trade between the two countries peaked in 2014 at US\$10.9 billion. Compared with 2014’s figures, the total value of Qatari exports into China fell 51.5%, from US\$8.5 billion to US\$4.1 billion in 2016, while Qatari imports from China fell by 30%, from US\$2.5 billion to US\$1.7 billion. In 2017, Qatari imports from China increased by 8%, while exports to China increased by 58.5%.

Chinese investment in Qatar absorbed a total of 4% of China’s investment in the MENA region between 2005 and 2017.<sup>109</sup> During this time period, Chinese investment in Qatar totalled US\$7 billion. 53% of that total targeted the utilities sector, 23% targeted real estate, 18% transportation, 4% entertainment, and 2% energy.

## **FUTURE BILATERAL RELATIONS**

As the second-largest supplier of China’s liquefied natural gas (LNG) demand, Qatar will continue to be an important economic and strategic partner for China and a possibly vital player in BRI. The crucial role of LNG gas as a “transition fuel” in Chinese efforts to reduce coal usage and the improve air quality in China’s cities should sustain Chinese high-volume imports of Qatari liquefied natural gas (LNG) for decades. The relationship between the two countries is based primarily on trade and investment. While politically they diverge on issues such as the future of Syrian President Bashar al-Assad and his Ba’athist regime, they continue to cooperate on economic matters.

## ***China and Bahrain***

### **POLITICAL AND ECONOMIC RELATIONS**

Sino-Bahraini relations are largely limited to trade. After establishing diplomatic relations, the two countries signed six agreements on cultural cooperation (in 1991), air services (1998), investment (1999) and international air transport taxation (1999).<sup>110</sup>

In 2013, the King of Bahrain, Sheikh Hamad bin Isa Al-Khalifa, made the first-ever state visit by a Bahraini monarch to China.<sup>111</sup> Both sides affirmed the friendly nature of their relationship.<sup>112</sup> The meeting concluded with the signing ceremony of cooperation documents in the fields of energy, taxation, health care, finance, education, and culture.

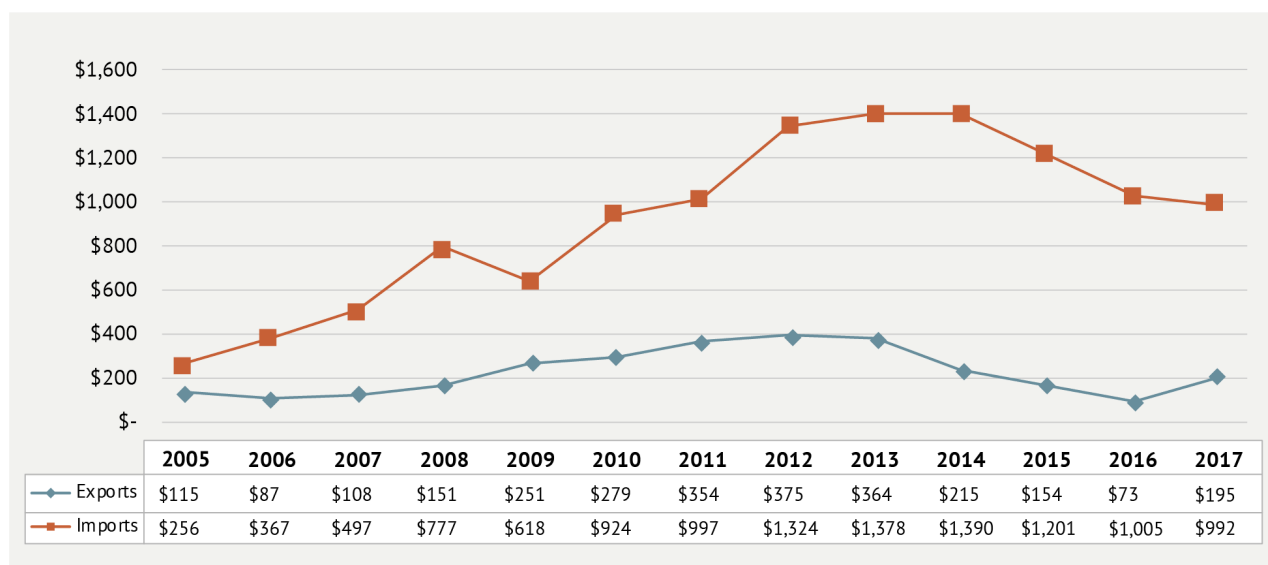
In 2017, the combined total trade between China and Bahrain exceeded US\$1.2 billion, more than double the 2005 levels. Bahrain has generally maintained a substantial trade deficit with China. More specifically, of 2017’s combined trade total, only 16% consisted of Bahraini exports to China. In 2016, over 84% of Bahrain’s exports to China were crude and refined petroleum.<sup>113</sup> Trade between the two countries hit a record high in 2013, totaling US\$1.7 billion. The total value of Bahraini exports to China fell by 80% between 2013 and 2016, from US\$364 million to US\$73 million. Bahraini imports from China fell during the same period by 27%, or US\$1.4 billion to US\$1 billion. However, in 2017, Bahraini exports to China increased nearly two-and-a-half times, while imports from China stayed nevertheless the same.

### **FUTURE OF BILATERAL RELATIONS**

The two sides are expected to maintain limited political relations as they lack the political and strategic incentive to deepen them. Bahrain represents a small and insignificant market for China, and it is in heavily interconnected, in terms of trade, to its traditional regional allies such as Saudi Arabia and the UAE.

## Bahrain's Trade with China

*In Millions US\$, 2005-2017*



Source: UN ComTrade Data

## China and Yemen

### POLITICAL AND ECONOMIC RELATIONS

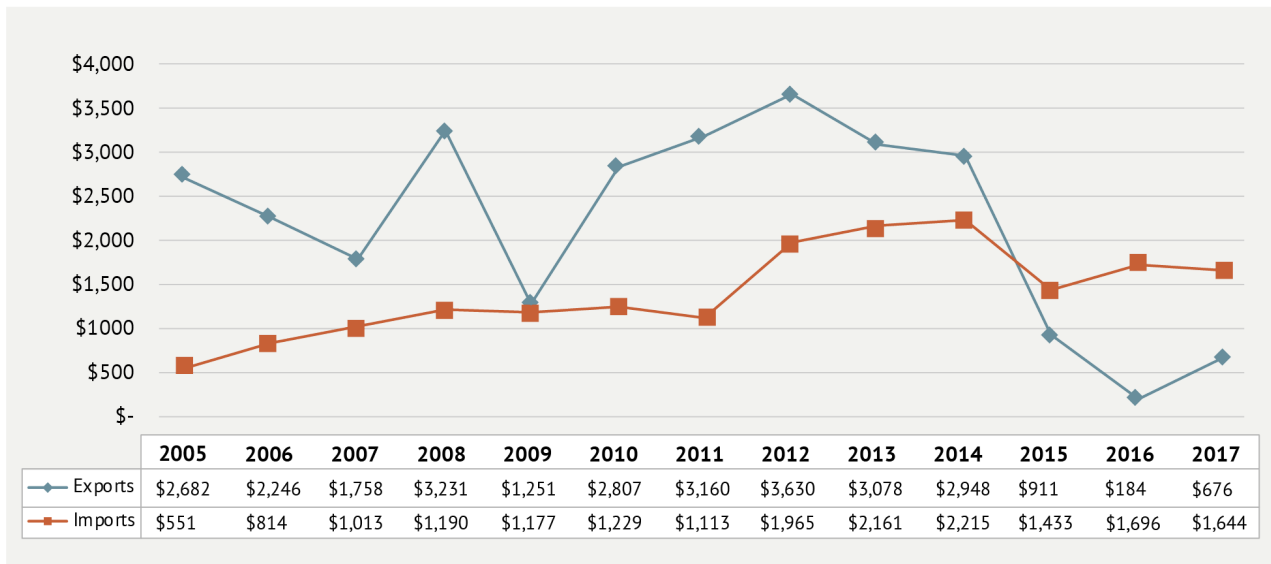
After attaining independence from the United Kingdom in the 1960s, Yemen split into the People's Democratic Republic of Yemen (South Yemen) and the Yemen Arab Republic (North Yemen). South Yemen was initially socialist in outlook and became the first country in the Gulf region to forge diplomatic relations with the People's Republic of China—first at the ministerial level in 1956, and then at the ambassadorial level in 1963.<sup>114</sup> North Yemen was Western-leaning and did not maintain significant ties with China. After the two Yemens reunited in 1990 to form the Republic of Yemen, China and Yemen retroactively set September 24, 1956 as the date bilateral diplomatic relations were established.<sup>115</sup> Between 1990 and 2010, thirteen ministerial-level visits occurred between the two sides. President Ali Abdullah Saleh also visited China before unification in 1987 and after unification in 1999.<sup>116</sup> Bilateral relations deepened in 1998 when both countries signed four agreements and one protocol on economic and technical cooperation, investment, cultural cooperation, sports cooperation, and consular affairs. The two sides signed two additional agreements in 2001 to promote education cooperation and allow Chinese medical teams to be dispatched to Yemen.

In 2012, after months of ongoing protests, President Saleh agreed to step down, through a Saudi brokered power transfer agreement that installed Vice President Hadi Mansour Abdrabouh as President, affirmed in a referendum held that year.<sup>117</sup> In 2013, Hadi met with Xi Jinping on an official state visit to China. Xi affirmed that “China respects the sovereignty and independence of the country and the development path chosen by its people... [and supports] the political transition and economic reconstruction in Yemen.”<sup>118</sup> Xi stressed “China’s willingness to strengthen exchanges between the two governments, legislatures and parties, and push for cooperation in such fields as electricity, energy, and telecommunications.”<sup>119</sup>

In 2014, Houthi rebels backed by Ali Abdallah Salah violently seized nearly all of Yemen, citing the alleged illegitimacy of President Hadi.<sup>120</sup> Backed by a coalition of fourteen states, Saudi Arabia launched a military operation in 2015 aimed at defeating the Houthi rebels militarily and restoring President Hadi. This ensuing civil war has resulted in a massive humanitarian catastrophe and economic collapse. Yemeni exports to China declined by a 94% in between 2005 and 2016. Consistent with its position on Syria, China has declared its support for the Government of President Hadi, but calls on both sides to work out their differences through dialogue.<sup>121</sup> In

## Yemen's Trade with China

*In Millions US\$, 2005-2017*



Source: UN ComTrade Data

2015 China deployed the PLA navy in a first-of-its-kind operation to evacuate Chinese and other foreign nationals from Yemen.<sup>122</sup> In two separate operations, 571 Chinese nationals and 225 foreign citizens were evacuated by the Chinese navy.<sup>123</sup>

In light of the ongoing conflict, trade between Yemen and China has dropped significantly over the last few years. In 2015, over 98% of Yemen's exports to China consisted of crude petroleum and natural gas. Given this high percentage, the value of Yemeni exports to China has been dictated by oil prices. Illustrative of this is the sharp decline in the value of Yemeni exports to China from US\$3.2 billion to \$1.25 billion between 2008 and 2009, when oil prices dropped significantly. Overall bilateral trade dropped from US\$5.2 billion in 2014 to US\$1.8 billion in 2016. Yemen's exports to China increased by 267% in 2017, from US\$0.2 billion in 2016, to US\$0.7 billion in that year.

Yemen has traditionally maintained trade surpluses with China, but the conflict plus the drop in oil prices reduced Yemeni exports to China from US\$2.94 billion in 2014 to US\$184 million in 2016—a decline of 99%. In the same period, imports from China plunged by 34%, from US\$ 2.2 billion in 2014 to US\$1.4 billion in 2015, but rebounded by 18% in 2016.

### FUTURE OF BILATERAL RELATIONS

China's position on Yemen is expected to remain consistent. Beijing has affirmed Hadi's legitimacy, called for an end to the two-year war, and stresses the importance of political dialogue as a way to work out political differences. The ongoing crisis in Yemen impedes trade and investment and will result in limited bilateral contact, given China's focus on strengthening bilateral economic relations with countries of the region. There is no indication of any willingness on the part of China to be drawn into the unresolved civil war in Yemen.

# China and the Levant, Iran, and Turkey<sup>124</sup>

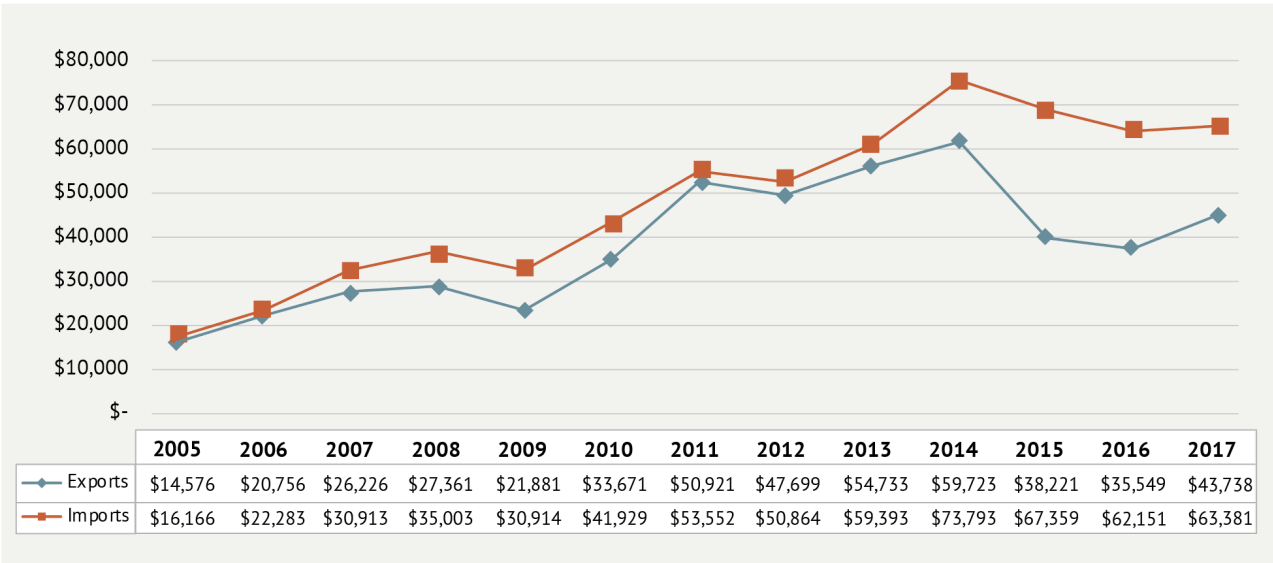
## POLITICAL AND ECONOMIC RELATIONS

Formal ties with China were established first by Syria in 1956, Iraq in 1958, Lebanon, Turkey and Iran in 1971, Jordan in 1977, and Israel in 1992. This region is of importance to China for a number of reasons: first, it supplies over 18% of China’s total import of crude petroleum.<sup>125</sup> Second, it is the top destination for Chinese investment in the MENA region, with investment concentrated particularly in high-tech and oil and gas sectors. Third, it is an important destination for Chinese exports. Fourth, it is geographically situated at the heart of the proposed BRI, with routes connecting Asia to Africa, Europe and the Mediterranean. China has been able to successfully develop friendly relations with countries of this region, while avoiding complex political/geopolitical disputes, from the Palestine/Israel conflict, the wars in

Syria and Iraq to the Israel/Iran hostility. In other words, relations between China and countries of this region have been established around the specified core Chinese interests.

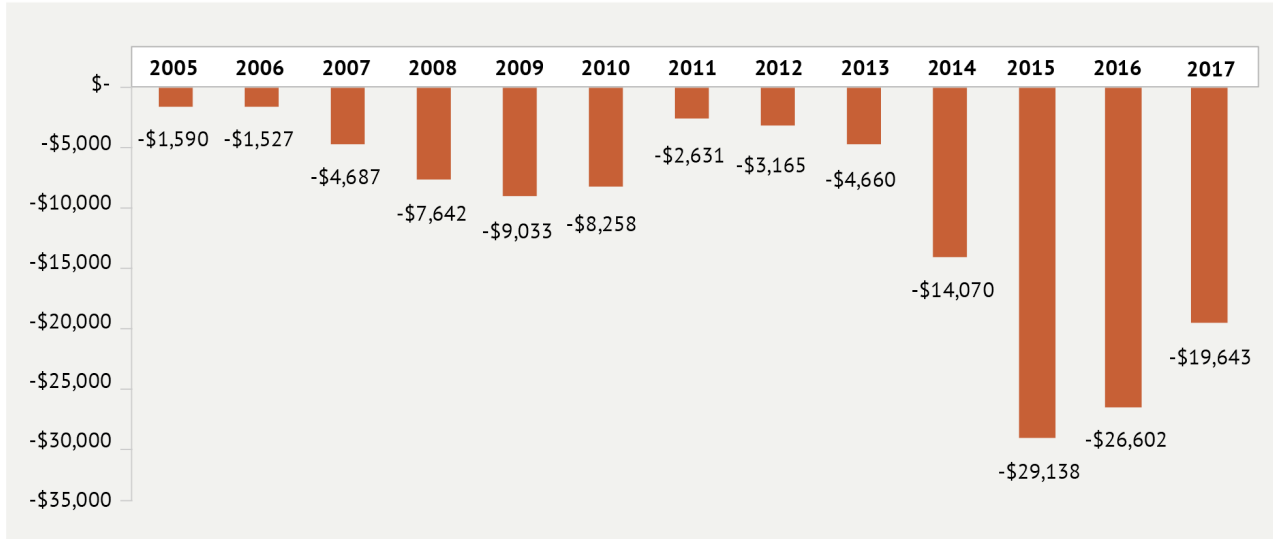
Trade between China and countries of the Levant, Iran, and Turkey increased by 210% from US\$30.7 billion in 2005 to US\$97.6 billion in 2017. From 2005 to 2007 bilateral trade with China grew by an average of 30.5% annually. This growth slowed in 2009, likely because of the global financial crisis and tumbling oil prices, which caused a 9% decline in total combined trade. More specifically, between 2008 and 2009 exports from this region to China declined by 22%, from US\$27.3 billion to US\$21.8 billion. This decline is comparable to an 11% decrease of total imports from China in the same year. Between 2009 and 2014, bilateral trade increased annually

The Levant, Iran, and Turkey’s Trade with China  
In Millions US\$, 2005-2017



Source: UN ComTrade Data

## The Levant, Iran, and Turkey's Trade Balance with China *In Millions US\$, 2005-2017*



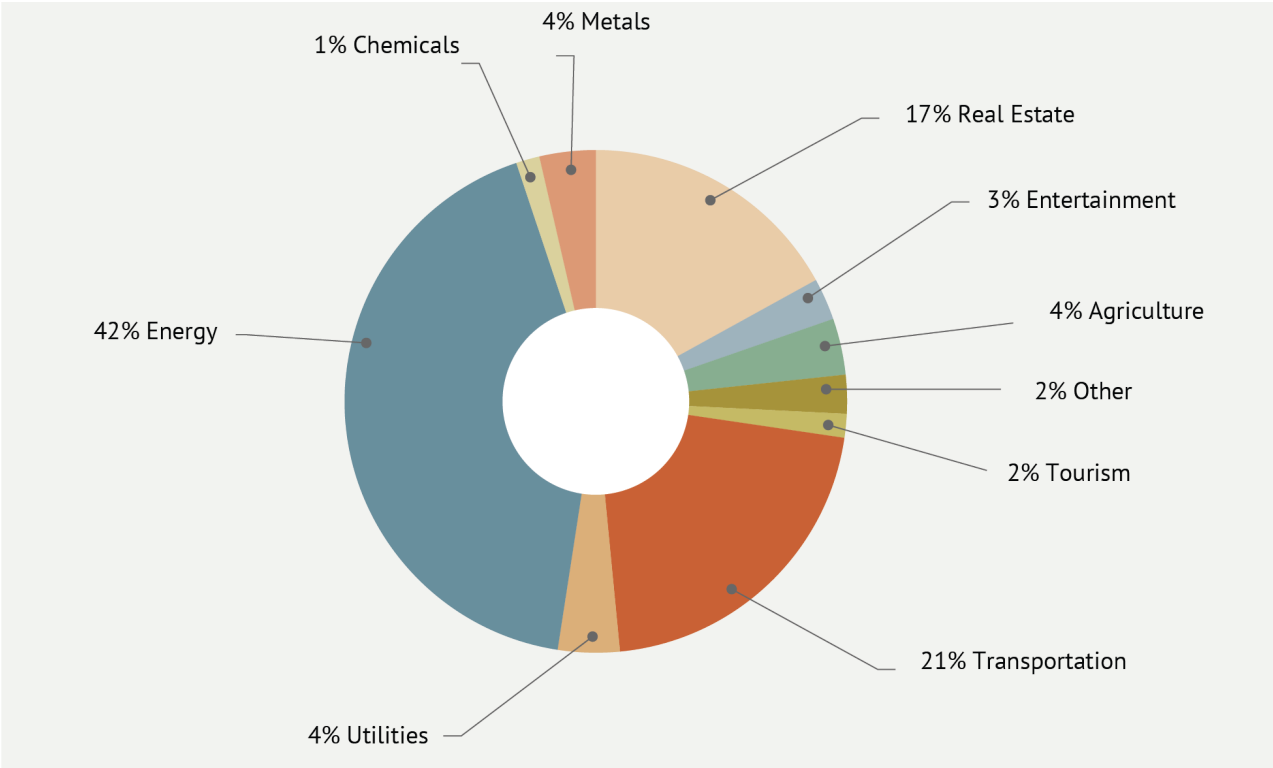
Source: UN ComTrade Data

between China and countries of the Levant, Iran, and Turkey. Supported by rising oil prices, the Levant's trade deficit with China narrowed by 2011, reaching a low of US\$2.6 billion. Trade between China and this region hit a record high in 2014, reaching US\$133.5 billion. 59% of that total, or US\$79.1 billion, accounted for trade with Turkey, Iran, and Iraq. In 2014, amid tumbling oil prices and the rise of the Islamic State (ISIS), the region's exports to China fell by 40%, from US\$59.7 billion in 2014 to US\$35.54 billion in 2016. Imports from China decreased by 16% from US\$73.8 billion to US\$62.1 billion in the same period. Bilateral trade grew by nearly 10% from US\$97.7 billion in 2016, to US\$107.1 billion in 2017. This increase is primarily attributed to a 23% rise in Levantine, Iranian, and Turkish exports to China.

Trade balance has generally been in China's favour. In 2015, it reached a record high with a surplus of US\$29.1 billion. Given that the majority of exports to China from the Levant, Iran, and Turkey consist of petroleum, the trade balance between countries of this region and China is dictated by oil prices. Hence, when oil prices are high, the trade surplus shrinks, and when it is low, it shifts in favour of China.

