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Beijing's Long Way to the Gulf Region

Oil, Security, Geopolitics

Fuad Shahbazov

Energy cooperation has been a key aspect of growing bilateral cooperation between China and the Arab states of the Gulf region for the past several years. Since 1996, China has become a net importer of crude oil and, as the second-largest energy consumer in the world after the United States, is now the third-largest importer of oil after the United States and Japan. Therefore, it should not come as a surprise that China is eying a deep and strategic partnership with the states of a region that sits on top of the world's largest proven crude oil and natural gas reserves.

The deepening political and economic cooperation between China and the member states of the Gulf Cooperation Council (GCC) has received increasing attention from the region's more established strategic players: foremost the United States, but also the UK as well as the EU and some of its member states. Indeed, the region's apparent geopolitical challenges—such as the American withdrawal from the Middle East, the escalation of sectarian wars in the region, the outbreak and development of the Syrian conflict followed by the spread of Islamic radicalism and similar threats—have encouraged the Arab states in the Gulf (as well as Iran) to look more to the East for new reliable partners. This has provided China with an opportunity to obtain a foothold in the region, which sits adjacent to the Silk Road region and is therefore of significant and lasting interest to readers of *Baku Dialogues*.

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With the rapid growth of its economy and consequent heightened energy demands, China is viewed as a potential investor by the oil rich GCC states, each of which needs to diversify its economy. Ongoing Western sanctions directed against Iran also make China an attractive proposition for Tehran. Although the Chinese interest in, and policy towards, the region is increasingly complex, this new axis between the Gulf region (especially the Arab half) and China has not received much attention from the think tank and academic communities—at least in the West.

It has become commonplace but no less important nowadays to stress that China's rising influence across the world represents the most salient development of contemporary international politics. Its ballooning economy is forcing the country to search for stable sources of energy in its immediate neighborhood and beyond. This can be seen as a determining factor in China's deepening cooperation with resource rich GCC states, as per Beijing's pragmatic approach. Although China viewed events in the Gulf region during the Cold War era through its revolutionary ideology, its relations with the region's states are now driven largely by energy and trade concerns. China is rapidly taking control of the energy field in the Gulf amid the decreasing influence of the West and declining crude oil demand.

For the Gulf states (the Arab ones, in particular), the interest of Chinese oil companies in the region offers new and potentially highly lucrative business opportunities. Moreover, considering the huge capacity of the Chinese energy market, regional hydrocarbon powerhouses like Saudi Arabia and Iraq are keen to expand their respective ties with Beijing. Simultaneously, Chinese interest in the region is not limited only to crude oil and natural gas imports; Beijing also views this area as a new platform for the expansion of its ambitious Belt and Road Initiative (BRI), which consists of a series of infrastructure networks along with trade and economic investment projects that span, roughly speaking, all the various land and maritime routes of the ancient Silk Road.

The Gulf states are of particular interest to China due to their increasingly important capital resources. As a matter of record, new, closer relations between the GCC states and China have come at the expense of older strategic ties, such as the Beijing-Tehran partnership—although the recent announcement of a new economic and security relationship may serve to correct this trend. However that may be, it appears that China's maintenance of good economic, political, and even security relations with Tehran is likely to avoid the provision of open, unconditional support of Iran's positions in the Middle East or in its particular sort of rivalry with the West.

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This essay will mainly analyze China's relations with the GCC states, Beijing's particular interest in their energy resources, and the role of the Belt and Road Initiative in advancing relations between the aforementioned countries. It will also examine how the balance of power between traditional Western actors and China is changing in the Gulf region. Lastly, the essay will discuss China's rising influence in the Arab half of the Gulf region and its strategic implications for the West.

Energy Trends in China

China's spectacular economic development is clearly the most important causal factor in its rising energy demand. Another fact that has contributed to the considerable rise in China's energy consumption is the manufacturing and construction boom resulting from economic expansion and the building of entirely new cities across the country. As a result, China has seen a rapidly increasing demand for refined petroleum, gasoline, liquified natural gas (LNG), and related products.

