

The Relations between China and the Gulf States

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China's emergence as a consequential extra-regional actor in the Gulf has become increasingly evident in recent years, and this process has intensified during the COVID-19 pandemic. Despite this growing influence, China is perceived as a relatively new arrival to the region and the broader strategic implications of Beijing's Gulf presence is an important consideration for the many countries that have regional interests. To understand what China is doing there, it is useful to look at it from two perspectives: first, as a set of bilateral relationships shaped by a somewhat consistent regional policy, and second as a response to tensions at the systemic level driven by the increasingly competitive China-U.S. relationship.

In terms of a regional policy, China has pursued an economics-driven approach to the Gulf, consistent with how it engages resource-rich regions outside of its own neighbourhood. The Chinese Communist Party (CCP) is overwhelmingly concerned with domestic political and economic pressures, and foreign trade, investment, and contracting are helpful in this regard. In its foreign and security policies its primary focus is those many countries and issues in its immediate periphery. This does not place Gulf countries in the top tier of Chinese concerns, and as a result Beijing has been able to use positive economic statecraft as its main tool for developing its relationships there.

The Gulf states have two unique characteristics that explain their strategic relevance to Beijing: their substantial energy exports and their geopolitical importance for the Belt and Road Initiative (BRI). China typically imports over 40 percent of its oil from Gulf states, making them a major pillar in its energy security. A post-hydrocarbon future will eventually change this, but for the time being Gulf energy producers will continue to play an important role in China's economic prosperity. As for their geopolitical significance, China's largest trading partner is the European Union and it is an important endpoint in the BRI. The Gulf countries, especially the monarchies on the Arabian Peninsula, are a hub linking China to Europe and several other regions, both overland and by sea, making Gulf stability a concern for Beijing's BRI ambitions.

At the regional level there have been several developments since the outbreak of the pandemic that demonstrate the depth of ties between China and the Gulf states. COVID-19 responses have rightfully drawn a lot of attention, as the cooperative approaches to the pandemic emphasized growing levels of political trust and cooperation. In the early stages, GCC states were among the most notable sources of support for China as it dealt with the outbreak. Qatar sent five cargo freighters with 300 tons of medical supplies to Beijing, and the UAE was signaled out by the Chinese Ministry of Foreign Affairs spokesman on a short list of countries that offered "sincere and friendly understanding, support, and help." As the virus rapidly spread across the Gulf this was reciprocated, with China supplying material aid, building field hospitals, and PRC health officials sharing their experience in testing, tracing, and treating the coronavirus. Vaccine clinical trials were run in the UAE and Bahrain for Sinopharm, resulting in early vaccine access for both once it was cleared for use.

Bilateral cooperation between Beijing and Abu Dhabi has been especially prevalent since the outbreak of the coronavirus. A major partnership between Shenzhen's BGI, referred to as the 'Huawei of genomics', and the UAE's G42 was announced in 2019 with a goal toward developing artificial intelligence projects. Within less than a year the pandemic provided an opportunity for much deeper cooperation, and BGI has quickly become a major actor in the Emirates. In March 2021 a vaccine manufacturing and

distribution deal was signed, with Sinopharm and G42 partnering on HayatVax with the goal of producing 200 million vaccines a year in the UAE.

Beyond the pandemic relations have expanded as well. Foreign Minister Wang Yi made the Gulf the focus of a Middle East visit in March, traveling to Saudi Arabia, Turkey, Iran, the UAE, Oman, and Bahrain. It was during this trip that the vaccine deal with the UAE was announced, but this was not the only development to generate headlines. While in Saudi Arabia Wang announced two initiatives that seemingly inserted the PRC in two of the region's most important issues: the Israel-Palestine conflict and Middle East peace. He offered China's services as a mediator between Israel and Palestine, inviting "prominent individuals" to Beijing for talks that have yet to materialize. Taking place the day after Israel's election, the announcement received less attention than one would expect. However, the timing of the proposal was on the issue. China has made this offer in the past, most recently in 2017, to little effect. Few believe China has the requisite background on the matter to facilitate an agreement. Rather than a credible proposal, it was likely a symbolic gesture meant to present the PRC as source of support for Arabs as well as a means of differentiating itself from the U.S. His five-point plan for Middle East peace received a similarly underwhelming response. The points – respect each other, uphold equity and justice, achieve nuclear non-proliferation, jointly foster collective security, and accelerate development cooperation – are aspirational and provide no map toward success. As with the Israel-Palestine offer, the point of this proposal seems to be an attempt to contrast China with the U.S.'s militarized balance of power approach to the region.

The big story, or at least the one that seemed to capture the most attention, was the signing of the comprehensive strategic partnership with Iran, five long years after it was initially announced. Many worried that Sino-Iranian cooperation would result in an altered regional landscape, but the agreement, mischaracterized because of leaks from the Iranian side, is a framework for cooperation rather than a binding set of deals. The spokesman from China's Ministry of Foreign Affairs described it as a plan "charting course for long-term cooperation. It neither contains any quantitative specific contracts and goals nor targets any third party." China's cooperation with Iran remains quite limited, and its economic interest in the GCC continue to dwarf that with Iran and will continue to do so for the foreseeable future.

Ultimately, the PRC's economics-driven approach to the region offers an important understanding of its political alignments. China's preference for a stable political environment means working more closely with the GCC states and supporting a delicate regional status quo. It is not looking to challenge the U.S. for regional primacy or support revisionist actors in the Gulf – both are bad for business.

Beyond considerations in the Gulf, the deteriorating state of China-US relations is an important factor. The transition from the Trump to the Biden administration has meant a change in tone and approach, but the underlying strategic assumption remains the same. China is perceived as the U.S.'s main strategic competitor, and great power competition is the framework that is being used by both sides to frame the current state of the bilateral relationship. The mantra from U.S. officials is that in dealing with China they will "compete where we should, cooperate where we can, and challenge where we must."

China's approach to the Gulf has always put U.S. preponderance in the forefront. The regional security architecture upheld by Washington provided the PRC with low-cost opportunities to expand its economic interests, and as a result Beijing has avoided any moves that would risk this. The steady expansion of Chinese interests in the Gulf has taken place without any real security commitment required, but if its leaders doubted U.S. commitments to Gulf security, or that the U.S. could be counted on to protect Chinese interests, then this situation could change.

The recognition that Gulf states are engaging with China on a wider range of issues has raised alarm in Washington. During President Trump's administration several officials warned regional allies and partners that their cooperation with China on sensitive issues, especially 5G network development, could jeopardize their relationships with the U.S. This has continued under the President Biden administration. At a recent Senate Foreign Relations subcommittee hearing a Defense Department official said, "We understand that there will be an economic or trade relationship with China, just like the United States has, but there are certain categories of activities or engagement that our partners may be considering with China that, if they do, will pose a risk to U.S. defense technology, other kinds of technology, and ultimately force protection." The line is being drawn, and the Gulf states are being put in a position where they will have to make difficult decisions.

This will ultimately affect other countries with interests in the region as well. If the China-U.S. relationship continues along this trajectory, the Gulf could become a theatre of competition, and the security landscape could be altered as a result. This will require a more active engagement for those countries that are reluctant to align with an uncertain U.S. regional policy or a potentially problematic Chinese one.

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