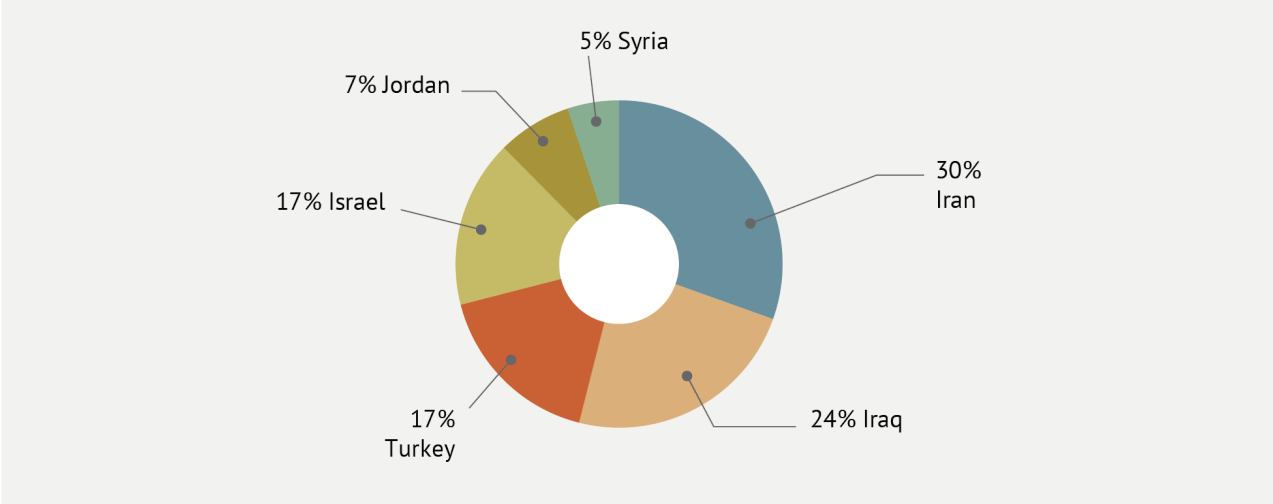
According to data by the American Enterprise Institute and Heritage Foundation China Global Investment Tracker, the total stock of Chinese investment in the Levant, Iran and Turkey from 2015-2017 exceeded US\$79.7 billion. This accounts for 39% of the total stock of Chinese investment in the MENA region. 30% of this total was invested in Iran, followed by 24% in Iraq, 17% in both Turkey and Israel, 7% in Jordan, and 5% in Syria. 57% of all investment targeted the energy sector, followed by 13% in transportation, 6% in metals, 5% in entertainment, 5% in agriculture, 4% in chemicals, 4% in utilities, and 2% in finance and other sectors.

## Chinese Investment in the Levant, Iran and Turkey by Sector 2005-2017



Source: American Enterprise Institute and Heritage Foundation China Global Investment Tracker

## Chinese Investment in the Levant, Iran and Turkey by Country 2005-2017



Source: American Enterprise Institute and Heritage Foundation China Global Investment Tracker



# China and Israel

## POLITICAL AND ECONOMIC RELATIONS

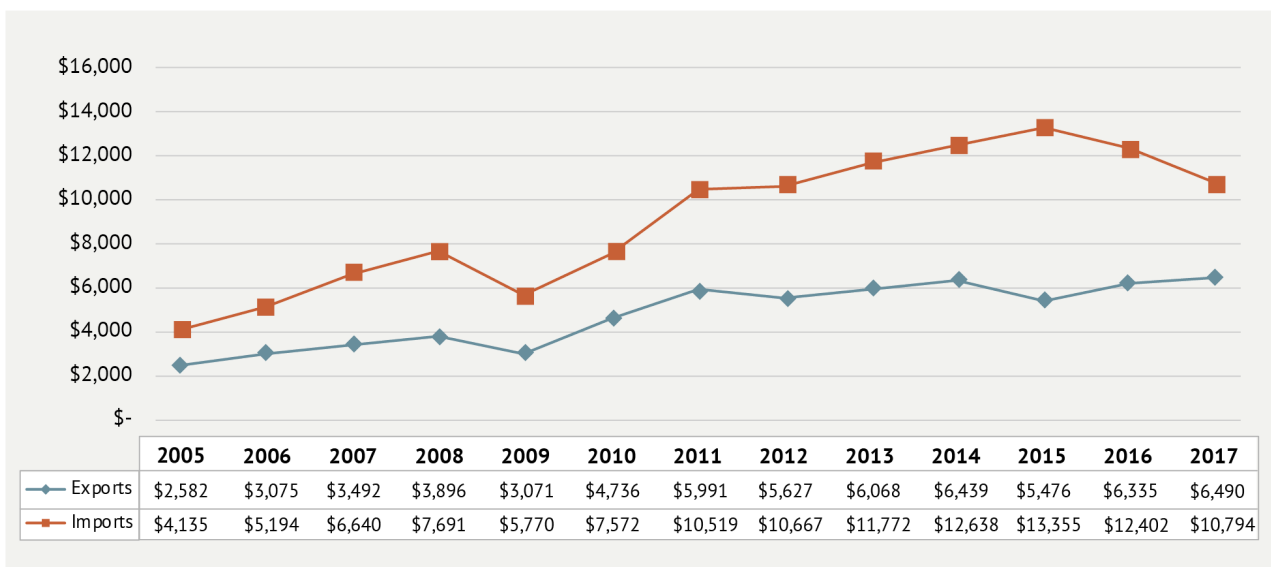
Sino-Israeli relations did not start well. During the 1955 Bandung Conference, Premier Zhou Enlai declared his country's support for Arab nations and the Palestine cause.<sup>126</sup> Zhou pushed for the inclusion of the Palestinian question in the conference's agenda and affirmed the PRC's support of the Palestinian people. China's position in this regard quickly caught the attention of Arab state representatives, who were impressed by the PRC's position. After the conference, a number of Arab states, including Egypt and Syria, moved to establish ties with the PRC. Throughout most of the Cold War, the PRC's position on Israel was consistent with its support for the Palestinian cause. China's official rhetoric referred to Israel as "the 'Zionist Entity', 'running dog of US imperialism' and an 'imperialist dagger thrust into the heart of the Arab people'."<sup>127</sup>

When Deng Xiaoping came to power in 1978, he shifted China's stance on Israel toward a more balanced and nuanced position. Against the backdrop of his "Open Door" policies, and in light of the Egypt-Israel peace treaty and the PLO's recognition of Israel, there were increased diplomatic interactions with Israeli officials in international forums and including the UN, setting the stage for the establishment of diplomatic ties in 1992.<sup>128</sup>

Although China and Israel did not establish diplomatic relations until the 1990s, the two countries cooperated secretly on the sale of military equipment from the 1980s forward.<sup>129</sup> In the aftermath of the events of the Tiananmen Square in June 1989, the United States and its Western allies imposed a number of sanctions on China – especially on sensitive military technology.<sup>130</sup> Eager to develop diplomatic relations with China, Israel "practically dismissed the Tiananmen massacre with a rather perfunctory low-level foreign ministry statement."<sup>131</sup> In "the process, it emerged as China's back door to Western technology."<sup>132</sup> Since their inception, Sino-Israel military/technology relations have been affected by periodically stated U.S. concerns regarding the export of sensitive technologies to China from Israel, which have included reminders to Israel that while the U.S. is de facto security guarantor, Washington does not want U.S. defence technology to be shared with Beijing.<sup>133</sup>

Beijing is particularly interested in Israel's emerging high-tech military capabilities.<sup>134</sup> This was made clear in 2010 when the Chinese Ministry of Commerce identified Israel as "one among the 20 countries, including the US, Japan and Finland... for focused efforts to undertake high-tech cooperation."<sup>135</sup> Hence, Israel's impressive high-tech sector has been of intense interest to Beijing as China diversifies its manufacturing sector beyond low-cost and industrial consumer goods.<sup>136</sup> Furthermore, advanced Israeli capacity

## Israel's Trade with China In Millions US\$, 2005-2017



Source: UN ComTrade Data

in dryland agricultural techniques is particularly useful in China's arid Western region.

Since Sino-Israeli relations were formally established there have been a number of high-level bilateral visits. Israeli President Chaim Herzog first visited China in 1992, followed by visits from Prime Minister Benjamin Netanyahu in 1998, 2013, and 2017, President Moshe Katsav in 2003, Prime Minister Ehud Olmert in 2007, and President Shimon Peres 2008 and 2014.<sup>137</sup> Chinese President Jiang Zemin visited Israel in 2000, the first trip of its kind. During the visit, Zemin sought to deepen bilateral ties and negotiate the sale of the sophisticated Phalcon Surveillance Systems to China.<sup>138</sup> The meeting was overshadowed by U.S. criticism of Israel's decision to proceed with the sale.<sup>139</sup> Due to U.S. pressures, Israel eventually cancelled the deal, triggering a diplomatic crisis between Israel and China. This move was condemned by Beijing and complicated the burgeoning bilateral relationship.

While the question of technology transfer complicated early relations, bilateral relations have improved since the mid-2000s. During Netanyahu's 2013 visit to China, the Israeli PM described Israel as "the perfect junior partner for China in its pursuit of economic excellence and competitive advantage."<sup>140</sup> After the meeting, Netanyahu informed his cabinet that China is interested in "three things: Israeli technology, Israeli technology, and Israeli technology."<sup>141</sup> In 2014, the China-Israel Innovation Development Fund was created to "assist the efforts of Israeli companies to penetrate the Chinese market."<sup>142</sup> The two countries also created the China-Israel Joint Committee on Innovation Cooperation. During its first meeting in 2015, Israeli Foreign Minister Avigdor Lieberman announced an "Innovation Competition Award, worth US\$1 million... to encourage the most innovative start-ups."<sup>143</sup> In the same year, Chinese Vice Premier Liu visited Israel and signed a Memorandum of Understanding to step up cooperation on innovation.<sup>144</sup> For Israel, which has complex and often minimal economic ties to regional MENA states, China's vast market represents not only a crucial 'economic space' outside of the Middle East, but a promising alternative to North America and Europe.

Trade between Israel and China increased by 160% between 2005 and 2017, from a combined total of US\$6.7 billion to US\$17.3 billion in those years. In 2015 approximately 45% of Israeli exports into China consisted of high-tech machinery and medical equipment. China, however, has generally maintained a trade surplus with Israel. More specifically, of 2017's total combined bilateral trade, Israeli exports to China made up 38% while the remaining 62% was imports from China. Total Israeli exports to China

increased by 15.7% between 2015 and 2016, after declining by 15% from 2014's total, while imports from China decline by 7% in 2016, as compared to 2015, after nine consecutive years of consistent growth. Imports from China decline nearly US\$10.7 billion, the lowest since 2012, while Israeli exports to China reached an all-time high of US\$6.3 billion in 2017.

According to the American Institute and the Heritage Foundation China Global Investment Tracker, Israel is the eighth largest recipient of Chinese investment in the MENA region, accounting for 6% of all Chinese investment there. Bloomberg data shows that from 2005 to 2017, Chinese investment in Israel totalled US\$13.2 billion. Of this total, US\$4.4 billion targeted the agriculture sector, and another US\$4.4 billion targeted the entertainment sector. This is followed by US\$3.65 billion investment in transportation and US\$510 million in technology and US\$260 million in energy.

## **FUTURE OF BILATERAL RELATIONS**

China is expected to deepen high-tech related trade with Israel. Israel "sees cooperation with China as an essential element of its efforts to increase exports, generate jobs and boost its economic growth"; China likewise sees Israel as a key market partner in high tech and innovation.<sup>148</sup> This pattern is likely to continue and even intensify given the increasing absorptive capacity of China's burgeoning science, technology, and innovation sectors. China's studied avoidance of direct involvement in the Israel-Palestine dispute also points to the stability in China's relations with Israel.

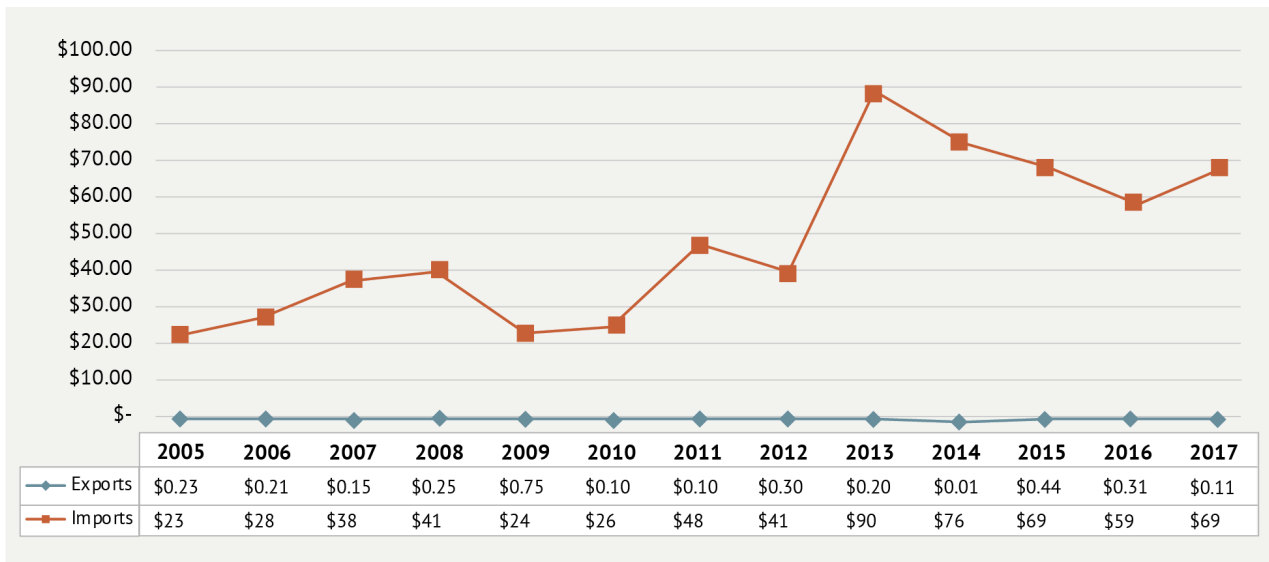
## ***China and the Palestinian Authority***

### **POLITICAL AND ECONOMIC RELATIONS**

China recognized Israel in 1949 but has long supported a two-state solution, along the 1967 borders, with East Jerusalem as the capital of Palestine. In 1988, China formally recognized the State of Palestine.<sup>149</sup> Given China's revolutionary origins and support for third world national liberation movements, throughout the 1950s, 1960s, and 1970s, Maoist China strongly supported Yasser Arafat's Palestinian Liberation Movement (PLO).<sup>150</sup> However, China's support for the PLO became more nuanced after Mao's death and Deng Xiaoping's takeover.

Decades later, China's position remains rooted in its support for a two-state solution. In a 2017 meeting with

## The Palestine Authority's Trade with China *In Millions US\$, 2005-2017*



Source: UN ComTrade Data

his Palestinian counterpart, China's Foreign Minister Wang Yi affirmed his country's support of the Palestinians by emphasizing "the fact that Palestinians still do not have a sovereign state is a terrible injustice that can't continue."<sup>151</sup> This position was reinforced during a 2017 meeting between President Mohamed Abbas and President Xi Jinping. Xi called the Palestinian people "true good friends, partners, and brothers."<sup>152</sup> He reaffirmed China's "support of a two-state solution, with an independent, sovereign Palestinian state, bounded by the 1967 borders and with East Jerusalem as its capital."<sup>153</sup> Xi declared that "China will, as always, support the just cause of the Palestinian people to restore their legitimate national rights."<sup>154</sup> Commenting on the issue of illegal settlements, Xi reiterated that UN Security Council Resolution 2334, which in 2016 condemned Israel's settlements in occupied Palestinian territory, should "be effectively implemented, and all the settlement-building on the occupied territories of Palestine should be immediately stopped."<sup>155</sup> Support for this resolution was condemned in Tel Aviv, where Netanyahu vowed to limit diplomatic ties with states that supported the resolution, including China. However, China appears to pay lip service to the Arab-Israel conundrum while maintaining economic and political relations with both Arab states and Israel. This reflects the core pragmatism of China's foreign policy in the post-Mao period, which tends to become more pronounced in regions that are distant from China's own territory.

Trade between the Palestinian territories and China totaled less than US\$70 million in 2017, of which almost all of that total accounted for Palestine's imports from China. Palestinian exports to China peaked in 2009 at US\$0.75 million, but declined to a range between US\$0.01 and US\$0.44 million between 2010 and 2016.

### FUTURE BILATERAL RELATIONS

China's position on the Israel-Palestine dispute is expected to remain consistent with its decades-long approach: Beijing will support an independent Palestinian state according to the 1967 borders, call for an end to illegal Israeli settlements, and stress the importance of peaceful negotiations.

## China and Syria

### POLITICAL AND ECONOMIC RELATIONS

Syria was among the first MENA states to recognize and establish diplomatic relations with the PRC, which it did in 1956. Officials from both countries first met during the 1955 Bandung Conference, where Syrian officials were impressed with Zhou Enlai's support of Arab causes. Post-recognition relations

“strengthened in political, economic, and cultural spheres.”<sup>156</sup> During the 1957 Syria-Turkish crisis, Beijing supported Syria. Mao sent a letter of support to Syria’s president, stating that “at a time when the USA is pushing Turkey to carry out provocations against Syria in a plot to start a war of aggression, I reiterate the firm stand of the Government and people of China to support resolutely the just struggle of the Syrian people to defend its independence and peace.”<sup>157</sup>

Between 1958 and 1962, Syria merged politically with Egypt forming the United Arab Republic (UAR). UAR President Gamal Abdel Nasser centralized power to himself and personally determined the state’s foreign policy. Hence during this period, Syria had no independent foreign policy. When the UAR collapsed following a 1962 secessionist coup, Sino-Syrian relations were re-established.<sup>158</sup> Political, cultural, and economic cooperation between China and Syria increased after Mao, but remained limited given that Syria’s small size and lack of resources of special interest to China.

With regard to the present Syrian crisis, China supports the Syrian regime of President Assad as the legitimate representative of the Syrian state. This position is rooted in China’s policy of non-intervention in the internal affairs of other states. Since the crisis commenced in 2011, Beijing and Russia have vetoed seven Security Council resolutions intended to denounce the Syrian regime for its use of brutal

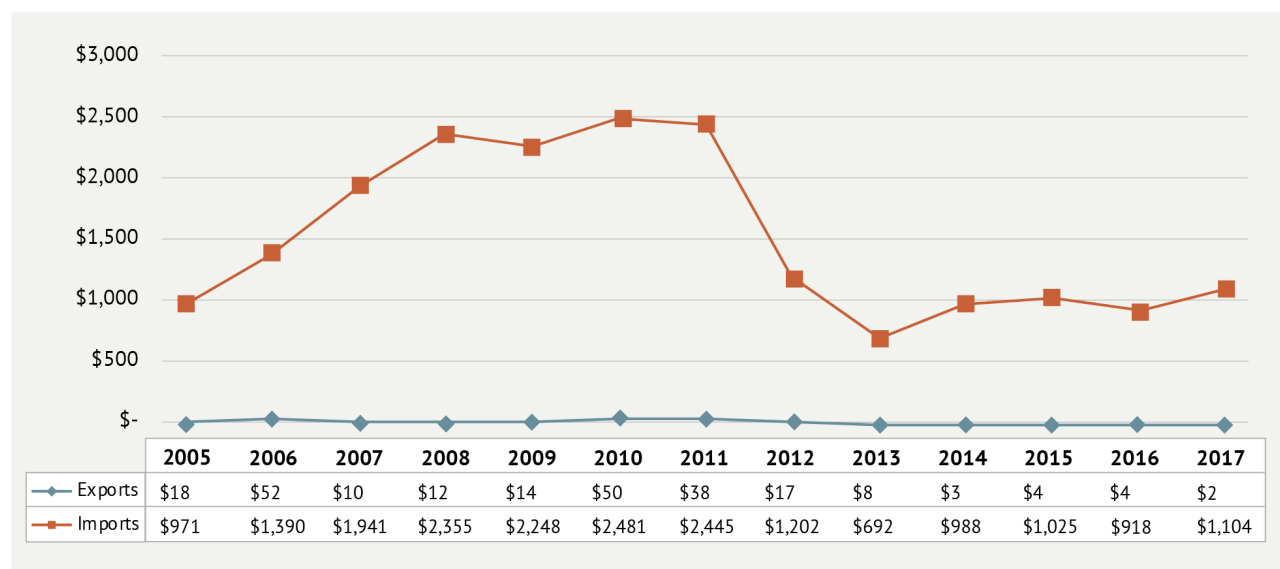
violence against innocent civilians. Beijing has stressed that the Syrian crisis cannot be resolved by military means and an end to the crisis must be sought through political dialogue. Further, Beijing sees Syria as a reliable ally in the fight against ISIS militants, a reliability that is particularly important given China’s concerns with separatism in the Xinjiang Autonomous Region.

Trade between Syria and China decreased by 60% once the crisis hit, from a high of US\$2.5 billion in 2010-2011 to US\$1.1 billion in 2016. Syrian exports to China dropped from US\$38 million to \$4 million between 2011 and 2016, while Syrian imports from China decreased by 63%, from US\$2.4 billion to US\$918 million.

## FUTURE OF BILATERAL RELATIONS

China is expected to continue its support of the Assad regime while Syrian officials will attempt to deepen their ties with China in an effort to attract investment into the isolated country. While there will be significant opportunities for investment in post-conflict reconciliation, Chinese investors are unlikely to do so until peace is restored on the ground, which as of late 2018, appears to be a possibility. China in its own domestic broadcast has extensively covered the chaos and destruction as a warning of the risks that be unleashed by

## Syria’s Trade with China In Millions US\$, 2005-2017



Source: UN ComTrade Data

# China and Iraq

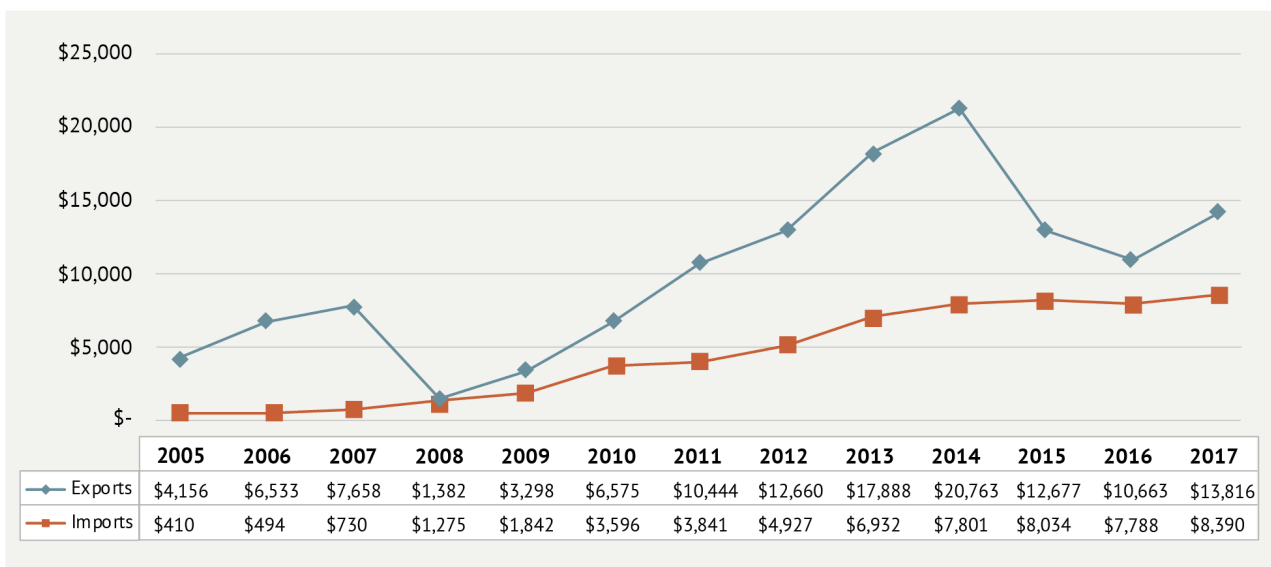
## POLITICAL AND ECONOMIC RELATIONS

In 1990 China stopped economic, trade, and military exchanges with Iraq, citing relevant Security Council resolutions.<sup>159</sup> Diplomatic relations between Beijing and Baghdad were also limited during this period. After the first Gulf War, China engaged in limited trade with Iraq under the Oil-for-Food program. Despite maintaining limited relations with Iraq, China strongly opposed the U.S.-led invasion in 2003. At that time the Chinese government condemned the United States' decision to bypass the UN Security Council and called for a "peaceful settlement of international disputes by political means."<sup>160</sup> China also rejected "the use or threat of force in international affairs" and called upon "relevant countries to stop military actions and return to the right path of seeking a political solution to the Iraq question."<sup>161</sup> However, consistent with its pragmatic and interest-based foreign policy, China's sharp differences with the United States on Iraq did not change its efforts to maintain substantive U.S.-China relations. With the United States deeply engaged in the Middle East, American efforts to bolster its own standing in the East and Southeast Asia were necessarily reduced.