To fulfill its energy requirements, China has gone from being a net exporter of oil to one of the world's largest importing countries, thus challenging the United States' position in the global energy market. China's main priority in growing its oil imports is to fill its strategic oil reserves: once this is satisfied, it is likely that oil imports will decrease slightly. Compared to its domestic oil reserves, China's natural gas supply is more limited, with national reserves being largely undeveloped. This factor has pushed China to increase the volume of imported natural gas, mainly from the Gulf region.

Although the current trade war between the West and China is expected to slow the latter's economic growth, the increasing volume of Chinese goods transported overseas will expand oil imports. For that purpose, China is actively seeking new, alternative, and reliable energy sources. In that sense, with its vast oil and natural gas reserves, the Gulf region is the perfect option for oil-thirsty China. Energy and economic cooperation have been core elements in developing relations between China and the GCC states, with the region reportedly being home to six of China's foremost oil importing companies.

Although traditionally Russia and Central Asian states have been China's primary energy donors, as it were, the lack of economic prosperity that the oil industry is currently experiencing is hitting hard. Russia, for instance, is experiencing deep troubles amidst decreasing oil prices and ongoing Western sanctions. Russia's energy-rich territories in the west and far eastern parts of its territory have been in operation since the early 1970s and are now substantially depleted. Therefore, they require serious and costly technological renovation in order to resume output equal to the previous level. Also, the lack of necessary transport and refinery infrastructure in eastern Siberia and the Russian far east is already leading to some shortages in oil and natural gas export to China. In this regard, the wealthy Gulf Arab states, with their modern infrastructure and economic potential, appear to be more attractive destinations for Chinese investments.

China's Changing Role in the Middle East

The objective of this section is to scrutinize the pivot of China towards the Middle East region. China is a relatively new player in the Middle East in general, and in the Persian Gulf in particular. Unlike major Western powers like the United States and some EU member states that have maintained a leading role in this region for decades, Chinese influence and involvement in the Gulf was, until recently, relatively minor.

Until the 1980s, China supported various local resistance movements against the local Gulf monarchies, viewing the region through a socialist revolutionary prism. From the 1990s onwards, Chinese cooperation with the region's states gradually increased, though its presence and influence in the Gulf remained insignificant compared to the West. Nevertheless, the changing geopolitical situation has swiftly shifted the balance of power in the Gulf region over the last several years. While all attention is now focused on the endless U.S.-Iran dispute and the ongoing bloody conflict in Yemen (and Syria, of course, and Libya, and so on), China is rapidly and quietly consolidating a presence in this vitally important region.

The general failure of the Western powers to ensure peace and stability in the Arabian Peninsula and the Gulf region over the past century, which has been overshadowed by the legacy of colonialism and harsh "human rights" rhetoric, has allowed Beijing to play a larger regional role. As a result, the trade volume between GCC countries and China has risen substantially, making the latter a significant economic partner. Three main reasons may explain Beijing's successful integration into the economies of the Gulf. *First*, no political obligations imposed by China on regional countries. *Second*, non-interference in their domestic affairs. And *third*, the decisions of the regional states themselves to downgrade the Western influence in the Gulf by reaching out to Beijing, the result of which has gone a long way to create a balance of power. These should be kept in mind as a backdrop to the sections that follow.

China's most significant interest in the Gulf region is oil, in addition to natural gas. As the largest oil importer and consumer globally, China imported nearly 6.2 million barrels of crude oil per day in 2014, more than half of which was from the Middle East. Being a customs-free market with a population of 280 million, the GCC region has considerable amounts of petrodollars. Its sovereign wealth funds have swollen to a cumulative $2.3 trillion, accounting for around 36 percent of the world's total, according to a 2019 study by the China Institute of International Studies, the official think tank of the country's foreign ministry.