Since 2003, bilateral relations between China and Iraq have slowly grown. A number of high-level Iraqi officials visited Beijing in 2003, 2004, 2007, 2008, and 2011, paving the way for the eventual resumption of functional relations with China.<sup>162</sup> In 2012, the Chinese Embassy in Baghdad reinstated its consular and visa services. With regard to the 2017 Iraqi Kurdistan's recent referendum for secession, China affirmed that it supports the unity of Iraq and called on "the relevant sides" to "resolve the differences via dialogue, and find an inclusive solution that takes into account history and reality, to jointly protect Iraqi and regional stability."<sup>163</sup> This reflects China's own domestic aversion to separatism. While China opposed the 2003 US-led invasion of Iraq, China has succeeded in securing a significant share of the post war Iraqi oil production, in part through its investment in the acquisition and restoration of Iraqi oil production and infrastructure.

Two-way trade between Iraq and China grew from US\$4.5 billion and \$22.2 billion between 2005 and 2017, and increase of 393%. 57% of 2017's combined total reflects Iraqi exports to China while 43% is Iraqi imports from China. Iraq's exports to China consist of crude petroleum, comprising 9.5% of China's total crude petroleum imports.<sup>164</sup> Iraq has maintained a trade surplus with China since 2005, peaking at US\$12.9 billion in 2014 and narrowing to US\$2.9

**Iraq's Trade with China**  
In Millions US\$, 2005-2017



Source: UN ComTrade Data

billion by 2016. Bilateral trade between the two countries reached a record high of US\$28.6 billion in 2014. Of that total, 62% consisted of Iraqi exports to China while 38% consisted of Iraqi imports from China. The value of Iraq's total exports to China is dictated by oil prices, as evident in the drops in export value to China in 2008 and 2015, and the increase in 2017.

Iraq is the sixth largest recipient of Chinese investment in MENA, accounting for 9% of all Chinese investment in the region.<sup>165</sup> Between 2005 and 2017, Chinese investment in Iraq totalled US\$ 18.7 billion. 88% of that total targeted the energy sector, followed by 7% in real estate, and 5% in utilities.

### FUTURE BILATERAL RELATIONS

The Beijing-Baghdad relationship is expected to remain focused on trade. Iraq remains an important supplier of crude petroleum to China. Politically, China's positions on the Kurdish question and war on ISIS are likely to remain consistent: Beijing supports the Iraqi territorial integrity and Baghdad's efforts to combat ISIS, while steering clear from deep involvement in Iraq's internal political conflicts and disputes.

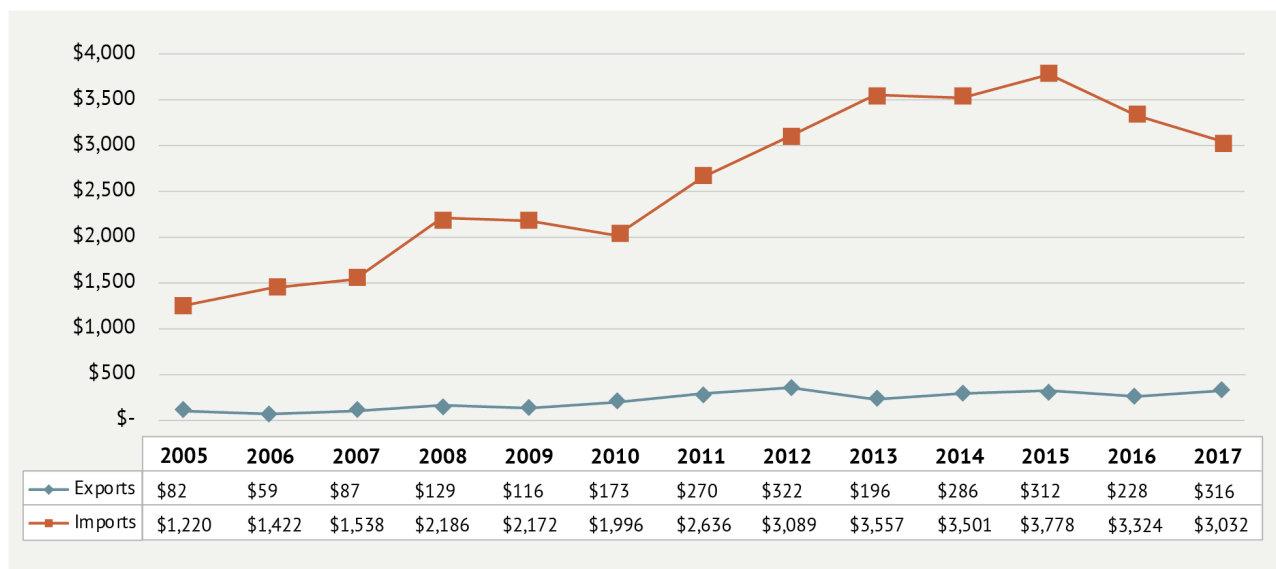
## China and Jordan

### POLITICAL AND ECONOMIC RELATIONS

Despite nearly half a century of friendly diplomatic relations, substantial relations between China and Jordan really began in 1999 under King Abdallah II. A few months after his inauguration, Abdallah II met with President Jiang Zemin in China, where the two signed several bilateral trade agreements. The next five visits to China occurred during the presidency of Hu Jintao, culminating in a 2015 strategic partnership agreement.<sup>166</sup>

Trade between Jordan and China grew from US\$1.3 billion in 2005 to US\$3 billion in 2017, an increase of 153%. A full 91% of 2017's combined total reflects Chinese exports to Jordan while 9% consists of Chinese imports from Jordan. In 2016, almost all of Jordan's exports to China consisted of chemical products such as potassic fertilizers, phenol derivatives, halogens, and other inorganic acids. China has thus maintained a large trade surplus with Jordan that has widened annually from US\$1.1 billion in 2005 to a record US\$3.5 billion in 2015. Bilateral trade between the two sides peaked in 2015 at US\$4.1 billion.

**Jordan's Trade with China**  
In Millions US\$, 2005-2017



Source: UN ComTrade Data



## FUTURE BILATERAL RELATIONS

Bilateral relations between Beijing and Amman are expected to remain focused on trade and cultural exchange, consistent with China’s general approach to the region. The two sides are geographically distant and lack sensitive political/geopolitical disputes or conflicts. Jordan seeks to attract Chinese investment as part of its “Jordan 2025” plan to modernize, revitalize, and diversify the country’s economy.

## China and Lebanon

### POLITICAL AND ECONOMIC RELATIONS

Bilateral relations between Beijing and Beirut have been complicated by number of political developments over the course of the last four decades. During the Lebanese Civil War (1975-1990), China repeatedly called for a peaceful settlement among the different warring groups. Initially, Beijing supported Palestinian militants, but gradually lessened this support over the course of the civil war. During the 2006 Israeli war in Lebanon, China increasingly called on all sides to cease hostilities. By 2013, China had become Lebanon’s top trading partner. Cultural

cooperation expanded as well, exemplified by the creation of a Lebanese-Chinese Confucius Institute that teaches Chinese culture, history, and language, and new links between Lebanese and Chinese universities. However, China’s cultural footprint in Lebanon is modest.

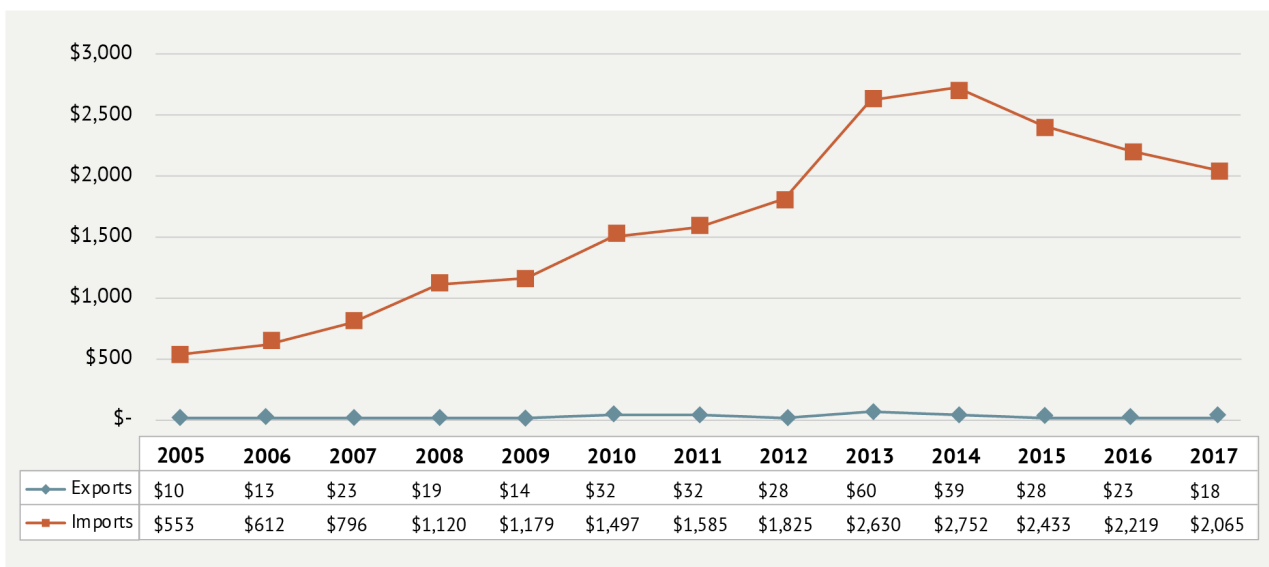
Trade between Lebanon and China tripled between 2005 and 2017, growing from US\$563 million to US\$2.2 billion. Nearly all of this total accounts for Chinese exports to Lebanon. In 2016, 84% of Lebanon’s exports to China consisted of scrap and refined copper. China has maintained a trade surplus with Lebanon that has widened from US\$543 million in 2005 to a high of \$2.2 billion in 2015. Bilateral trade between the two sides peaked at US\$2.5 billion in 2015.

### FUTURE OF BILATERAL RELATIONS

Sino-Lebanese relations are expected to remain largely limited to the ministerial level given the limited strategic value of Lebanon to China. No formal state visits have taken place between the two countries. Lebanon’s ability to engage in active diplomacy with China (or any, more generally) has been limited by its fragile political system.

## Lebanon’s Trade with China

*In Millions US\$, 2005-2017*



Source: UN ComTrade Data



# China and Iran

## POLITICAL AND ECONOMIC RELATIONS

Diplomatic relations between China and Iran were established in 1971, but remained limited in scope until the early 1980s. During the 1970s, Iran, then a close U.S. ally, had little strategic incentive to develop closer ties with poor and distant Maoist China. However, the strategic landscape of the region was radically transformed by the revolution of 1979 which brought an end to Shah Pahlavi's regime and gave way to the rise of the Islamic Republic of Iran of Ayatollah Ruhollah Khomeini. By 1980 the new regime in Tehran was regionally and internationally isolated and embroiled in a destructive war with Iraq. Given this intense pressure, Iran began to pursue closer ties with China in hopes of offsetting to some extent its isolation. In 1985, Iran and China established the Joint Committee on Cooperation of Economy, Trade, Science and Technology to "collaborate on energy, machinery, transportation, building material, mining, chemicals and nonferrous metal."<sup>170</sup>

Between 1985 and 2015, China and Iran held 22 ministerial and 9 heads-of-state visits. Every Iranian president had visited China in an official capacity since the mid-1980s, including Ali Khamenei in 1989, Akbar Hashemi Rafsanjani in 1992, Mohammad Khatami in 2000, Mahmoud Ahmadinejad in 2006, 2007, and 2012, and Hassan Rouhani in 2014.<sup>171</sup> The Chairman of the National People's Congress, Wan Li, visited Iran twice in 1990. Premier Li Peng and President Yang Shangkun visited in 1991, Chairman of the National People's Congress Qiao Shi in 1996, State Councilor Wu Yi and President Jiang Zemin in 2002, Foreign Minister Li Zhaoxing in 2004, Foreign Minister Yang Jiechi in 2007, Vice Foreign Minister Zhai in 2008, Vice Foreign Minister Liu Zhenmin in 2010, Vice Foreign Minister Zhai Jun in 2011, Vice Foreign Minister Zhai Jun in 2012, and Foreign Minister Wang Yi in 2015.<sup>172</sup> The frequent and level of these bilateral visits demonstrate the importance the Iranian and Chinese leaderships place on their relations.

The Middle East policies of the George W. Bush Administration gave Tehran greater incentives to seek closer ties with China. Since his 2001 election, President Bush had been vocal in his criticism of the Iranian regime.<sup>173</sup> During his 2002 State of the Union address, he accused Iraq, Iran, and North Korea of sponsoring global

terrorism and seeking weapons of mass destruction, labelling these three countries an "Axis of Evil." In the same period, the United States invaded Afghanistan and Iraq in 2001 and 2003, respectively, and signalled that it had not ruled out using force against Iran as well. Consistent with this rhetoric, the United States imposed additional sanctions on Iran. These sanctions helped revive conservative forces in Tehran and arguably helped elect Mahmoud Ahmadinejad in 2005.<sup>174</sup> Relations between Iran and Western states, including the United States, reached a low during Ahmadinejad's presidency.

Increasingly economically isolated, Iran sought to strengthen ties with China in hopes of offsetting the implications of the U.S.-led sanctions. In 2006, 2007, and 2012 Ahmadinejad met Chinese President Hu Jintao in Beijing, vowing to strengthen ties.<sup>175</sup> As shown in the graph above, bilateral trade between China and Iran has expanded, reaching record highs in 2011—the peak of international sanctions against Tehran.

Beijing has furthermore consistently called for a peaceful resolution to the controversy caused by Iran's nuclear programme. It is no surprise therefore that China strongly supported the landmark nuclear deal reached between Iran and the five permanent members of the Security Council, and representatives from the EU in 2015, and opposed the U.S. withdrawal under President Trump from the nuclear agreement.

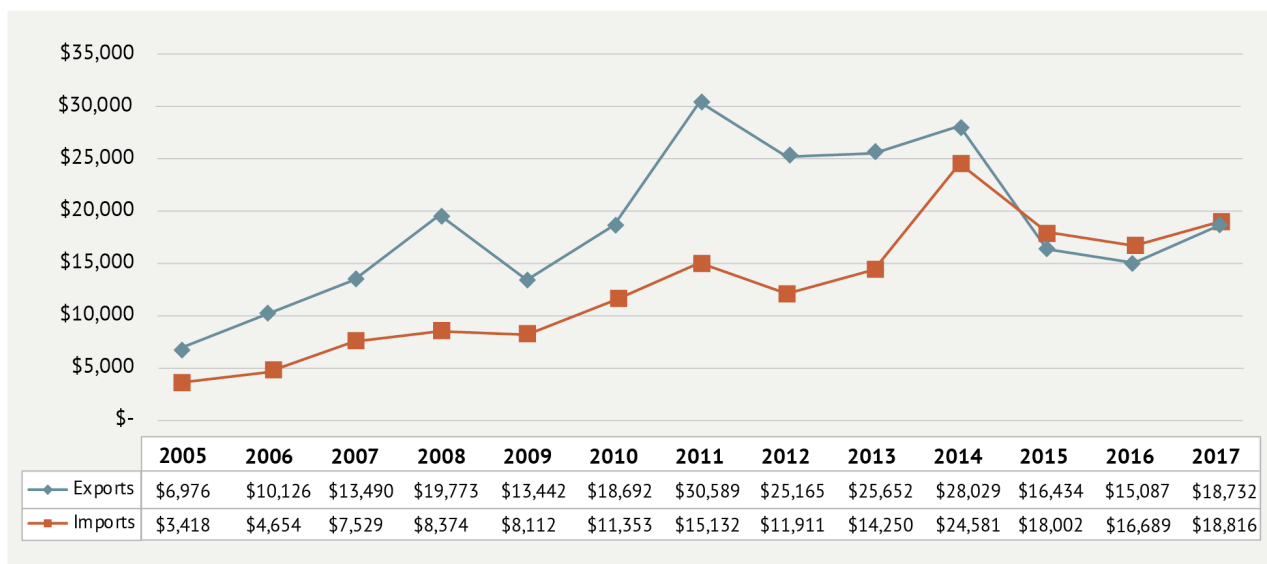
In 2016 meeting Xi and Rouhani agreed to expand China-Iran trade to US\$600 billion in the next ten years.<sup>176</sup> They also agreed to form "strategic relations," cooperate on nuclear energy, and revive "the ancient Silk Road trade route," or BRI.<sup>177</sup> Tehran and Beijing have deepened military cooperation, conducting a number of joint military exercises. Before Xi's visit to Iran, the Xinhua News Agency released an article under his name titled "Work Together for a Bright Future of China-Iran Relations."<sup>178</sup> In this document, Xi writes that Iran and China have enjoyed a two-thousand-year old relationship dating back to the time of the West Han Dynasty. Both countries "have given each other mutual understanding and mutual trust in good times and bad." The document calls for the revival of the ancient Silk Road through BRI.

Since the Iranian revolution of 1979, China has been an important supplier of weapons to Iran. A declassified CIA report<sup>179</sup> claims that in the 1980s, during the Iraq-Iran war, Beijing was Iran's largest supplier of weapons, exporting

<sup>179</sup> The report alleges that China exported surface-to-air missile systems, anti-ship missiles, artillery pieces as well as small arms and ammunition to Iran.

## Iran's Trade with China

*In Millions US\$, 2005-2017*



Source: UN ComTrade Data

arms valued in excess of US\$1 billion in 1985.<sup>179</sup> Thereafter, China has continued to be one of Tehran's most important suppliers of weapons, despite the international pressure faced by Iran in the 1990s due to Western views of Iran as a threat to regional peace and security.<sup>1V</sup> China even remained a close supporter of Tehran's military programs during the height of international sanctions against Iran in the 2000s for its alleged Nuclear Program. This partnership continues to be an important element of Sino-Iranian relations, although precise and public data on Chinese exports of arms to Iran is largely fragmentary.

Trade between Iran and China grew 206% between 2005 and 2017 from a combined total of US\$10.4 billion to US\$37.5 billion. China is Iran's largest trading partner. As of 2016, 66% of Iran's total exports to China consist of crude petroleum, representing 7.9% of China's total crude petroleum imports.<sup>180</sup> Iran's export trade value is tied to oil prices; consequently, the value of Iranian exports to China dropped significantly in 2009 and 2014, reflecting the sharp decline in global oil prices in those years. Iran has generally maintained a trade

surplus with China, peaking at US\$14.4 billion in 2011. In 2016, the total value of Iranian exports into China declined by 71% from 2014, and China has had a trade surplus of US\$1.5 billion with Iran since 2015. However, this surplus has shrunk to an all-time low of US\$84 million in 2017.

Iran is the second largest recipient of Chinese investment in the MENA region with total a stock of US\$24.3 billion between 2005 and 2017. 12% of all Chinese investment in the MENA region in that period was in Iran.<sup>181</sup> 49% of all Chinese investment in Iran targeted the energy sector, followed by 18% in metals, 17% in real estate, 9% transportation, 6% agriculture, and 1% in other sectors.

### FUTURE BILATERAL RELATIONS

Both countries have enjoyed close economic and strategic cooperation since the early 1980s. At the height of international sanctions against Iran, which restricted Tehran's ability to conduct international trade, China

<sup>1V</sup> During the 1990s, Iran sought to develop its military capabilities locally, in order to lessen its dependence on foreign countries. This was driven partly as a consequence to the international sanctions imposed on Tehran that highlighted the urgency to develop local capabilities for the Iran's leadership. This need was exacerbated in the 2000s, as the Iranian regime was faced with sanctions and pressures over its nuclear program.

remained Iran's largest and most important trading partner. China has been supportive of the Iran Nuclear deal, and condemned President Trump's decision to back out of the agreement. For China, Iran will continue to be an important supplier of petroleum an important destination for investment – particularly in the energy sector. For Iran, China is a strategic ally, trading partner, investor, and supplier of high-quality military equipment. Iran also appreciates China's non-interventionism principle in the Middle East, especially in the context of Western sanctions against Iran and the Syrian regime. China has carefully sought to balance its relationship between both Saudi Arabia and Iran. While both countries are significant for different reasons, Beijing sees value in developing deeper political ties with Tehran. China is the only major power that has successfully developed close partnerships with Saudi Arabia and Iran— while avoiding becoming embroiled in their geopolitical rivalry, a testimony of China's diplomatic skills.

## *China and Turkey*

### **POLITICAL AND ECONOMIC RELATIONS**

Turkey and China do not enjoy the best of relations. China was critical of Turkey during the Cold War for joining NATO and participating in the Korean War.<sup>182</sup> More recently, Turkey sees China's treatment of its Uighur population—with whom Turkey shares ethnic, cultural, and linguistic—as oppressive.<sup>183</sup> Turkey has formally supported the Uighurs for decades, and until recently, maintained their right to declare independence from China.<sup>184</sup> Widespread Turkish solidarity with the China's Xinjiang Uighur minority drives much of this support, and is reflected in Turkish public opinion of China. According to the Pew Research Centre, only one-third of respondents in Turkey have a favorable view of China, in contrast with 54% who hold unfavorable views.<sup>185</sup>

Relations between China and Turkey strengthened in 2009 following President Abdullah Gül's visit to China. This was the first presidential visit since 1996 and precipitated a series of bilateral exchanges. Upon concluding his meeting

with Gül, Chinese President Hu Jintao emphasized, in what appears to be a reference to Turkey's position on Xinjiang, that the two sides should boost cooperation to combat “the ‘three evil forces’ of terrorism, separatism, and extremism.”<sup>186</sup> Gül reiterated Turkey's recognition of the one-China policy.<sup>187</sup> The meeting produced seven bilateral documents on cooperation in foreign affairs, energy, cultural heritage, media, and trade finance.<sup>188</sup> During the trip President Gül made a historic visit to Ürümqi, the capital of Xinjiang.<sup>189</sup> This was the first visit by a Turkish head of state to the Xinjiang region.

In July 2009, relations worsened following Turkey's reaction to the Ürümqi riots in Xinjiang. Mounting tensions between Uighurs and Han Chinese had sparked riots and clashes with police, resulting in over 184 fatalities.<sup>190</sup> Turkey's Prime Minister Recep Tayyip Erdoğan called the violence, “simply put, genocide. There's no point in interpreting this otherwise.”<sup>191</sup> He also accused the Chinese government of inaction. Days after these initial comments, Erdoğan stepped up his criticism of China, denouncing its treatment of Uighurs as “savagery” and calling on Beijing to “give up efforts to assimilate” the Uighur population.<sup>192</sup> Despite this setback, relations began to improve once again following a number of high level visits. In October 2010, Premier Wen Jiabao's met with Erdoğan in Ankara and signed “eight pacts on cooperation in areas that included trade, railway construction, infrastructure, communications and cultural exchanges.”<sup>193</sup> Wen reiterated that both sides face the same “three evil forces”: terrorism, separatism, and extremism.

In 2012, Vice President Xi Jinping visited Turkey. In the same year, Recep Tayyip Erdoğan, in his capacity as Prime Minister, visited China—the first Prime Ministerial-level visit to China in 27 years.<sup>194</sup> Subsequently, President Erdoğan visited China in 2015, 2016, and 2017, while President Xi visited Turkey in November 2015. These meetings have brought the two-sides closer together and allowed them to intensify cooperation on a variety of economic, cultural, and political matters.

Following the 2016 failed coup attempt, Turkish foreign policy pivoted away from its traditional NATO allies towards other regional and global powers.<sup>v</sup> In a speech to

---

<sup>v</sup> In 2016, a group of military officers, loyal to U.S.-based religious clerk Abdullah Gulen, orchestrated a coup-attempt against the AKP government of Erdoğan. Military units quickly moved into major cities such as Ankara and Istanbul, seizing national television, the presidential palace and key bridges and highways. They were able to arrest a number of prominent Turkish officials including defense minister Hulusi Akar and broadcasted a message on national television announcing the military has taken over power. Hours into the coup, the momentum shifted, as protestors filled the streets and the government was quickly able to move in and hold on to power once again.

his supporters in 2016, President Erdoğan stressed that the coup “was not done only domestically...the scenario was written outside of Turkey.”<sup>195</sup> He stressed that the “West is supporting terrorism and taking sides with coups,” adding that “those we considered friends are siding with coup-plotters and terrorists.”<sup>196</sup> Turkish frustration with its traditional allies has also been compounded by its stagnating EU membership bid and the United States’ support of the People’s Protection Units (YPG) in the war against ISIS.

On August 18, 2018, State Councillor and Minister of Foreign Affairs Wang Yi expressed China’s support for Ankara to his Turkish counterpart, Mevlüt Çavuşoğlu. Wang emphasized Beijing’s willingness to help support the Turkish economy, while Çavuşoğlu pledged to “deepen cooperation based on mutual interests with China” and “join the ‘One Belt One Road’ initiative more actively.”<sup>197</sup> To this end, Beijing announced that it would support Turkey’s economy by providing Ankara with US\$3.6 billion in loans.<sup>198</sup>

China-Turkey trade more than doubled between 2005 and 2017, growing from US\$6.2 billion US\$23.5 billion. China is Turkey’s largest single source of imported goods. In 2016, China recorded a US\$14.7 billion trade surplus with Turkey; 19% of their trading relationship is made up by Turkish

exports to China, versus the 81% that is Turkish imports from China. In 2016, 52% of Turkey’s total exports to China consisted of mineral products—primarily marble, travertine, and alabaster, but also including copper, chromium, borax, and lead ore.<sup>199</sup>

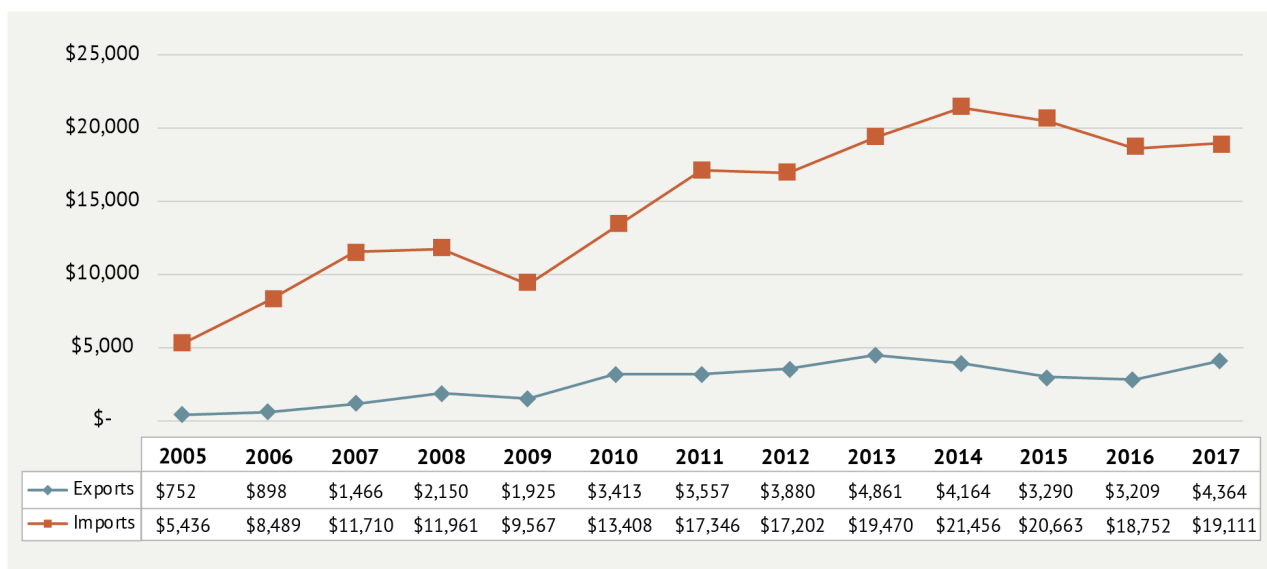
Turkey is the seventh largest recipient of Chinese investment in the MENA region, accounting for 7% of all Chinese investment in the region.<sup>200</sup> Between 2005 and 2017, Chinese investment in Turkey totalled US\$13.6 billion. 85% of that total targeted the energy sector, followed by 6% in real estate, 5% in transportation, 2% in metals, and 2% in finance.

### FUTURE OF BILATERAL RELATIONS

The net effect of Turkey’s alienation from its traditional Western partners has led to a Turkish pivot toward alternative global powers such as China and Russia. However, Turkey’s sense of ethnic solidarity with the Uighur peoples of the Xinjiang region is likely to remain a lasting impediment on a close relationship between Beijing and Ankara. As well, Beijing has had considerable success in extending its own economic and political influence deep into central Asia, it will necessarily collide with Turkey’s own efforts to expand its political and economic reach.

## Turkey’s Trade with China

*In Millions US\$, 2005-2017*



Source: UN ComTrade Data

# China and North Africa

## POLITICAL AND ECONOMIC RELATIONS

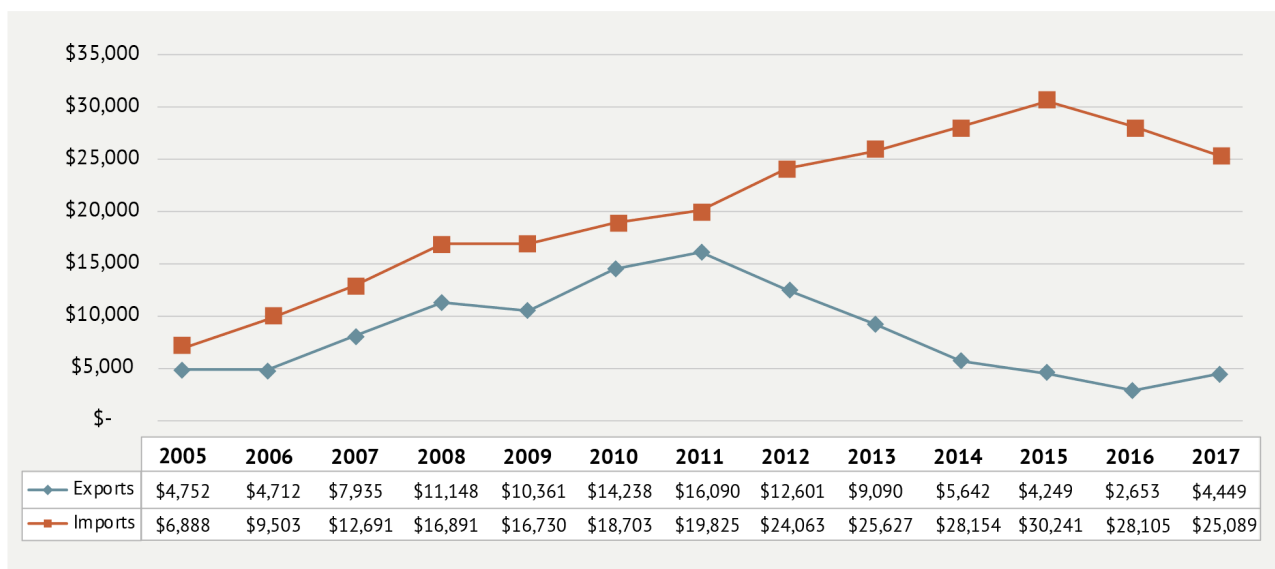
PRC-North African relations are among the oldest in the MENA region. During the Cold War, China and North Africa states were brought together by anti-colonial/anti-imperial politics. Formal ties between countries of North Africa and the PRC were first established by Egypt in 1956, Morocco and Algeria in 1958, Sudan in 1959, Tunisia in 1964 and Libya in 1978. These ties came about in the midst of pan-Arabism and the region's anti-colonial wars of liberation.

China remains interested in North Africa for several reasons. First, it geographically connects Africa, Asia, and Europe through a number of maritime trade routes, and most importantly, the Suez Canal. These routes are situated at the heart of China's ambitious BRI. Second, North Africa attracts almost a third of China's total MENA investment. Unlike elsewhere in MENA, the majority of Chinese

investment into North Africa is in the transportation sector. Third, it is an important destination for Chinese exports. Since 2005, Chinese exports to the region have steadily increased; conversely, imports from North Africa have sharply declined since 2011. Fourth, while not as significant as other parts of the MENA region, North Africa is nevertheless an important supplier of oil and gas to China.

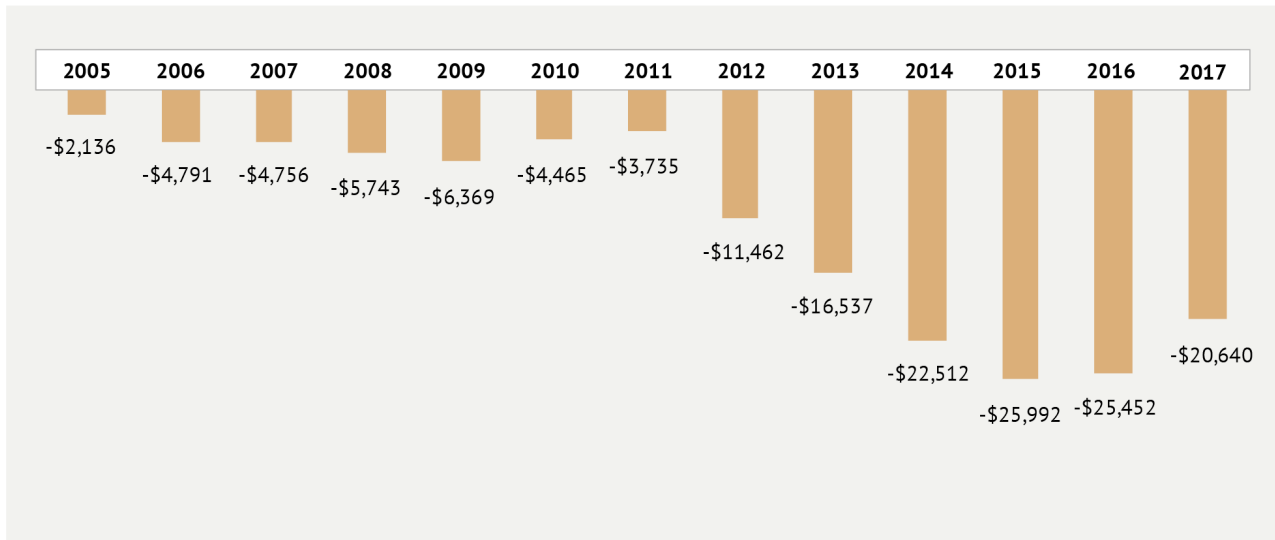
Trade between China and North Africa rose steadily between 2005 and 2011. During this period two-way trade increased from US\$12 Billion in 2005 to a record high of US\$36 billion in 2011. Since 2011, the region's exports to China has steadily fallen—a decline likely attributable to falling oil prices and the political instability in Libya and Egypt. The region's exports to China declined from a high of US\$6 billion in 2011 to a mere US\$2.6 billion in 2016, while in the same period, imports from China increased by 40%. As of 2017, only 15% of the combined trade total accounts

**North Africa's Trade with China**  
*In Millions US\$, 2005-2017*



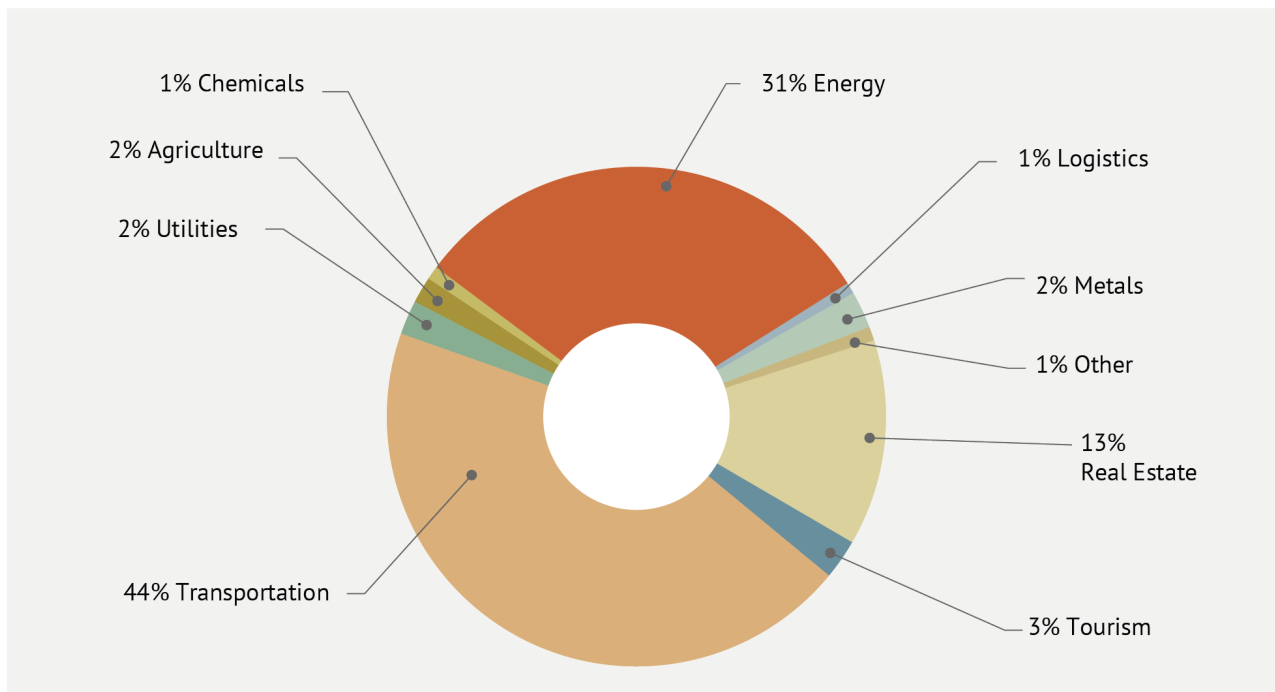
Source: UN ComTrade Data

## North Africa's Trade Balance with China In Millions US\$, 2005-2017



Source: UN ComTrade Data

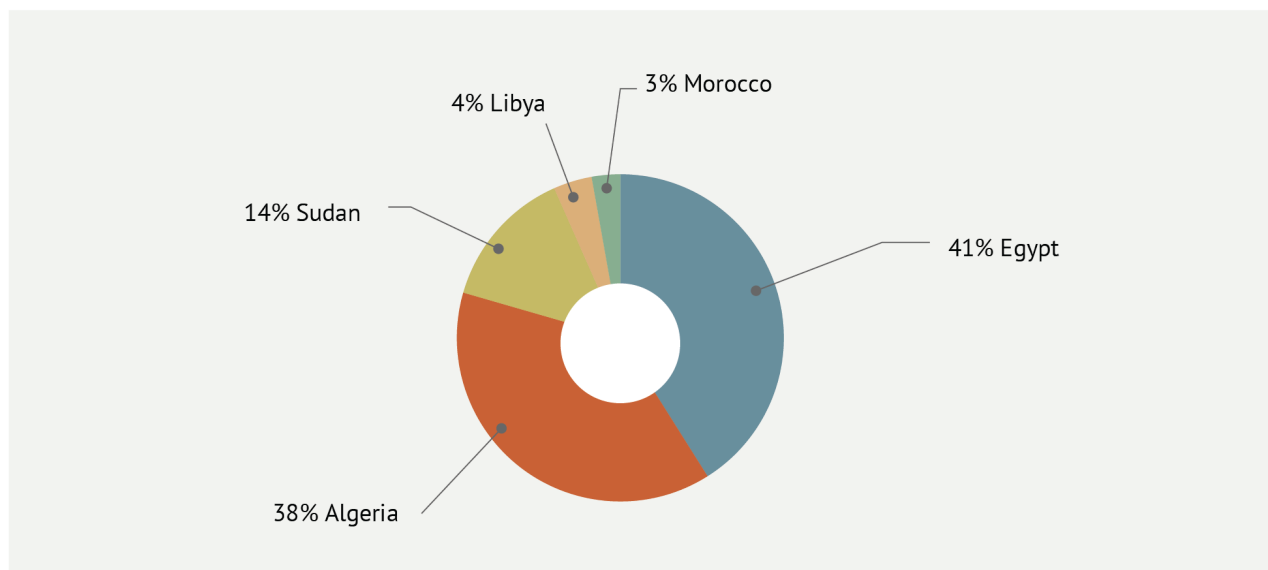
## Chinese Investment in North Africa by Sector 2005-2017



Source: American Enterprise Institute and Heritage Foundation China Global Investment Tracker

## Chinese Investment in North Africa by Country

2005-2017



**Source:** American Enterprise Institute and Heritage Foundation China Global Investment Tracker

for North African exports to China, while 85% comprises North African imports from China.

North Africa's trade deficit with China grew from US\$3.7 billion in 2011 to \$11.5 billion in 2012, an increase of 241%; the trade deficit increased an additional 42% the following year. By 2015, the trade deficit has reached an all-time high of US\$26 billion.

Total Chinese investment in North Africa exceeded US\$54 billion from 2005 to 2017. 41% of that total was invested in Egypt, followed by 38% in Algeria, 14% in Sudan, 4% in Libya, and 3% in Morocco. The plurality of Chinese investment targeted the transportation sector (44%), followed by energy at 33%, real estate at 13%, tourism at 3%, utilities, metals, and agricultural at 2% each, and logistics, metals, and chemicals at 1% each.

### *China and Egypt*

#### **POLITICAL AND ECONOMIC RELATIONS**

Sino-Egyptian relations developed within the context of the Cold War's great power rivalries and anti-colonial politics. In the early 1950s, Egypt's Gamal Abdel-Nasser, an

Arab nationalist, gained fame across the Global South as a symbol of anti-imperial 'resistance.' Nasser quickly moved to develop ties with liberation struggles and anti-colonial movements across the world.

In 1955, at the Bandung Conference in Indonesia, Nasser was impressed with Chinese Premier Zhou Enlai's support of Arab causes.<sup>201</sup> Zhou's rhetoric specifically—and Maoist revolutionary discourse generally—resembled Nasser's anti-imperial rhetoric, allowing the two sides to almost immediately forge a bond. A meeting between Zhou and Nasser during the conference set the stage for the establishment of diplomatic relations a year later in 1956. Egypt thus became the first country in the MENA region to establish ties with the PRC.

In 1956, Nasser nationalized the Suez Canal. China, which Egypt diplomatically recognized only two months before, hailed the move as a heroic struggle against imperialism.<sup>202</sup> When Israel, the United Kingdom, and France attacked Egypt, China condemned the attack and offered unconditional, though only vocal, support to Egypt.<sup>203</sup> Chinese officials depicted the attack on Egypt as "as a threat to the entire postcolonial world."<sup>204</sup> In a letter to Nasser, Mao Zedong underlined the PRC's support to Egypt and condemned Western violation of its sovereignty.<sup>205</sup> As



the conflict intensified, the PRC pledged US\$4.6 million (\$39 million in 2014 dollars) to support Egypt’s war efforts, and threatened to send thousands of volunteer fighters to fight on behalf of Egypt—although China’s armed forces at the time lacked credible force projection capabilities.<sup>206</sup> Relations continued to strengthen throughout the 1960s, centred on this revolutionary anticolonial disposition.<sup>207</sup> Zhou Enlai visited Egypt three times during that period, further deepening relations.

Both China and Egypt’s revolutionary rhetoric faded in the late 1970s, transforming the nature of bilateral relationship. Arab nationalism lost its momentum in Egypt after its humiliating defeat in the 1967 ‘Six Day War’.<sup>208</sup> This was complicated by President Anwar al-Sadat’s decision to formally recognize and normalize relations with Israel.<sup>209</sup> In China, post-Maoist politics under Deng Xiaoping steered away from strict adherence to ideology in favour of economic openness and growth.<sup>210</sup> Hence, while the two sides were brought together by the politics of anticolonial contestation in the 1950s, by the 1970s this link weakened as either states pursued new relations with the West, particularly the United States.

From 1980 to the 2000s China and Egypt conducted a series of bilateral exchanges focussed on business. In 1986 President Li Xiannian visited Egypt, followed by high-level

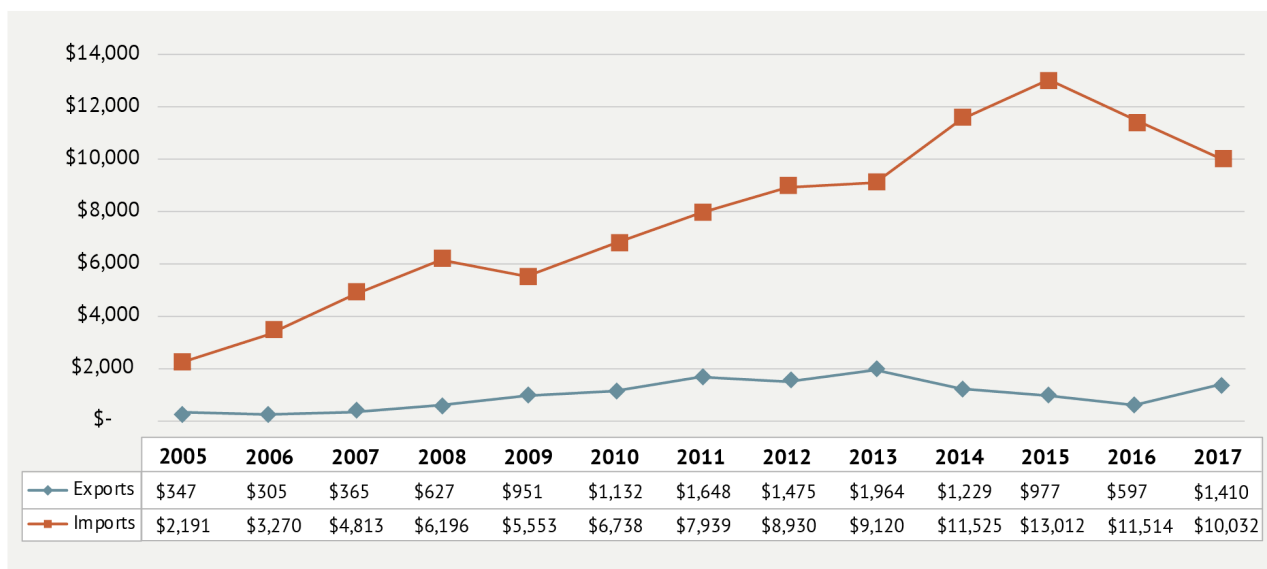
visits by President Yang Shangkun in 1989, Premier Li Peng in 1991, and President Jiang Zemin in 1999.<sup>211</sup> During Jiang’s 1999 visit, the two countries agreed in a joint communiqué to elevate their relationship to that of strategic cooperative relationship. On the Egyptian side, Muhammed Hosni Mubarak visited China nine times, as Vice President and President, over the same time period.

Between 2011 and 2016, Egyptian government and society underwent substantial change. In 2011, President Hosni Mubarak was ousted from power after weeks of anti-government demonstrations that swept across the country. Mubarak was succeeded by President Mohammed Morsi, who was elected into office in June 2012. Later that year, President Morsi met with President Hu Jintao in Beijing. Commenting on the transition that brought Morsi to power, Hu said China “understands and respects the will of the Egyptian people, and supports them to choose political system and the path of development in accordance with their country’s situation.”<sup>212</sup> Morsi described China as a “good brother, friend, and partner.”<sup>213</sup> The meeting between the two leaders produced bilateral agreements on agriculture, tourism, and communication.

Morsi’s presidency was short-lived: in July 2013 he was overthrown in a military coup and replaced by General Abdel-Fattah Sisi. China did not comment on the coup,

## Egypt’s Trade with China

*In Millions US\$, 2005-2017*



Source: UN ComTrade Data

citing its non-interventionist position. Post-coup relations quickly transitioned from Morsi to Sisi. In 2016, President Xi visited Egypt and met with President Sisi, stressing that “China supports Egypt’s efforts to maintain stability, develop the economy, and improve livelihoods, and ... play an even greater role in international and regional affairs.”<sup>214</sup> The meeting produced 21 agreements that “span several development and infrastructure investments, including the first phase of a new Egyptian administrative capital announced in 2017, a \$1 billion financing agreement for Egypt’s central bank, and a \$700 million loan to state-owned National Bank of Egypt.”<sup>215</sup> During the visit, Xi also declared that China will “dedicate \$15 billion in special loans to boost industrial production in the region, \$10 billion in trade credit for joint energy projects, and another \$10 billion in soft loans.”<sup>216</sup> In May 2017, Jin Qi, the chairperson of the Chinese Silk Road Fund, announced that China plans to invest US\$40 billion in development project as part of BRI.<sup>217</sup>

Trade between Egypt and China grew from US\$2.56 billion in 2005 to \$12.1 billion in 2016, an increase of 372%. The trade balance has generally favored China. China is the largest exporter of goods into Egypt, and in 2015 recorded a US\$12.2 billion trade surplus with Egypt. Of 2016’s total bilateral combined trade, only 5% accounted for Egyptian exports to China, while 95% consisted of Egyptian imports from China. 46% of Egypt’s exports to China consist of crude petroleum; another 20% includes marble, travertine, and alabaster.<sup>218</sup> Egyptian exports to China increased by 466% between 2005 and 2013, growing from US\$347 million to US\$1.96 billion. Egyptian exports to China declined by 70% between 2013 and 2016. In 2017, Egypt’s exports to China nearly tripled, while imports from China continued declined to a three-year low.

Egypt is the third largest recipient of Chinese investment in the MENA region, attracting 11% of the total. Between 2005 and 2017, Chinese investment in Egypt totalled US\$22.2 billion.<sup>219</sup> 58% of that total targeted the energy sector, followed by 18% in transportation, 13% in real estate, 5% in utilities, 4% in metals, and 2% in other sectors.

## **FUTURE BILATERAL RELATIONS**

Brought together by the politics of the Cold War, China and Egypt enjoyed close relations throughout the 1950s and 1960s. The abandonment of anti-imperial/colonial political rhetoric by both countries in the 1970s and after pivoted their relationship toward a more pragmatic, economically-oriented partnership. Over the last six years, Egypt has

undergone considerable internal change and now faces internal governance challenges, a stagnating economy, rising inflation, and popular unrest. In desperate need of investment, Egypt is expected to strengthen relations with China to mitigate these challenges. China also sees potential in developing closer economic ties with Egypt within the framework of the BRI, given that they share similar views on regional issues such as the Syrian crisis and terrorism.

## ***China and Sudan***

### **POLITICAL AND ECONOMIC RELATIONS**

Sino–Sudanese relations began during the anti-colonial politics of the Cold War.<sup>220</sup> Sudan became the second country in Africa to establish diplomatic ties with the PRC in 1959. In 1970, Sudanese President Jaafar al-Nimeiri met with Mao Zedong and other high-ranking Chinese officials in China.<sup>221</sup> These interactions between the two sides were positive, but largely limited to anti-colonial solidarity.<sup>222</sup>

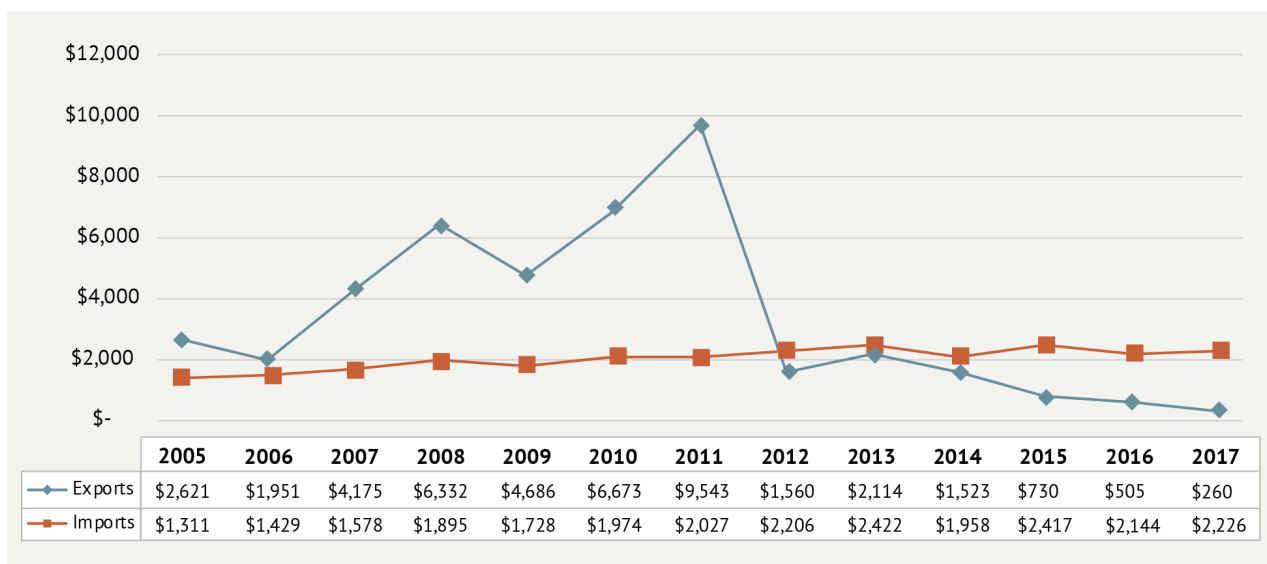
In the 1990s, China played a key role in developing Sudan’s upstream, midstream and downstream petroleum infrastructure. In 1996, China National Petroleum Corp developed a US\$ 300 million refinery, while Sinopec Corp construed a pipeline to transport oil production to Port Sudan on the Red Sea, where China’s Petroleum Engineering Construction Group constructed a tanker terminal.<sup>223</sup>

In 2003, war in the Darfur region of Sudan broke out. The Sudanese government was accused of perpetrating crimes against humanity. In 2005, the Security Council imposed an arms embargo, froze Sudanese assets, and banned travel there.<sup>224</sup> In 2009, the International Criminal Court (ICC) issued an arrest warrant against Sudan’s Omar Bashir for his role in the Darfur war, the first time an arrest warrant had been issued for a presiding head of state.<sup>225</sup> Beijing opposed the ICC warrant, alleging it would only lead to further instability in the region.<sup>226</sup>

Seeking to mitigate the impact of sanctions, Sudan strengthened its relations with China during the 2000s. China’s non-interference and business-oriented foreign policy meant that Beijing was willing to work with Sudan despite the sanctions. For Beijing, Sudan is an important supplier of crude petroleum. Between 2005 and 2015 the two states interacted nearly seventy times through official high-level visits and exchanges.<sup>227</sup> Bashir visited China in 2011 and 2015, vowing both times to deepen bilateral relations. During his 2015 visit, President Xi called Al-

## Sudan's Trade with China

*In Millions US\$, 2005-2017*



Source: UN ComTrade Data

Bashir an “old friend of the Chinese people.”<sup>228</sup> Sudan sees China as important strategic partner. Through trade with Beijing, Sudan has been able to minimize the impact of global sanctions and isolation.

Between 2005 and 2011, the Sino-Sudanese balance of trade generally favoured the latter. At its 2011 peak, Sudan maintained a US\$7.5 billion trade surplus with China. More specifically, Sudanese exports to China accounted for 82% of the total combined trade with China in that year. In 2012, with the split of South Sudan from Sudan, the north lost access to many of the oil fields that once supplied China. This resulted in a significant drop in revenue and total exports to China from a high of US\$9.5 billion in exports in 2011 to US\$1.56 billion in 2012. Sudanese exports recovered modestly in 2013, rising by 39% to US\$2.1 billion. However, the decline of oil prices in 2015 resulted in a 28% drop in total value of Sudanese exports to China in 2014 and by 2016 it had declined by three-quarters from 2013. Sudanese exports to China reached US\$260 million in 2017, an all-time low within the examined time period. Two-thirds of Sudan's 2016 exports to China consisted of crude petroleum, with a quarter consisting of oil seeds. Imports from China on the other hand have grown from US\$1.31 billion in 2005 to US\$2.3 billion in 2016, and increase of 75%.

Chinese investment in Sudan, from 2005 to 2011, totaled is US\$7.5 billion.<sup>229</sup> 42% of that total targeted the transportation sector, followed by 37% in energy, 10% in agriculture, 7% in chemicals, 2% in logistics, 1% in utilities, and 1% in real estate sectors. Sudanese Petroleum Minister Mohamed Zayed Awad stated that Chinese companies control three-quarters of the foreign investment in Sudan's oil sector.<sup>230</sup>

### FUTURE BILATERAL RELATIONS

Sino-Sudanese relations are likely to remain strong. Sudan sees China as a reliable partner, investor, and strategic ally. China views Sudan as an important supplier of crude petroleum and a lucrative destination for Chinese investment. Despite warming relations between the United States and Sudan, supported by President Donald Trump's decision to lift some sanctions on Khartoum, we should not expect a significant shift or change in relations.<sup>231</sup> Sudanese officials may suspect that this may not be a long-term change and is rather a product of President Donald Trump's idiosyncratic presidency.

## China and Algeria

### POLITICAL AND ECONOMIC RELATIONS

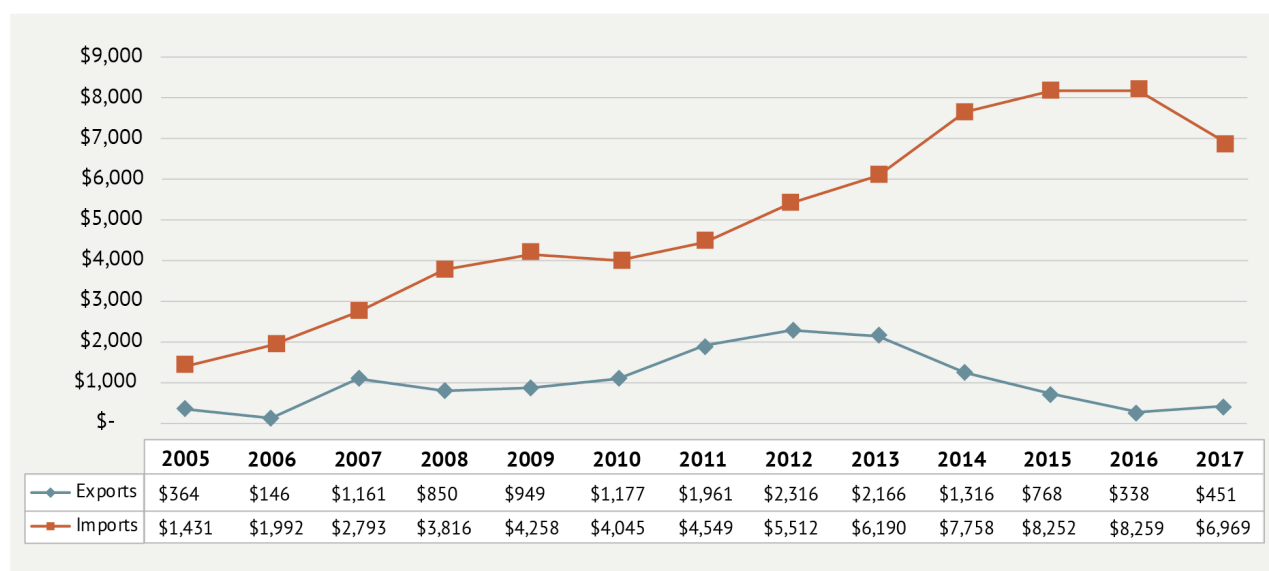
Sino-Algerian relations, established in the midst of the 1954 Algerian War for Independence, have traditionally been strong. In that year, the National Liberation Front (FLN) was created with the purpose of fighting for Algeria's independence.<sup>232</sup> The FLN, consisting of a variety of movements united by the goal of combating colonialism, was largely a socialist anti-colonial Arab nationalist movement.<sup>233</sup> Consistent with its broader anti-colonial disposition, the PRC under Chairman Mao supported the FLN. State and media discourse depicted the FLN's experience as analogous to that of the Chinese Communist Party (CCP) prior to 1949.<sup>234</sup> China provided political and military support in order to assist the FLN in its struggle against the French. However, the PRC "was reluctant to commit any more than the minimal amount of material assistance."<sup>235</sup> During the first meeting between the FLN and Chinese officials, Zhou Enlai told his visitors that that "Chinese backing would give the U.S. an excuse to intervene and suppress the Algerian revolution."<sup>236</sup> He went on to emphasize that "we will always support you politically and morally."<sup>237</sup>

In 1958, China became the first non-Arab country to recognize the FLN's declaration of independence.<sup>238</sup> When

Algeria gained independence in 1962, China extended "various forms of material support: donating shipments of wheat, laminated steel, school equipment, a 13,000-ton freighter, and four transport aircraft."<sup>239</sup> In addition, China extended a US\$50 million interest-free loan to assist Algeria and dispatched a medical team and supplies to the country. A number of high-level visits by Algerian Premier of Interim-Government Ferhat Abbas and Vice Premier and Foreign Minister Abdelaziz Belkhadem in 1960s helped deepen relations.<sup>240</sup> Premier Zhou Enlai visited in 1963 and 1965 and Vice Premier and Foreign Minister Chen Yi visited in 1963 and 1964. Algeria also actively supported restoring China's seat at the Security Council and renamed a prominent street in Algiers 'Beijing Street' in recognition of China's support.<sup>241</sup>

Diplomatic interactions slowed during the Cultural Revolution of the late 1960s early 1970s, but picked up afterward with a number of high-level visits. Foreign Minister Abdelaziz Bouteflika visited China in 1971, followed by Chairman Houari Boumedienne in 1974, President Chadli Ben Djedid in 1982, President Liamine Zeroul in 1996, and Foreign Minister Mohamed Salah Dembri in 1994. Premier Zhao Ziyang visited Algeria in 1982, followed by State Councillors and Foreign Ministers Wu Xueqian in 1987 and Qian Qichen in 1990, Vice Premier Jiang Chunyun in 1997, Vice Premier and Foreign Minister Qian Qichen in 1998, and President Jiang Zemin in 1999.<sup>242</sup>

### Algeria's Trade with China In Millions US\$, 2005-2017



Source: UN ComTrade Data

Since the new millennium, both countries have consolidated their political, economic, and cultural cooperation through a number of agreements. In 2000, President Jiang Zemin met with President Abdelaziz Bouteflika in Beijing. The two sides reaffirmed their historic relationship and signed an agreement to enhance economic and technological cooperation.<sup>243</sup> In 2005, President Hu Jintao met with President Bouteflika, noting he was “an old friend of the Chinese people”, adding that “the two countries always support each other and maintain close cooperation no matter in terms of bilateral relations or in the international affairs and can be said as the showcase of solidarity and cooperation between developing nations.”<sup>244</sup> Bouteflika reaffirmed this point, stressing that “the Algerian people cherish the friendship with the Chinese people very much and attaches importance to constantly reinforcing bilateral exchanges and cooperation in various fields.”<sup>245</sup> Similarly, these comments were echoed during a meeting between President Xi Jinping and Prime Minister Abdelmalek Sellal.<sup>246</sup> In 2014, both countries agreed to establish a Five-Year Plan for China-Algeria Comprehensive Strategic Cooperation. The agreement sought to “promote specific bilateral cooperation in various fields including economy and trade, investment, energy and mineral resources, infrastructure construction, agriculture, science and technology, aerospace and people-to-people and cultural engagement.”<sup>247</sup>

Since establishing their bilateral ties, “Algeria has served as the bridge to further Chinese ties with Africa” and swiftly supported the ‘One China’ principle and Beijing’s sovereignty over Macau, Hong Kong, Xinjiang, Tibet and Taiwan.<sup>248</sup> As Olimat puts it “like no other country, Algeria supported China in the aftermath of the Tiananmen student protest, even though going through a civil war, Algeria helped China get around Western imposed sanctions by mobilizing African countries through the African Union.”<sup>249</sup>

Bilateral trade between China and Algeria grew from a combined total of US\$1.8 billion in 2005 to US\$7.8 billion in 2012. From 2013 onward Algerian imports from China rose while exports to China declined. As a result, Algeria’s trade deficit with China increased fourfold, from US\$2 billion in 2013 to nearly US\$8 billion in 2016. 59% of Algeria’s total exports to China consisted of refined petroleum, while 39% consisted of natural gas.

Algeria is also the fourth largest recipient of Chinese investment in the region, with total stock of US\$20.78 billion between 2005 and 2017.<sup>250</sup> 10% of all Chinese investment in the MENA region in that period was targeted

in Algeria. 64% of all Chinese investment in Algeria targeted the transportation/infrastructure sector, followed by 19% in real estate, 6% in energy, 6% in tourism, 6% in chemicals, 2% in metals, 3%, 1% in utilities, 1% in agriculture, and 1% in other sectors.

## FUTURE BILATERAL RELATIONS

Sino-Algerian relations are expected to remain strong. The two sides have supported each other across six decades. Over that time, relations shifted from anti-colonial solidarity to a business-focused orientation. Algeria’s proximity to both Europe and oil reserves will continue to attract Chinese interest. Furthermore, as Algeria feels increasingly pressured to diversify its economy amid falling oil prices, it will seek to attract further Chinese investment.

## *China and Morocco*

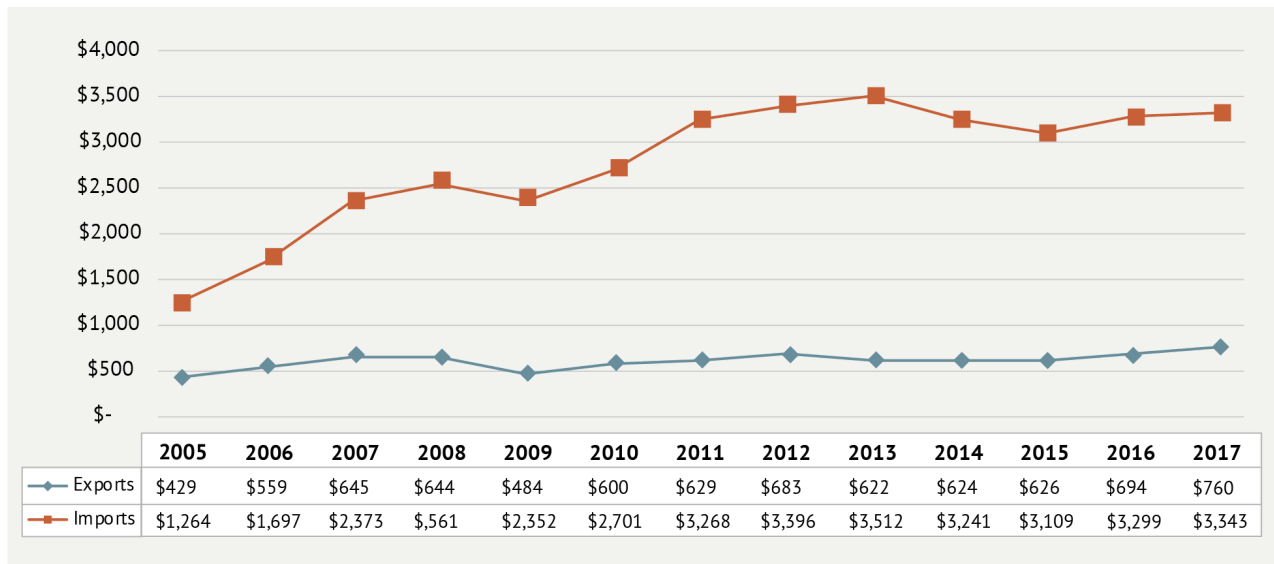
### POLITICAL AND ECONOMIC RELATIONS

Morocco became one of the first countries in the MENA region to develop diplomatic ties with the PRC. Morocco established its independence in 1956 after a successful confrontation against French and Spanish powers. However, its struggle to “liberate its occupied territories” lasted until 1976.<sup>251</sup> Since independence, its relations with Beijing “have grown steadily, in contrast with China’s ties with Libya, Sudan, and Egypt.”<sup>252</sup> In a show of support, Premier Zhou Enlai visited Morocco in 1964.<sup>253</sup> During his time in Morocco, Zhou signed “several economic, political and cultural agreements” that sought to bolster bilateral cooperation.<sup>254</sup>

Throughout the 1970s and 1980s, interactions between China and Morocco were limited, especially given China’s retreat from the global arena during the Cultural Revolution. From the 1980s onward, however, the countries participated in a number of high-level bilateral exchanges.<sup>255</sup> Premier Zhao Ziyang visited Morocco in 1982, followed by Premier Zhao Ziyang in 1982, President Yang Shangkun in 1992, Premier Li Peng in 1995, President Jiang Zemin in 1999, State Councilor Luo Gan in 2000, Vice Chairman of the Standing Committee of the National People’s Congress (NPC) Tian Jiyuan in 2000, State Councilor and Defense Minister Chi Haotian in 2000, Vice Chairman of the Chinese People’s Political Consultative Conference (CPPCC) Li Guixian in 2000, Chairman of the CPPCC Li Ruihuan in 2001, Premier Zhu Rongji in 2002, Vice Premier Hui Liangyu in 2005, and Chairman of the NPC Standing Committee Wu Bangguo

## Morocco's Trade with China

In Millions US\$, 2005-2017



Source: UN ComTrade Data

in 2005.<sup>256</sup> Moroccan Prime Minister Maati Bouabid visited China in 1982, followed by Speaker of Parliament Othmane in 1986, Princess Lalla Meriem (daughter of King Hassan II) and her husband in 1987, Crown Prince Sidi Mohammed in 1991, Prime Minister Youssoufi in 1998, and King Mohammed VI in 2002.

Sino-Moroccan relations reached a high water mark in 2016 when King Mohammed VI met President Xi in China. The two leaders signed 15 agreements and memoranda of understanding covering cooperation in the judicial; economic; financial; industrial; and energy sectors. They also cover cooperation in the areas of infrastructure; tourism; culture; science, technology and defense industry; and the safety of imported and exported foodstuffs.<sup>257</sup> Collectively the agreements seek to establish a “\$10 billion industrial city to be built in Tangiers, Morocco’s northern hub.”<sup>258</sup>

Since this meeting the two sides have held a number of other exchanges to strengthen their strategic partnership.<sup>259</sup> In 2017, Moroccan Minister of Foreign Affairs met with Foreign Minister Wang Yi.<sup>260</sup> The two Foreign Ministers jointly signed a Memorandum of Understanding that promotes the “Construction of the Silk Road Economic Belt and the 21st Century Maritime Silk Road.”<sup>261</sup> Morocco became the first country in the Maghreb to sign such a memorandum.<sup>262</sup> Trade between China and Morocco steadily grew since

from a total of US\$1.7 billion in 2005 to US\$4.0 billion in 2017. 83% of 2016’s trade total accounted for Chinese exports to Morocco, which increased nearly 250% between 2005 and 2016 to peak at US\$3.3 billion. China’s imports from Morocco increased by 62% in the same time period, from US\$429 million to US\$694 million. In 2016, more than a third of Morocco’s total exports to China consisted of machinery products, primarily integrated circuits, and semiconductor devices, while another quarter consisted of mineral products such as zinc, copper, and lead ores.<sup>263</sup> Total Chinese investment in Morocco between 2005 and 2017 exceeded US\$1.5 billion. 61% of that total was invested in the transportation sector, followed by 24% investment in energy and 15% in real estate.<sup>264</sup>

### FUTURE BILATERAL RELATIONS

Because it faces rising unemployment and economic uncertainty at home, Morocco actively seeks Chinese investment. The rapid acceleration of relations in recent years suggests that the two sides will further deepen investment ties in the years to come. It remains to be seen whether the Moroccan support of China’s BRI will result in subnational infrastructure development within Morocco or whether BRI will remain a symbol of Sino-Morocco cooperation.



## China and Tunisia

### POLITICAL AND ECONOMIC RELATIONS

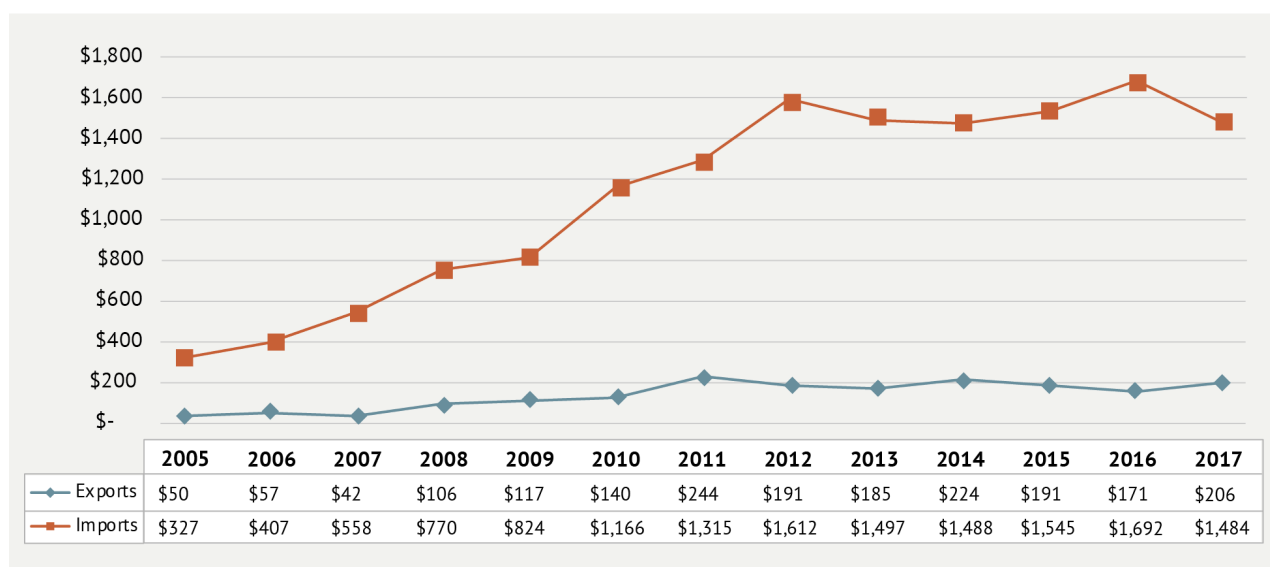
As was the case for Algeria and Morocco, Sino-Tunisian relations developed in the midst of the Cold War's politics of anti-colonial contestation.<sup>265</sup> Bilateral interactions date back to 1958, when the two states signed a joint trade agreement. They did not establish diplomatic ties until 1964, however, when Premier Zhou Enlai and Vice Premier Chen Yi visited Tunisia.<sup>266</sup> Diplomatic exchanges increased after a relatively placid 1960s and 1970s: Vice Premier Li Peng visited Tunisia in 1984, followed by Premier Zhao Ziyang in 1986, State councilor and Foreign Minister Qian Qichen in 1989, President Yang Shangkun in 1992, Vice Foreign Minister Yang Fuchang in 1993, Minister of Foreign Trade and Economic Cooperation Wu Yi in 1995, Vice Premier and Foreign Minister Qian Qichen in 1996, Deputy Chief of General Staff Qian Shugen in 1999, and President Jiang Zemin in 2000.<sup>267</sup> Tunisian Prime Minister Hedi Amara Nouira likewise visited China in 1975, followed by Prime Minister Mohammed Mzali in 1984, President Zain al-Abideen Ben Ali in 1991, Foreign Minister Habib ben Yahia in 1993, and Foreign Minister Said Ben Mustapha in 1999.<sup>268</sup> Throughout the 2000s, relations remained limited, but between 2000 and 2012 China provided 214 million dinars (US\$127 million)

to Tunisia in loans and 54 million dinars in aids.<sup>269</sup> In December 2013, China also donated 37 million dinars to be invested in development projects in Tunisia.<sup>270</sup>

Following the fall of Tunisian President Ben Ali in 2011, Tunisia underwent a transitional political period that saw the establishment of new parties and parliamentary elections. The post-revolutionary government in Tunisia has sought to develop closer ties with China, hoping to attract investment into the country. Tunisian Minister of State Domains and Land Affairs called for increased bilateral cooperation and announced "Tunisia is open to Chinese investment."<sup>271</sup>

Bilateral trade between China and Tunisia grew from a total of US\$377 million in 2005 to \$1.7 billion in 2017. Chinese exports to Tunisia accounted for 88% of 2017's total. Chinese exports to Tunisia increased by nearly five fold in the same period, growing from US\$327 million in 2005 to US\$1.5 billion in 2017. Imports from Tunisia increased threefold in the same time period, from US\$50 million to US\$206 million. In 2016, 38% of Tunisia's total exports to China consisted of textiles, primarily integrated circuits, and semiconductor devices, while 39% was machinery products such as low-voltage protection equipment, electrical transformers, and other electric products.<sup>272</sup> Tunisia has not garnered much Chinese investment. Between 2005 and

### Tunisia's Trade with China In Millions US\$, 2005-2017



Source: UN ComTrade Data



2017, the combined total investment was US\$110 million, largely targeted in the real estate sector.<sup>273</sup>

## FUTURE BILATERAL RELATIONS

The modest Sino-Tunisian relations are expected to gradually grow amid Tunisia’s attempts to attract foreign investment into the country and China’s continued global economic rise.

## China and Libya

### POLITICAL AND ECONOMIC RELATIONS

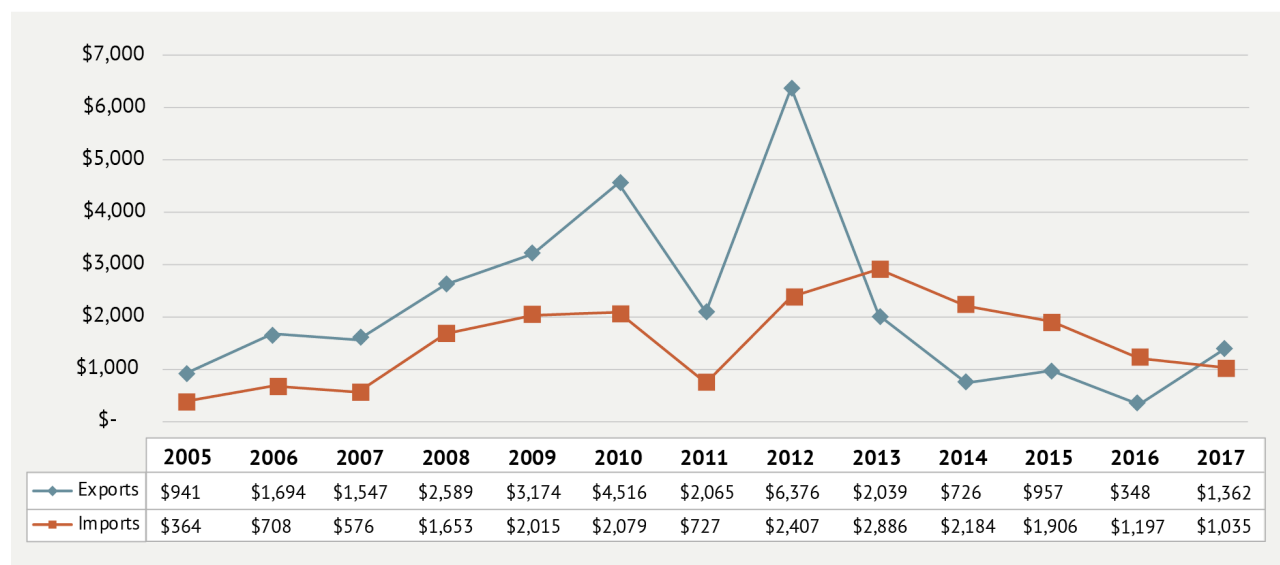
Established in 1978, Sino-Libyan relations have faced a number of challenges. Libya’s Muammar Gadhafi, who ruled the country for 42 years, clashed with China on “everything from the rising power’s inroads into Africa to Col. Gadhafi’s economic and political ties with Taiwan.”<sup>274</sup> Libya “severed ties in 1980 after Beijing supplied weapons to neighboring Egypt, with whom Libya fought a short border war in 1977.”<sup>275</sup> In 2006, Libya hosted Taiwanese President Chen Shui-bian, igniting condemnation from the PRC. In the same year, Gadhafi’s son, Saif Gadhafi, visited Taiwan. In 2008, Taiwan opened a trade office in Libya, despite a

warning from Beijing that such a move would severely impact relations. Relations were further weakened in 2009, after the Gadhafi regime blocked the sale of Verenex Energy Inc, a small Canadian oil company that operated in Libya, to state-owned China National Petroleum Corp.<sup>276</sup>

Bilateral trade between China and Libya grew steadily from 2005 to 2010 from a total of US\$1.3 billion to US\$6.5 billion. During the 2011 Libyan crisis, trade with China dropped by 57% to US\$2.8 billion. The establishment of a transitional government partially stabilized the country, allowing trade to rebound. Libyan exports to China tripled between 2011 and 2012, growing from US\$2 billion to US\$6.4 billion in 2012. Despite the fall of Mummer Gaddafi, in 2014, the outbreak of the Libyan Civil war led to a sharp decrease in trade with China. In 2016, Libyan exports to China reached an all-time low, within the examined time period, of US\$348 million. In 2017, Libyan exports to China increased by nearly four times, while imports from China continued to decline. For the first time since 2012, Libya recorded a trade surplus of US\$1 billion in its trade with China in 2017.

Libya has been modest recipient of Chinese investment.<sup>277</sup> The total stock of Chinese investment in Libya between 2005 and 2017 totaled US\$2.6 billion. All of that investment targeted the transportation sector.

**Libya’s Trade with China**  
In Millions US\$, 2005-2017



Source: UN ComTrade Data

## **FUTURE BILATERAL RELATIONS**

Sino-Libyan relations have an uncertain future given Libya's continued disintegration. There are few currently strategic interests or incentives for either side to regenerate substantive political relations, in light on this ongoing conflict. However, a post-conflict Libya would offer unique opportunities for China to invest in rebuilding the cities and industries impacted by conflict.

# Conclusion

China has pursued a cautious policy towards the Middle East consistent with Beijing's broad foreign policy focus on economic growth and security concerns within China's East Asia neighbourhood.

As can be seen from the trade and investment statistics presented in this paper, there is one glaring exception to the generally low-profile that China has maintained with regard to the Middle East: energy. China is already the world's largest importer of petroleum and remains heavily dependent upon oil and Liquid Natural Gas (LNG) imports from the Middle East. Investment in Middle Eastern and North African energy projects also dominate China's investment in the region. This energy-heavy focus brings strategic consequences in its wake. Energy resources bound for China must travel across lengthy sea voyages and navigate numerous geopolitical chokepoints—the Suez Canal, the Persian Gulf, the Straits of Malacca, and the South China Sea. China's energy needs are thus also security needs, pushing the development of a capable Chinese blue water navy to the forefront of its military strategy.

Chinese merchant vessels, including oil tankers bound for Chinese ports, must also pass through waters where the United States and India have a significant naval presence. It is not coincidental that China's first overseas naval base is in Djibouti, close to the Suez Canal. Similarly, Chinese construction of naval bases or other supply facilities in Sri Lanka and Pakistan underscores the importance Beijing attaches to MENA's energy resources.

While China has multiple reasons to develop alternative energy sources, including nuclear, wind, and solar, reducing dependence on its long and vulnerable "energy lifeline" to MENA must be one of the factors driving the PRC's energy diversification (along with reducing atmospheric pollution, fighting climate change, and promoting Chinese success in a range of strategic industries and new technologies).

While China's activities in the MENA region are dominated by calculations about energy, other dimensions of Chinese foreign policy are gradually assuming greater importance. China now aspires to possess global prominence and status commensurate with its national power. This aspiration

may lead to an expectation that China take on additional responsibilities in the Middle East concerning the Syrian conflict, the Sunni-Shiite divide, and the Palestine-Israel conundrum. China's foreign policy focus on trade and investment, especially outside of East Asia, goes hand-in-hand with a reluctance to enter into military alliances, however, or to become directly militarily involved in military conflicts. This reluctance is reflected in China-MENA relations. With growing Chinese national power and the relative decline of U.S. hegemony, China may not always be so reluctant.

At least for the present, nimble Chinese policies have enabled China to secure valuable mining and energy investments without being drawn into the Afghanistan civil war, and secure valuable investments in Iraqi oilfields without direct involving itself in Iraq's internal strife. These policies demonstrate the success of China's MENA diplomacy to secure economic opportunities in MENA while avoiding deep exposure to its political and military quagmires. Whether China will be able to, or wish to, avoid being drawn more deeply into shaping political and security outcomes in the MENA region remains to be seen. The growth and expansion of economic interlinkages between China and the MENA region demonstrate the low profile but very real, yet gradual, accretion of Chinese national power.



# Appendix A:

## Chinese Investment in the Middle East Data

Chinese FDI in the MENA Region (2005-2017)

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Saudi Arabia	\$ 1,100	\$ -	\$ 5,770	\$ 1,170	\$ 4,230	\$ 2,060	\$ 4,320	\$ 1,830	\$ 1,080	\$ 4,260	\$ 1,390	\$ 1,250	\$ 1,720	\$ 30,180
Iran	\$ 900	\$ 3,150	\$ 2,330	\$ 200	\$ 1,760	\$ 1,790	\$ 1,310	\$ 1,250	\$ 710	\$ 1,010	\$ 500	\$ 5,260	\$ 4,120	\$ 24,290
Egypt	\$ -	\$ 940	\$ 520	\$ 380	\$ 280	\$ 1,990	\$ 440	\$ 550	\$ 3,600	\$ 370	\$ 1,780	\$ 8,110	\$ 3,230	\$ 22,190
Algeria	\$ 600	\$ 6,510	\$ -	\$ 160	\$ 3,010	\$ -	\$ 1,650	\$ 2,870	\$ 2,350	\$ -	\$ 270	\$ 3,350	\$ -	\$ 20,770
UAE	\$ -	\$ 300	\$ 650	\$ 3,550	\$ 670	\$ 130	\$ 450	\$ 3,150	\$ 730	\$ 640	\$ 760	\$ 4,150	\$ 5,260	\$ 20,440
Iraq	\$ -	\$ -	\$ 1,080	\$ -	\$ 8,580	\$ 360	\$ 2,260	\$ 130	\$ 2,300	\$ 1,230	\$ 530	\$ 1,800	\$ 450	\$ 18,720
Turkey	\$ 1,270	\$ -	\$ 610	\$ 870	\$ 440	\$ 1,140	\$ 640	\$ 1,700	\$ 4,180	\$ 320	\$ 1,560	\$ 870	\$ -	\$ 13,600
Israel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440	\$ -	\$ 140	\$ 240	\$ 2,510	\$ 2,490	\$ 6,060	\$ 340	\$ 13,220
Kuwait	\$ -	\$ -	\$ 840	\$ -	\$ 390	\$ 570	\$ 260	\$ 510	\$ -	\$ 100	\$ 2,480	\$ 1,620	\$ 1,330	\$ 8,100
Sudan	\$ 100	\$ -	\$ -	\$ 610	\$ 950	\$ 2,240	\$ 470	\$ 320	\$ 700	\$ 2,130	\$ -	\$ -	\$ -	\$ 7,520
Qatar	\$ 100	\$ 540	\$ -	\$ 140	\$ 740	\$ -	\$ 1,850	\$ -	\$ 600	\$ 560	\$ 1,400	\$ 1,110	\$ -	\$ 7,040
Jordan	\$ -	\$ -	\$ 100	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ 1,970	\$ 1,600	\$ 350	\$ 1,300	\$ 380	\$ 5,840
Syria	\$ 290	\$ -	\$ -	\$ 1,990	\$ -	\$ 1,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,060
Libya	\$ -	\$ -	\$ -	\$ 2,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,060
Oman	\$ 150	\$ -	\$ -	\$ 160	\$ 720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 700	\$ -	\$ 2,030
Yemen	\$ -	\$ 480	\$ 250	\$ 470	\$ -	\$ -	\$ -	\$ -	\$ 510	\$ -	\$ -	\$ -	\$ -	\$ 1,710
Morocco	\$ -	\$ -	\$ -	\$ 260	\$ -	\$ 420	\$ -	\$ -	\$ 360	\$ -	\$ -	\$ -	\$ 480	\$ 1,520
Tunisia	\$ -	\$ -	\$ -	\$ -	\$ 110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110
<b>Total</b>	<b>\$ 4,510</b>	<b>\$ 11,920</b>	<b>\$ 12,150</b>	<b>\$ 12,160</b>	<b>\$ 21,880</b>	<b>\$ 13,920</b>	<b>\$ 13,650</b>	<b>\$ 12,450</b>	<b>\$ 19,330</b>	<b>\$ 14,730</b>	<b>\$ 13,810</b>	<b>\$ 35,580</b>	<b>\$ 17,310</b>	<b>\$ 203,400</b>

Source: American Enterprise Institute and the Heritage Foundation, China Global Investment Tracker, 2018.

# Appendix B:

## Trade Data Between China and the MENA Region

Trade Between Countries of the MENA Region and China (2005-2017)

Country	Trade	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Morocco	Export	\$ 429	\$ 559	\$ 645	\$ 644	\$ 484	\$ 600	\$ 629	\$ 683	\$ 622	\$ 624	\$ 626	\$ 694	\$ 760	\$ 7,239
	Import	\$ 1,264	\$ 1,697	\$ 2,373	\$ 2,561	\$ 2,352	\$ 2,701	\$ 3,268	\$ 3,396	\$ 3,512	\$ 3,241	\$ 3,109	\$ 3,299	\$ 3,345	\$ 32,773
Algeria	Export	\$ 364	\$ 146	\$ 1,161	\$ 850	\$ 949	\$ 1,177	\$ 1,961	\$ 2,316	\$ 2,166	\$ 1,316	\$ 768	\$ 338	\$ 451	\$ 13,512
	Import	\$ 1,431	\$ 1,992	\$ 2,793	\$ 3,816	\$ 4,258	\$ 4,045	\$ 4,549	\$ 5,512	\$ 6,190	\$ 7,758	\$ 8,252	\$ 8,259	\$ 6,569	\$ 58,855
Tunisia	Export	\$ 50	\$ 57	\$ 42	\$ 106	\$ 117	\$ 140	\$ 244	\$ 191	\$ 185	\$ 224	\$ 191	\$ 171	\$ 206	\$ 1,718
	Import	\$ 327	\$ 407	\$ 558	\$ 770	\$ 824	\$ 1,166	\$ 1,315	\$ 1,612	\$ 1,497	\$ 1,488	\$ 1,545	\$ 1,692	\$ 1,484	\$ 13,201
Libya	Export	\$ 941	\$ 1,694	\$ 1,547	\$ 2,589	\$ 3,174	\$ 4,516	\$ 2,065	\$ 727	\$ 2,407	\$ 2,886	\$ 2,184	\$ 1,906	\$ 1,197	\$ 26,972
	Import	\$ 364	\$ 708	\$ 576	\$ 1,653	\$ 2,015	\$ 2,079	\$ 2,057	\$ 2,407	\$ 2,886	\$ 2,184	\$ 1,906	\$ 1,197	\$ 1,035	\$ 18,702
Sudan	Export	\$ 2,621	\$ 1,951	\$ 4,175	\$ 6,332	\$ 4,686	\$ 6,673	\$ 9,543	\$ 1,560	\$ 2,114	\$ 1,523	\$ 730	\$ 505	\$ 260	\$ 42,413
	Import	\$ 1,311	\$ 1,429	\$ 1,378	\$ 1,895	\$ 1,728	\$ 1,132	\$ 2,027	\$ 2,206	\$ 2,422	\$ 2,422	\$ 1,958	\$ 2,417	\$ 2,144	\$ 23,089
Egypt	Export	\$ 347	\$ 305	\$ 365	\$ 627	\$ 951	\$ 1,132	\$ 1,648	\$ 1,475	\$ 1,964	\$ 1,229	\$ 977	\$ 597	\$ 1,410	\$ 11,617
	Import	\$ 2,191	\$ 3,270	\$ 4,813	\$ 6,196	\$ 5,553	\$ 6,738	\$ 7,939	\$ 8,930	\$ 9,120	\$ 11,525	\$ 13,012	\$ 11,514	\$ 10,032	\$ 90,801
Syria	Export	\$ 18	\$ 52	\$ 10	\$ 12	\$ 14	\$ 50	\$ 38	\$ 17	\$ 8	\$ 3	\$ 4	\$ 4	\$ 2	\$ 229
	Import	\$ 971	\$ 1,390	\$ 1,941	\$ 2,355	\$ 2,248	\$ 2,481	\$ 2,445	\$ 1,202	\$ 692	\$ 988	\$ 1,025	\$ 918	\$ 1,104	\$ 18,656
Jordan	Export	\$ 82	\$ 59	\$ 87	\$ 129	\$ 116	\$ 173	\$ 270	\$ 322	\$ 196	\$ 286	\$ 312	\$ 228	\$ 316	\$ 2,260
	Import	\$ 1,220	\$ 1,422	\$ 1,538	\$ 2,186	\$ 2,172	\$ 1,996	\$ 2,636	\$ 3,089	\$ 3,557	\$ 3,501	\$ 3,778	\$ 3,324	\$ 3,032	\$ 30,419
Palestine	Export	\$ 0.23	\$ 0.21	\$ 0.15	\$ 0.25	\$ 0.75	\$ 0.40	\$ 0.10	\$ 0.30	\$ 0.20	\$ 0.01	\$ 0.44	\$ 0.31	\$ 0.11	\$ 3
	Import	\$ 23	\$ 28	\$ 38	\$ 41	\$ 24	\$ 26	\$ 48	\$ 41	\$ 90	\$ 76	\$ 69	\$ 59	\$ 69	\$ 563
Israel	Export	\$ 2,582	\$ 3,075	\$ 3,492	\$ 3,896	\$ 3,071	\$ 4,736	\$ 5,991	\$ 5,627	\$ 6,068	\$ 6,439	\$ 5,476	\$ 6,335	\$ 6,490	\$ 56,788
	Import	\$ 4,135	\$ 5,194	\$ 6,640	\$ 7,691	\$ 5,770	\$ 7,572	\$ 10,519	\$ 10,667	\$ 11,772	\$ 12,638	\$ 13,355	\$ 12,402	\$ 10,994	\$ 108,355
Iraq	Export	\$ 4,156	\$ 6,533	\$ 7,658	\$ 1,382	\$ 3,298	\$ 6,575	\$ 10,444	\$ 12,660	\$ 17,888	\$ 20,763	\$ 12,677	\$ 10,663	\$ 13,816	\$ 114,697
	Import	\$ 410	\$ 494	\$ 730	\$ 1,275	\$ 1,842	\$ 3,596	\$ 3,841	\$ 4,927	\$ 6,932	\$ 7,801	\$ 8,034	\$ 7,788	\$ 8,390	\$ 47,670
Lebanon	Export	\$ 10	\$ 13	\$ 23	\$ 19	\$ 14	\$ 32	\$ 32	\$ 28	\$ 60	\$ 39	\$ 28	\$ 23	\$ 18	\$ 321
	Import	\$ 553	\$ 612	\$ 796	\$ 1,120	\$ 1,179	\$ 1,497	\$ 1,585	\$ 1,825	\$ 2,630	\$ 2,752	\$ 2,433	\$ 2,219	\$ 2,065	\$ 19,201
Turkey	Export	\$ 752	\$ 898	\$ 1,466	\$ 2,150	\$ 1,925	\$ 3,413	\$ 3,557	\$ 3,880	\$ 4,164	\$ 4,164	\$ 3,290	\$ 3,209	\$ 4,564	\$ 33,565
	Import	\$ 5,436	\$ 8,489	\$ 11,701	\$ 11,961	\$ 9,567	\$ 13,408	\$ 17,346	\$ 17,202	\$ 19,470	\$ 21,456	\$ 20,663	\$ 18,752	\$ 19,111	\$ 175,451
Iran	Export	\$ 6,976	\$ 10,126	\$ 13,490	\$ 19,773	\$ 13,442	\$ 18,692	\$ 30,589	\$ 25,165	\$ 28,029	\$ 16,434	\$ 15,087	\$ 18,732	\$ 19,111	\$ 223,455
	Import	\$ 3,418	\$ 4,654	\$ 7,529	\$ 8,374	\$ 8,112	\$ 11,353	\$ 15,132	\$ 11,911	\$ 14,250	\$ 24,581	\$ 18,002	\$ 16,689	\$ 18,816	\$ 144,005
Saudi Arabia	Export	\$ 12,695	\$ 15,590	\$ 18,060	\$ 31,481	\$ 24,110	\$ 33,489	\$ 50,199	\$ 55,565	\$ 54,140	\$ 49,204	\$ 30,664	\$ 24,117	\$ 32,156	\$ 399,314
	Import	\$ 4,491	\$ 5,828	\$ 8,642	\$ 11,893	\$ 10,111	\$ 11,561	\$ 16,092	\$ 19,946	\$ 20,299	\$ 22,249	\$ 23,472	\$ 20,805	\$ 19,403	\$ 175,389
UAE	Export	\$ 3,363	\$ 4,204	\$ 4,514	\$ 6,299	\$ 4,371	\$ 6,771	\$ 12,013	\$ 15,609	\$ 18,222	\$ 20,253	\$ 15,950	\$ 11,333	\$ 16,677	\$ 122,902
	Import	\$ 12,544	\$ 15,892	\$ 22,545	\$ 29,237	\$ 23,877	\$ 26,543	\$ 34,134	\$ 38,448	\$ 43,612	\$ 51,806	\$ 49,861	\$ 43,858	\$ 36,456	\$ 392,377
Qatar	Export	\$ 4,944	\$ 5,896	\$ 6,077	\$ 7,225	\$ 1,390	\$ 2,477	\$ 4,731	\$ 7,429	\$ 8,677	\$ 8,514	\$ 4,712	\$ 4,130	\$ 6,546	\$ 61,702
	Import	\$ 248	\$ 518	\$ 691	\$ 1,163	\$ 969	\$ 959	\$ 1,332	\$ 1,389	\$ 1,893	\$ 2,472	\$ 2,517	\$ 1,726	\$ 1,864	\$ 15,877
Oman	Export	\$ 4,170	\$ 6,182	\$ 6,800	\$ 11,705	\$ 5,501	\$ 9,934	\$ 15,094	\$ 17,171	\$ 21,130	\$ 23,867	\$ 15,904	\$ 12,064	\$ 13,449	\$ 149,522
	Import	\$ 223	\$ 386	\$ 610	\$ 870	\$ 853	\$ 1,050	\$ 1,079	\$ 1,899	\$ 2,031	\$ 2,229	\$ 2,319	\$ 2,403	\$ 2,455	\$ 15,952
Bahrain	Export	\$ 115	\$ 87	\$ 108	\$ 151	\$ 251	\$ 279	\$ 354	\$ 375	\$ 364	\$ 215	\$ 154	\$ 73	\$ 195	\$ 2,526
	Import	\$ 256	\$ 367	\$ 497	\$ 567	\$ 618	\$ 924	\$ 997	\$ 1,324	\$ 1,378	\$ 1,390	\$ 1,201	\$ 1,005	\$ 997	\$ 10,734
Kuwait	Export	\$ 220	\$ 2,132	\$ 2,361	\$ 5,104	\$ 3,583	\$ 6,856	\$ 9,290	\$ 10,560	\$ 9,696	\$ 10,092	\$ 7,543	\$ 6,419	\$ 9,033	\$ 73,856
	Import	\$ 731	\$ 970	\$ 1,458	\$ 1,988	\$ 1,771	\$ 2,058	\$ 2,388	\$ 2,372	\$ 3,116	\$ 3,901	\$ 4,181	\$ 3,311	\$ 3,270	\$ 28,245
Yemen	Export	\$ 2,682	\$ 2,246	\$ 1,758	\$ 3,231	\$ 1,251	\$ 2,807	\$ 3,160	\$ 3,078	\$ 3,630	\$ 3,078	\$ 2,948	\$ 911	\$ 184	\$ 27,886
	Import	\$ 551	\$ 814	\$ 1,013	\$ 1,177	\$ 1,190	\$ 1,229	\$ 1,113	\$ 1,965	\$ 2,161	\$ 2,215	\$ 1,433	\$ 1,696	\$ 1,644	\$ 16,557
<b>Total</b>		<b>\$ 89,615</b>	<b>\$ 118,366</b>	<b>\$ 152,899</b>	<b>\$ 198,217</b>	<b>\$ 159,719</b>	<b>\$ 215,478</b>	<b>\$ 292,384</b>	<b>\$ 312,509</b>	<b>\$ 338,640</b>	<b>\$ 346,667</b>	<b>\$ 300,892</b>	<b>\$ 261,582</b>	<b>\$ 281,473</b>	

Source: UN COMTRADE Database



# Endnotes

<sup>1</sup> Muhamad Olimat, *China and the Middle East: From Silk Road to Arab Spring* (New York: Routledge, 2012).

<sup>2</sup> Ibid.

<sup>3</sup> United Nations, "Silk Road: Dialogue Diversity and Development" *United Nations Educational, Scientific, and Cultural Organization*. Accessed April 1, 2018. <https://en.unesco.org/silkroad/countries-alongside-silk-road-routes/zhong-guo>

<sup>4</sup> Ibid.

<sup>5</sup> Olimat, *China and the Middle East: From Silk Road to Arab Spring*.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid., 1-5.

<sup>8</sup> Barbara Barnoun and Changgen Yu, *Zhou Enlai: A Political Life* (Hong Kong: Chinese University Press, 2006).

<sup>9</sup> Joseph Yu-Shek Cheng and Franklin Wankun Zhang, "Chinese Foreign Relation Strategies under Mao and Deng: A Systematic and Comparative Analysis," *Kasarinlan: Philippine Journal of Third World Studies*, Vol. 14, Iss. 3, No. 4 (1999): 96.

<sup>10</sup> Olimat, *China and the Middle East: From Silk Road to Arab Spring*.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Andrew Nathan and Andrew Scobell, *China's Search for Security* (New York: Columbia University Press, 2012).

<sup>14</sup> Wayne M. Morrison, "China's Economic Rise: History, Trends, Challenges, and Implications for the United States," *Congressional Research Service*, September 15, 2017.

<sup>15</sup> Olimat, *China and the Middle East*, 54.

<sup>16</sup> Ibid.

<sup>17</sup> Nathan and Scobell, *China's Search for Security*.

<sup>18</sup> Ibid., 4.

<sup>19</sup> Ibid., 6.

<sup>20</sup> Ibid.

<sup>21</sup> John Mearsheimer "Why China's Rise Will Not Be Peaceful," *University of Chicago*, 2004. <http://mearsheimer.uchicago.edu/pdfs/A0034b.pdf>; John Mearsheimer "China's Unpeaceful Rise" *Current History* (2006): 160-162 [http://home.sogang.ac.kr/sites/jaechun/courses/Lists/b7/Attachments/22/Mearsheimer\\_ChinaUnpeacefulRise.pdf](http://home.sogang.ac.kr/sites/jaechun/courses/Lists/b7/Attachments/22/Mearsheimer_ChinaUnpeacefulRise.pdf)

<sup>22</sup> Robert Kaplan, *Asia's Cauldron* (New York: Random House Trade Paperback, 2014), 35.

<sup>23</sup> Ibid.

<sup>24</sup> Sean Chen and John Feffer, "China's Military Spending: Soft Rise or Hard Threat?" *Asian Perspective*, Vol. 33, No. 4 (2009): 52.

<sup>25</sup> John Mearsheimer and Yan Xuetong, "Can China Rise Peacefully?" *University of Chicago CPost*, Jan 2, 2017. Accessed Nov.10, 2017. <https://www.youtube.com/watch?v=wBrA2TDcNto>

<sup>26</sup> Barry Naughto and Yao Yang, "The Economic Relationship." In Nina Hachingian (ed.), *Debating China* (New York: Oxford University Press, 2014).

<sup>27</sup> Kaplan, *Asia's Cauldron*.

<sup>28</sup> Nathan and Scobell, *China's Search for Security*.

<sup>29</sup> Andrew Scobell and Alireza Nader, *China in the Middle East: The Wary Dragon* (Santa Monica: Rand Corporation, 2016), 9.

<sup>30</sup> Ibid., 10.

<sup>31</sup> Ibid.

<sup>32</sup> The "Five Principles of Peaceful Coexistence" are mutual respect for each other's territorial integrity and sovereignty, mutual non-ag-

gression, mutual non-interference in each other's internal affairs, equality and cooperation for mutual benefit and peaceful co-existence. See: Ministry of Foreign Affairs "China's Initiation of the Five Principles of Peaceful Co-Existence" *People's Republic of China*, accessed November 21, 2017. [http://www.fmprc.gov.cn/mfa\\_eng/zili-ao\\_665539/3602\\_665543/3604\\_665547/t18053.shtml](http://www.fmprc.gov.cn/mfa_eng/zili-ao_665539/3602_665543/3604_665547/t18053.shtml)

<sup>33</sup> This view on state sovereignty and non-intervention also buttresses China's own historical and modern fear of outside intervention in China's own domestic affairs.

<sup>34</sup> Geoffrey Anderson, "China's Vision of the Middle East," *Aljazeera*, January, 21, 2016. <http://www.aljazeera.com/indepth/opinion/2016/01/china-vision-middle-east-160121052018955.html>

<sup>35</sup> Ibid.

<sup>36</sup> "China's Arab Policy Paper," *Government of the People's Republic of China*, January 13, 2016.

<sup>37</sup> Zhiqun Zhu, *China's New Diplomacy: Rationale, Strategies and Significance* (United Kingdom: Ashgate, 2010): 51

<sup>38</sup> Shannon Tiezzi, "China Appoints New Special Envoy to the Middle East," *The Diplomat*, September 5, 2014. <http://thediplomat.com/2014/09/china-appoints-new-special-envoy-to-the-middle-east/>

<sup>39</sup> "1st Sino-Arab Cooperation Forum Ministerial Meeting Held," *Xinhua News Agency*, September 15, 2004.

<sup>40</sup> Ibid.

<sup>41</sup> "Backgrounder: China-Arab States Cooperation Forum," *Xinhua News Agency*, May, 5, 2017. [http://news.xinhuanet.com/english/2016-05/12/c\\_135354230.htm](http://news.xinhuanet.com/english/2016-05/12/c_135354230.htm)

<sup>42</sup> "Chinese FM to attend China-Arab States Cooperation Forum," *Xinhua News Agency*, May, 9, 2016. [http://news.xinhuanet.com/english/2016-05/09/c\\_135345830.htm](http://news.xinhuanet.com/english/2016-05/09/c_135345830.htm)

<sup>43</sup> Ibid.

<sup>44</sup> Xinhua News Agency (28 Mar 2015). "China unveils action plan on Belt and Road Initiative". The State Council of the People's Republic of China. Retrieved 16 April 2018.

<sup>45</sup> Ibid.

<sup>46</sup> Ibid.

<sup>47</sup> Shiloh Rainwater, "Race to the North: China's Arctic Strategy and Its Implications," *Naval War College Review* 66, No. 2 (2013): 64.

<sup>48</sup> "BP Energy Outlook Country and regional insights - China" BP, 2017. <https://www.bp.com/content/dam/bp/pdf/energy-economics/energy-outlook-2017/bp-energy-outlook-2017-country-insight-china.pdf>

<sup>49</sup> Massachusetts Institute of Technology, *The Observatory of Economic Complexity Database*. Accessed Jan 1, 2018. <https://atlas.media.mit.edu>.

<sup>50</sup> Niu Xinchun, "China's Interests in and Influence over the Middle East," trans. Haibing Xing, *Contemporary International Relations*, Vol. 24, No. 1 (January/February 2014): 39.

<sup>51</sup> Rainwater, "Race to the North: China's Arctic Strategy and Its Implications."

<sup>52</sup> Ibid.

<sup>53</sup> Giacomo Luciani, "Oil and Political Economy in the International Relations of the Middle East," in Louise Fawcett, ed. *International relations of the Middle East*, 4th edition (Oxford: Oxford University Press, 2016).

<sup>54</sup> Scobell and Nader, *China in the Middle East: The Wary Dragon*.

<sup>55</sup> Olimat, *China and the Middle East since World War II*, 18.

<sup>56</sup> United States Energy Information Administration, "Petroleum & Other Liquids," *EIA*, August 23, 2017. <https://www.eia.gov/dnav/pet/>



pet\_pri\_spt\_s1\_a.htm

<sup>57</sup> MIT. The Observatory of Economic Complexity Database.

<sup>58</sup> Shiloh Rainwater "Race to the North: China's Arctic Strategy and Its Implications" *Naval War College Review*, Vol.66, No.2 (2013).

<sup>59</sup> MIT. *The Observatory of Economic Complexity Database*.

<sup>60</sup> Reem Hosam Eldein "In-Depth: Chinese investments in the GCC" *Decypha*, June 18, 2017. <https://www.decypha.com/en/news/details/In-Depth--Chinese-investments-in-the-GCC/19996030?T-SID=&EDT=&L=EN>

<sup>61</sup> Ministry of Commerce "The 9th Round of China-GCC FTA Negotiation Concluded in Riyadh Saudi Arabia" *Government of the People's Republic of China*, December, 2016. [http://fta.mofcom.gov.cn/enarticle/engcc/engccnews/201612/33922\\_1.html](http://fta.mofcom.gov.cn/enarticle/engcc/engccnews/201612/33922_1.html)

<sup>62</sup> Xinhua News Agency "China calls for faster free trade negotiation with GCC" *Xinhua News Agency*, May, 15, 2017. [http://news.xinhuanet.com/english/2017-05/16/c\\_136288477.htm](http://news.xinhuanet.com/english/2017-05/16/c_136288477.htm)

<sup>63</sup> China Daily "Top 10 trading partners of the Chinese mainland" *China Daily*, February 2, 2017. [http://www.chinadaily.com.cn/bizchina/2014-02/19/content\\_17290565\\_5.htm](http://www.chinadaily.com.cn/bizchina/2014-02/19/content_17290565_5.htm)

<sup>64</sup> European Commission on Trade "Countries and regions: Gulf region"

<sup>65</sup> Ministry of Foreign Affairs "Visit by President Jiang Zemin to Six Countries in Europe, Africa and Asia" *Government of the People's Republic of China*, accessed August 30, 2017. [http://www.fmprc.gov.cn/mfa\\_eng/ziliao\\_665539/3602\\_665543/3604\\_665547/t18049.shtml](http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18049.shtml)

<sup>66</sup> China Daily "President Hu arrives in Saudi Arabia for state visit" *China Daily*, April 22, 2006. [http://www.chinadaily.com.cn/china/2006-04/22/content\\_574220.htm](http://www.chinadaily.com.cn/china/2006-04/22/content_574220.htm)

<sup>67</sup> David Andelman "The Sino-Saudi Connection" *Forbes*, April 7, 2006. <https://www.forbes.com/global/2006/0417/018.html#1276c1721fc3>

<sup>68</sup> Xinhua "Lifting China-Saudi ties to comprehensive strategic partnership an irresistible trend: Xi" *Xinhua News Agency*, January 20, 2016.

<sup>69</sup> Ibid.

<sup>70</sup> Government of Saudi Arabia "National Transformation Program: Saudi Arabia's Vision 2030" *Kingdom of Saudi Arabia*, accessed August 30, 2017. <http://vision2030.gov.sa/en/ntp>

<sup>71</sup> Reuters "Saudi Arabia signs initial deals with China on prince's visit" *Reuters*, August 30, 2017. <http://www.reuters.com/article/us-saudi-china-agreements-idUSKCN1151HT>

<sup>72</sup> Reuters "King Salman ends Asia tour, returns to Saudi Arabia: agency" *Reuters*, March 17, 2017. <https://www.reuters.com/article/us-saudi-asia-idUSKBN16P051>

<sup>73</sup> Catherine Wong "China, Saudi Arabia sign US\$65 billion in deals as King Salman starts Beijing visit" *South China Morning Post*, March 16, 2017. <http://www.scmp.com/news/china/policies-politics/article/2079528/china-saudi-arabia-sign-us65-billion-deals-king-salman>

<sup>74</sup> Reuters "Saudi Arabia signs cooperation deals with China on nuclear energy" *Reuters*, August 25, 2017. <https://www.reuters.com/article/saudi-china-nuclear-idUSL8N1LBICE>

<sup>75</sup> Reuters "Saudi Arabia, China plan joint \$20 billion investment fund" *Reuters*, August 24, 2017. <https://www.reuters.com/article/us-saudi-china-funds-idUSKCN1B40KO>

<sup>76</sup> Reuters "Saudi's SABIC signs MOU to build petrochemical complex in China" *Reuters*, Sept 11, 2018. <https://www.reuters.com/article/us-sabic-china/saudis-sabic-signs-mou-to-build-petrochemical-complex-in-china-idUSKCN1LR0L8>

<sup>77</sup> MIT. *The Observatory of Economic Complexity Database*.

<sup>78</sup> Ibid.

<sup>79</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.

<sup>80</sup> Julie Zhu, Reem Shamseddine and Rania El Gamal "Exclusive: China gathers state-led consortium for Aramco IPO – sources" *Reuters*, April 19, 2017. <http://www.reuters.com/article/us-aramco-ipo-china-exclusive/exclusive-china-gathers-state-led-consortium-for-aramco-ipo-sources-idUSKBN17L1F35>

<sup>81</sup> Government of the UAE "UAE Economic Briefing: Consulate General of the United Arab Emirates, Shanghai" *Government of the UAE*, Vo.2, Iss.

1, January 31, 2012.

<sup>82</sup> Ministry of Foreign Affairs "Xi Jinping Meets With Crown Prince Sheikh Mohammed Bin Zayed Al-Nahyan of Abu Dhabi Emirate of the UAE" *Government of the People's Republic of China*, December 14, 2017. [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1324821.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1324821.shtml)

<sup>83</sup> Sarah Zheng, "China's President Xi Jinping wraps up UAE visit with series of deals to boost presence in Middle East," *South China Morning Post*, July 21, 2018. <https://www.scmp.com/news/china/diplomacy-defence/article/2156291/chinas-president-xi-jinping-wraps-uea-visit-series>

<sup>84</sup> Ibid.

<sup>85</sup> MIT. *The Observatory of Economic Complexity Database*.

<sup>86</sup> Ibid.

<sup>87</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.

<sup>88</sup> Muhammad Zulfikar Rakhmat "The UAE and China's Thriving Partnership" *Gulf State Analytics Monthly Monitor*, 2015.

<sup>89</sup> Wei Min "The Interests and Trends of Chinese Enterprises' Investment in the United Arab Emirates" China Institute of International Studies

<sup>90</sup> Olimat, *China and the Middle East: From Silk Road to Arab Spring*

<sup>91</sup> Ministry of Foreign Affairs "China and Oman Hold Eighth Round of Strategic Consultation Between Foreign Ministries" *Government of the People's Republic of China*, April 15, 2015. [http://www.fmprc.gov.cn/mfa\\_eng/wjbxw/t1147986.shtml](http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1147986.shtml)

<sup>92</sup> MIT. *The Observatory of Economic Complexity Database*.

<sup>93</sup> Ibid.

<sup>94</sup> People's Republic of China Embassy in Kuwait "China and Kuwait" *People's Republic of China*, accessed September 5, 2017. <http://kw.chinese-embassy.org/eng/sbgx/t580302.htm>

<sup>95</sup> Habib Toumi "Kuwait, China sign 10 cooperation accords" *Gulf News*, June 4, 2016. <http://gulfnews.com/news/gulf/kuwait/kuwait-china-sign-10-cooperation-accords-1.1342938>

<sup>96</sup> Ibid.

<sup>97</sup> Arabian Business "Kuwait launches new plan to transform economy by 2035" *Arabian Business*, January 31, 2017. <http://www.arabianbusiness.com/kuwait-launches-new-plan-transform-economy-by-2035-661652.html>

<sup>98</sup> Ministry of Foreign Affairs "Zhang Gaoli Visits Kuwait" *People's Republic of China*, August, 24, 2017 [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1487719.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1487719.shtml)

<sup>99</sup> MIT. *The Observatory of Economic Complexity Database*.

<sup>100</sup> Ibid.

<sup>101</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.

<sup>102</sup> Mu Xuequan "Chinese vice president calls for closer ties with Qatar" *Xinhua News Agency*, June 23, 2008. [http://www.gov.cn/misc/2008-06/23/content\\_1025474.htm](http://www.gov.cn/misc/2008-06/23/content_1025474.htm)

<sup>103</sup> Reuters "UPDATE 1-China central bank signs \$6 bln currency swap with Qatar" *Reuters*, November 3, 2014. <http://www.reuters.com/article/china-economy-qatar/update-1-china-central-bank-signs-6-bln-currency-swap-with-qatar-idUSL4N0ST3LY20141103>

<sup>104</sup> Peter Alagos "China investment to Qatar up 77.5% in 2016, says trade official" *The Gulf Times*, April 3, 2017. <http://www.gulf-times.com/story/543003/China-investment-to-Qatar-up-77-5-in-2016-says-trade-offi>

<sup>105</sup> Shaji Mathew and Stephen Stapczynski "PetroChina Inks Its Biggest Qatar LNG Deal as U.S. Trade at Risk" *Bloomberg*, September 10, 2018. <https://www.bloomberg.com/news/articles/2018-09-10/qatar-gas-signs-liquefied-natural-gas-supply-pact-with-petrochina>

<sup>106</sup> MIT. *The Observatory of Economic Complexity Database*.

<sup>107</sup> Ibid.

<sup>108</sup> Ibid.

<sup>109</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.

<sup>110</sup> Fahad Al Aynati "Bahrain & China Bilateral Relations" *Bahrain Chamber of Commerce and Industry*, accessed September 12, 2017. [http://www.bcci.bh/sites/default/files/library/Bah-China%20Executive%20Report\\_0](http://www.bcci.bh/sites/default/files/library/Bah-China%20Executive%20Report_0)

pdf

- <sup>111</sup> Embassy of the People's Republic of China "Xi Jinping Holds Talks with King of Bahrain Sheikh Hamad bin Isa Al-Khalifa Stressing to Build China-Bahrain Friendly Cooperative Relations of Long-term Stability" *Government of the People's Republic of China*, September 16, 2013. <http://na.china-embassy.org/eng/zgxw/t1078070.htm>
- <sup>112</sup> Ibid.
- <sup>113</sup> MIT. *The Observatory of Economic Complexity Database*.
- <sup>114</sup> Global Times, "Sino-Yemen Bilateral Relations" *Global Times*, January 15, 2010. <http://www.globaltimes.cn/feature/yemen/background/2010-01/498939.html>
- <sup>115</sup> Ibid.
- <sup>116</sup> Ibid.
- <sup>117</sup> British Broadcasting Corporation "Yemen profile – Timeline" *BBC* (2016)
- <sup>118</sup> CNTV "President Xi: China seeks cooperative relations with Yemen" *CNTV*, November 13, 2013. <http://english.cntv.cn/program/newsupdate/20131113/105214.shtml>
- <sup>119</sup> Ibid.
- <sup>120</sup> British Broadcasting Corporation "Yemen profile – Timeline" *BBC* (2016)
- <sup>121</sup> Reuters "China expresses concern as Yemen's Houthis form government" *Reuters*, December 2, 2016. <http://www.reuters.com/article/us-yemen-security-china/china-expresses-concern-as-yemens-houthis-form-government-idUSKBN13S01T>
- <sup>122</sup> Megha Rajagopalan and Ben Blanchard "China evacuates foreign nationals from Yemen in unprecedented move" *Reuters*, April 2, 2015. <https://www.reuters.com/article/us-yemen-security-china/china-evacuates-foreign-nationals-from-yemen-in-unprecedented-move-idUSKBN0MU09M20150403>
- <sup>123</sup> Reuters "China evacuates foreign nationals from Yemen in unprecedented move" *Reuters*, April 2, 2015. <http://www.reuters.com/article/us-yemen-security-china/china-evacuates-foreign-nationals-from-yemen-in-unprecedented-move-idUSKBN0MU09M20150403>
- <sup>124</sup> For the purpose of this paper, the Levant is defined as comprising of Syria, Iraq, Jordan, Israel, Palestine, Turkey and Iran.
- <sup>125</sup> MIT. *The Observatory of Economic Complexity Database*.
- <sup>126</sup> Olimat, *China and the Middle East: From Silk Road to Arab Spring*.
- <sup>127</sup> S. Samuel C. Rajiv "Israel–China Ties at 25: The Limited Partnership" *Journal Strategic Analysis* Vol. 41, Iss. 4 (2017)
- <sup>128</sup> Ibid.
- <sup>129</sup> Ibid.
- <sup>130</sup> P.R. Kumaraswamy "Israel-China Relations and The Phalcon Controversy" *Middle East Policy Council*. <http://www.mepec.org/journal/israel-china-relations-and-phalcon-controversy>
- <sup>131</sup> Yitzhak Shichor "China and the Middle East since Tiananmen" *The ANNALS of the American Academy of Political and Social Science*, Vol 519, Iss. 1, (1992): 90
- <sup>132</sup> Kumaraswamy "Israel-China Relations And The Phalcon Controversy"
- <sup>133</sup> Ibid.
- <sup>134</sup> Ibid.
- <sup>135</sup> Rajiv "Israel–China Ties at 25: The Limited Partnership", 414.
- <sup>136</sup> Ferry Biedermann "China is increasingly becoming key for Israel's high-tech industry" *CNBC*, July, 18, 2017. <https://www.cnbc.com/2017/07/18/china-is-increasingly-becoming-key-for-israels-high-tech-industry.html>
- <sup>137</sup> Ibid.
- <sup>138</sup> William A. More "Deal for Early-Warning Plane Hangs Over Jiang's Arrival in Israel" *The New York Times*, April 13, 2000. <https://www.nytimes.com/2000/04/13/world/deal-for-early-warning-plane-hangs-over-jiang-s-arrival-in-israel.html>
- <sup>139</sup> Ibid.
- <sup>140</sup> Rajiv "Israel–China Ties at 25: The Limited Partnership", 415.
- <sup>141</sup> Ibid.
- <sup>142</sup> Ibid.
- <sup>143</sup> Ibid., 415.
- <sup>144</sup> Ibid.
- <sup>145</sup> MIT. *The Observatory of Economic Complexity Database*.
- <sup>146</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.
- <sup>147</sup> Bloomberg Data. Accessed October 1, 2017.
- <sup>148</sup> Ibid., 413.
- <sup>149</sup> United Nations Educational Scientific and Cultural Organization "Request for the Admission of the State of Palestine to UNESCO as a Member State" *UNESCO*, May 23, 1989. <http://unesdoc.unesco.org/images/0008/000827/082711eo.pdf>
- <sup>150</sup> Lillian Craig Harris. "China's Relations with the PLO" *Journal of Palestine Studies*, Vol. 7, No. 1 (1977)
- <sup>151</sup> Haaretz "China Says Lack of Palestinian State 'A Terrible Injustice'" *Haaretz*, April 13, 2017. <http://www.haaretz.com/middle-east-news/palestinians/1.783300>
- <sup>152</sup> The Times of Israel "China says it will host Israeli-Palestinian 'peace symposium'" *The Times of Israel*, July 18, 2017. <https://www.timesofisrael.com/china-says-it-will-host-israeli-palestinian-peace-symposium/>
- <sup>153</sup> Ibid.
- <sup>154</sup> Xinhua "China supports two-state solution on Palestinian issue: President Xi" *Xinhua News Agency*, July, 18, 2017. [http://news.xinhuanet.com/english/2017-07/18/c\\_136453856.htm](http://news.xinhuanet.com/english/2017-07/18/c_136453856.htm)
- <sup>155</sup> Ibid.
- <sup>156</sup> Olimat, *China and the Middle East Since World War II*, 230.
- <sup>157</sup> Ibid.
- <sup>158</sup> Ibid.
- <sup>159</sup> China's Embassy in Baghdad "Bilateral Relations between China and Iraq" *Government of the People's Republic of China*, April 4 2013. <http://iq.chineseembassy.org/eng/zygx/zygxgk/>
- <sup>160</sup> Permanent Mission of the PRC to the UN "China's Position on the US War in Iraq" *Government of the People's Republic of China*, accessed October 5, 2017. <http://www.china-un.org/eng/chinaandun/securitycouncil/regionalhotspots/mideast/ylk/t537117.htm>
- <sup>161</sup> Ibid.
- <sup>162</sup> China's Embassy in Baghdad "Bilateral Relations between China and Iraq" *Government of the People's Republic of China*, April 4 2013. <http://iq.chineseembassy.org/eng/zygx/zygxgk/>
- <sup>163</sup> Reuters "China says supports Iraq's unity as Kurds vote in referendum" *Reuters*, September 25, 2017.
- <sup>164</sup> MIT. *The Observatory of Economic Complexity Database*.
- <sup>165</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.
- <sup>166</sup> <http://www.jordantimes.com/news/local/jordan-china-sign-strategic-partnership-agreement>
- <sup>167</sup> MIT. *The Observatory of Economic Complexity Database*.
- <sup>168</sup> Ministry of Planning and International Cooperation "Jordan 2025" Hashemite Kingdom of Jordan, 2015. <http://inform.gov.jo/en-us/By-Date/Report-Details/ArticleId/247/Jordan-2025>
- <sup>169</sup> MIT. *The Observatory of Economic Complexity Database*.
- <sup>170</sup> John S. Park and Cameron Glenn "Iran and China" *The United States Institute for Peace*. Accessed Jan 1, 2018. <http://iranprimer.usip.org/resource/iran-and-china>
- <sup>171</sup> Ibid.
- <sup>172</sup> Ibid.
- <sup>173</sup> Mojtaba Mahdavi, "Post-Revolutionary Iran: Resisting Global and Regional Hegemony" in *The International Relations of the Contemporary Middle East*, edited Tareq Ismael and Glenn Perry. (Florence, GB: Routledge, 2013).
- <sup>174</sup> Mahdavi, "Post-Revolutionary Iran: Resisting Global and Regional Hegemony"
- <sup>175</sup> Consulate-General of the PRC in San Francisco "Hu Jintao Meets with Iranian President Ahmadinejad" *Government of the People's Republic of China*, June 16, 2006. <http://www.chinaconsulatesf.org/eng/xw/t258618.htm>

- <sup>176</sup> Tom Wyke “The \$600billion handshake: Chinese president Xi Jinping meets Iranian President Hassan Rouhani to seal mega trade deal after landmark nuclear agreement struck by Tehran” *The Daily Mail*, January 23, 2016. <http://www.dailymail.co.uk/news/article-3413556/The-600billion-handshake-Chinese-president-Xi-Jinping-meets-Iranian-President-Hassan-Rouhani-seal-mega-trade-deal-landmark-nuclear-agreement-struck-Tehran.html>
- <sup>177</sup> Ibid.
- <sup>178</sup> Xi Jinping “Work Together for a Bright Future of China-Iran Relations” *Xinhua News Agency*, January, 1, 2016. [http://news.xinhuanet.com/english/bilingual/2016-01/22/c\\_135035512.htm](http://news.xinhuanet.com/english/bilingual/2016-01/22/c_135035512.htm)
- <sup>179</sup> CIA “Chinese Arms Sales and the Iran-Iraq Conflict” *Central Intelligence Agency*. Accessed Jan. 3, 2019. <https://www.cia.gov/library/reading-room/docs/CIA-RDP04T00907R000301020004-4.pdf>
- <sup>180</sup> Xi Jinping “Work Together for a Bright Future of China-Iran Relations” *Xinhua News Agency*, January, 1, 2016. [http://news.xinhuanet.com/english/bilingual/2016-01/22/c\\_135035512.htm](http://news.xinhuanet.com/english/bilingual/2016-01/22/c_135035512.htm)
- <sup>181</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.
- <sup>182</sup> Olimat, *China and the Middle East Since World War II*.
- <sup>183</sup> Ibid.
- <sup>184</sup> Ibid.
- <sup>185</sup> Richard Wike, Jacob Poushter, Laura Silver and Caldwell Bishop “Globally, More Name U.S. than China as World’s Leading Economic Power” *Pew Research Center*, July 2017.
- <sup>186</sup> Xinhua “China raises five-point proposal on advancing relations with Turkey” *Xinhua News* <http://au.china-embassy.org/eng/xw/t569636.htm>
- <sup>187</sup> Ibid.
- <sup>188</sup> Ibid.
- <sup>189</sup> Şafak Timur “Local Uighurs skeptical about Gül’s China visit” *Hurriyet*, June 30, 2009 <http://www.hurriyet.com.tr/local-uighurs-skeptical-about-gul-s-china-visit-11968267>
- <sup>190</sup> Edward Wong “Riots in Western China Amid Ethnic Tension” *The New York Times*, July 5, 2009 <http://www.nytimes.com/2009/07/06/world/asia/06china.html>
- <sup>191</sup> Ibid.
- <sup>192</sup> Ivan Watson and Helena DeMoura “Turks criticize Chinese treatment of Uyghurs” *CNN*, July 11, 2009 <http://www.cnn.com/2009/WORLD/europe/07/11/turkey.china.uyghurs/>
- <sup>193</sup> Xinhua “China, Turkey upgrade ties to strategic cooperative relationship during Wen’s visit” *Xinhua* [http://www.gov.cn/english/2010-10/09/content\\_1718048.htm](http://www.gov.cn/english/2010-10/09/content_1718048.htm)
- <sup>194</sup> Ministry of Foreign Affairs “Relations between Turkey and China” Republic of Turkey <http://www.mfa.gov.tr/reasons-between-turkey-and-china.en.mfa>
- <sup>195</sup> Adam Withnall and Samuel Osborne “Erdogan blames ‘foreign powers’ for coup and says West is supporting terrorism” *the Independent*, August 2, 2016. <http://www.independent.co.uk/news/world/europe/erdogan-turkey-coup-latest-news-blames-us-west-terrorism-gulen-a7168271.html>
- <sup>196</sup> Ibid.
- <sup>197</sup> “China reiterates support for Turkey’s economy” *Daily News*, August 19, 2018. <http://www.hurriyetdailynews.com/china-reiterates-support-for-turkeys-economy-135953>
- <sup>198</sup> Matt Clinch “China backs Turkey to overcome its economic crisis” *CNBC*, August 17, 2018. <https://www.cnbc.com/2018/08/17/china-backs-turkey-to-overcome-its-economic-crisis.html>
- <sup>199</sup> MIT. *The Observatory of Economic Complexity Database*.
- <sup>200</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.
- <sup>201</sup> Kyle Haddad-Fonda “The Domestic Significance of China’s Toward Egypt, 1955-1957” *The Chinese Historical Review*, Vol. 21, Iss. 1 (2014)
- <sup>202</sup> Ibid.
- <sup>203</sup> Ibid.
- <sup>204</sup> Ibid., 58.
- <sup>205</sup> Ibid.
- <sup>206</sup> Ibid.
- <sup>207</sup> Ibid.
- <sup>208</sup> Nouredin Mahmoud Zaamout. “Cosmopolitanism in Retreat? The Crisis of Syrian Identity in Post-Arab Spring.” *Master’s Thesis, University of Alberta*, 2017.
- <sup>209</sup> Ibid.
- <sup>210</sup> Michael Dillon. *Deng Xiaoping: The Man Who Made Modern China*. (New York, USA: I.B. Tauris).
- <sup>211</sup> Chinese Foreign Ministry “China-Egypt Relations” *China Internet Information Center*, January 18, 2004. <http://www.china.org.cn/english/features/phfnt/85089.htm>
- <sup>212</sup> Communist Party of China “President Hu holds welcoming ceremony for Egyptian President Morsi” *People*, August 29, 2012. <http://english.cpc.people.com.cn/66102/7928768.html>
- <sup>213</sup> Ibid.
- <sup>214</sup> Lin Noueihed and Ali Abdelaty “China’s Xi visits Egypt, offers financial, political support” *Reuters*, Jan 20, 2016. <https://af.reuters.com/article/topNews/idAFKCN0UZ0H5>
- <sup>215</sup> Ibid.
- <sup>216</sup> Ibid.
- <sup>217</sup> Shaimaa Raafat “Agreement with head of Silk Road Fund to enhance investments to activate joint Egyptian Chinese projects” *Daily News Egypt*, May 15, 2017. <https://dailynewsegypt.com/2017/05/15/agreement-head-silk-road-fund-enhance-investments-activate-joint-egyptian-chinese-projects/>
- <sup>218</sup> MIT. *The Observatory of Economic Complexity Database*.
- <sup>219</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.
- <sup>220</sup> Daniel Large “Sudan’s foreign relations with Asia China and the politics of ‘looking East’” *Institute for Security Studies*, Paper 158 (2008)
- <sup>221</sup> Ibid.
- <sup>222</sup> Ibid.
- <sup>223</sup> Peter Goodman. “China Invests Heavily In Sudan’s Oil Industry” *The Washington Post*, December 23, 2004. <http://www.washingtonpost.com/wp-dyn/articles/A21143-2004Dec22.html>
- <sup>224</sup> Ibid.
- <sup>225</sup> Ibid.
- <sup>226</sup> Ibid.
- <sup>227</sup> Joseph Hammond “Sudan: China’s Original Foothold in Africa.” *The Diplomat*, June 14, 2018. <https://thediplomat.com/2017/06/sudan-chinas-original-foothold-in-africa/>
- <sup>228</sup> Reuters Staff “China welcomes Sudan’s war crime-accused leader as ‘old friend’” *Reuters*, September 1, 2015. <http://www.reuters.com/article/us-ww2-anniversary-sudan-idUSKCN0R13CN20150901>
- <sup>229</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.
- <sup>230</sup> Younsa Elbagir “Sudan appeals to investors after sanctions thaw” *Financial Times*, March 22, 2017. <https://www.ft.com/content/b4198a50-e165-11e6-9645-c9357a75844a>
- <sup>231</sup> Gardiner Harris “Trump Administration Formally Lifts Sanctions on Sudan” *The New York Times*, October 6, 2018. <https://www.nytimes.com/2017/10/06/us/politics/trump-sanctions-sudan.html>
- <sup>232</sup> John Calabrese “Sino-Algerian Relations: On a Path to Realizing Their Full Potential?” *The Middle East Institute*, October 31, 2017. [http://www.mei.edu/content/map/sino-algerian-relations-path-realizing-their-full-potential#\\_ftn5](http://www.mei.edu/content/map/sino-algerian-relations-path-realizing-their-full-potential#_ftn5)
- <sup>233</sup> Kyle Haddad-Fonda “An Illusory Alliance: Revolutionary Legitimacy and Sino-Algerian Relations, 1958-1962” *The Journal of North African Studies*, Vol. 19, Iss. 3: 338-357.
- <sup>234</sup> Ibid.
- <sup>235</sup> Ibid., 341.
- <sup>236</sup> Ibid.
- <sup>237</sup> Ibid.
- <sup>238</sup> Ibid.
- <sup>239</sup> John Calabrese “Sino-Algerian Relations: On a Path to Realizing

Their Full Potential?” *The Middle East Institute*, October 31, 2017. [http://www.mei.edu/content/map/sino-algerian-relations-path-realizing-their-full-potential#\\_ftn5](http://www.mei.edu/content/map/sino-algerian-relations-path-realizing-their-full-potential#_ftn5)

<sup>240</sup> Ibid.

<sup>241</sup> Ibid.

<sup>242</sup> Chinese Foreign Ministry “China-Algeria Relations” *China Internet Information Center*, January 18, 2004. <http://www.china.org.cn/english/features/phfnt/85069.htm>

<sup>243</sup> Ibid.

<sup>244</sup> PRC Mission to the UN “Hu Jintao Meets with Algerian President Bouteflika” *Government of the People’s Republic of China*, Sept. 15, 2005. <http://www.china-un.org/eng/zt/shnh60/t212613.htm>

<sup>245</sup> Ibid.

<sup>246</sup> Ministry of Foreign Affairs “Xi Jinping Meets with Prime Minister Abdelmalek Sellal of Algeria” *Government of the People’s Republic of China*, April. 15, 2015. [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1260832.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1260832.shtml)

<sup>247</sup> Ministry of Foreign Affairs “Wang Yi: Practical Cooperation between China and Algeria Enters A New Stage” *Government of the People’s Republic of China*, June. 7, 2015. [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1164074.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1164074.shtml)

<sup>248</sup> Muhamad Olimat, *China and North Africa since World War II: A Bilateral Approach* (Maryland, UK: Lexington Books, 2014): 34-35

<sup>249</sup> Ibid.

<sup>250</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.

<sup>251</sup> Ibid.

<sup>252</sup> Olimat, *China and North Africa since World War II*, 103.

<sup>253</sup> Ibid.

<sup>254</sup> Ibid., 104.

<sup>255</sup> Ibid.

<sup>256</sup> Chinese Foreign Ministry, “Morocco,” *China Internet Information Center*, October 10, 2006. <http://www.china.org.cn/english/features/fo-cac/183433.htm>

<sup>257</sup> The North African Post “Morocco, China Establish Strategic Partnership” *The North African Post*, May 11, 2016. <http://northafricapost.com/12121-morocco-china-establish-strategic-partnership.html>

<sup>258</sup> Joseph Hammond “Morocco: China’s Gateway to Africa?” *The Diplomat*, March 1, 2017. <http://thediplomat.com/2017/03/morocco-chinas-gateway-to-africa/>

<sup>259</sup> Xinhua “China, Morocco agree to deepen strategic partnership” *Xinhua News Agency*, November 11, 2017. [http://www.xinhuanet.com/english/2017-11/17/c\\_136760134.htm](http://www.xinhuanet.com/english/2017-11/17/c_136760134.htm)

<sup>260</sup> Xinhua “China, Morocco sign MOU on Belt and Road” *Xinhua News Agency*, November 11, 2017. [http://www.xinhuanet.com/english/2017-11/17/c\\_136760746.htm](http://www.xinhuanet.com/english/2017-11/17/c_136760746.htm)

<sup>261</sup> Ibid.

<sup>262</sup> Ibid.

<sup>263</sup> MIT. *The Observatory of Economic Complexity*.

<sup>264</sup> The American Institute and the Heritage Foundation China Global Investment Tracker.

<sup>265</sup> Olimat, *China and North Africa since World War II*, XX.

<sup>266</sup> Chinese Foreign Ministry “Tunisia” *China Internet Information Center*, October 10, 2006. <http://www.china.org.cn/english/features/fo-cac/183413.htm>

<sup>267</sup> Ibid.

<sup>268</sup> Ibid.

<sup>269</sup> Muhammad Zulfikar Rakhmat “China and Tunisia: A Quiet Partnership” *The Diplomat*, June 28, 2014. <https://thediplomat.com/2014/06/china-and-tunisia-a-quiet-partnership/>

<sup>270</sup> Ibid.

<sup>271</sup> Xinhua “Tunisia expects chances from China to boost employment” *Xinhua News Agency*, February, 13, 2018. [http://www.xinhuanet.com/english/2018-02/13/c\\_136973211.htm](http://www.xinhuanet.com/english/2018-02/13/c_136973211.htm)

<sup>272</sup> MIT. *The Observatory of Economic Complexity Database*.

<sup>273</sup> The American Institute and the Heritage Foundation China Global

Investment Tracker.

<sup>274</sup> Brian Spegele “China and Gadhafi Not as Friendly as Some Assume” *The Wall Street Journal*, September 6, 2011. <https://blogs.wsj.com/chinarealttime/2011/09/06/china-and-gadhafi-not-as-friendly-as-some-assume/>

<sup>275</sup> Steve Sotloff “China’s Libya Problem” *The Diplomat*, March 14, 2012. <https://thediplomat.com/2012/03/chinas-libya-problem/>

<sup>276</sup> Spegele “China and Gadhafi Not as Friendly as Some Assume”

<sup>277</sup> American Institute and the Heritage Foundation China Global Investment Tracker, 2018.





CHINA  
INSTITUTE



UNIVERSITY OF ALBERTA  
CHINA INSTITUTE