Hence, it should not come as a surprise that Chinese state-owned companies have been operating in the Middle East since the 1980s, dealing mainly with the construction of necessary energy infrastructure and oil exploration issues. According to available data, in 2013 alone, China imported more than 3 million barrels per day (b/d), compared with U.S. imports of 2 million b/d from the Middle East. As of 2020, China's crude oil imports from top supplier Saudi Arabia rose 26 percent compared to 2019. Overall, China's imports of crude oil jumped by 9.9 percent compared to the first half of 2019, despite the devastating

coronavirus pandemic that locked down China for weeks.

Most of China's oil imports from the Middle East originate from the Gulf region, particularly Saudi Arabia, Iraq, and Iran, while Qatar is a significant exporter of liquified petroleum gas and LNG. China imports about 55 percent of its oil from the Gulf. China can be seen as an "energy panda" that needs secured energy resources to satisfy its appetite. Since the beginning of the 2000s, the country's growing dependence on crude oil quickly became a source of concern for Beijing. Therefore, China has always needed to ensure a reliable oil supply, which requires stable trading partners. Considering the substantial hydrocarbon resources of the region's states, China focused heavily on Iran, Iraq, and Saudi Arabia as major suppliers of oil. For Beijing, Riyadh is considered a relatively stable source of oil because of its close alignment with Washington and the security guarantees provided, while Iran is convenient because of its relative proximity to China.

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In the case of Iran, Tehran is willing to keep the Chinese oil market open for export to compensate its missing trade partners in light of U.S. economic and political pressure. The robust, Western-led sanctions regime threated to cut off access to the international banking system for any company that does business in Iran, which succeeded in suffocating the Iranian economy by scaring away badly needed foreign trade and investment.

Chinese oil companies would be the only losers in such circumstances, notwithstanding the lower price of Iranian oil. In July 2019, a new first was registered in this regard when the Trump Administration imposed economic penalties on a Chinese company (called Zhuhai Zhenrong) for "violating U.S. sanctions" by importing crude oil from Iran, while the major China National Petroleum Company (CNPC) pulled out of the country in October 2019. Nevertheless, China's decision not to entirely cut partnership ties with Iran despite U.S. pressure demonstrates Beijing's desire to act as an equal global power. Meanwhile, Iran's efforts to strengthen ties with China are likely motivated by its desire to use China as a counterbalance, which has the technology and appetite for oil that Iran needs.

On the other hand, at a time when the U.S. was overwhelmed with an economic recession and worsening COVID-19 cases, China and Iran decided to take the next step for closer partnership by signing a new comprehensive strategic partnership in the immediate aftermath of the Chinese president's visit to Tehran, where Xi Jinping met Iran's Supreme Leader Ali Khamenei. According to the document, the pact is set to go further than economic cooperation and include unprecedented collaboration in transport and logistics in Iran's southern ports and islands as well as the country's defense and security sectors. While some argue that the new strategic deal would enable isolated and suffocated Iran to counter the U.S. influence in the Middle East, the opposite seems to be happening: this partnership is likely to increase Iran's reliance on China—both economically and politically.

When assessing the GCC-China partnership in the fields of energy and economics, it becomes clear that Beijing's extensive relations with Iran are based on the idea of securing freedom of navigation in the Gulf region, which is of particular importance to boost influence. The new cooperation agreement envisages some critical infrastructure projects like the construction of high-speed railways, highways, telecommunication networks, and developing free-trade zone in the cities of Maku (in Iran's West Azerbaijan province) and Abadan (located near the border with Iraq just north of the Gulf coast).

Unlike the U.S., China has adopted an apolitical and development-oriented approach, refuting to take sides in political disputes in the Gulf region. By deepening its economic partnership with Iran, Beijing aims to help it reach a consensus with other Gulf states. Therefore, the Gulf monarchies are not particularly irritated with the China-Iran partnership since their bilateral cooperation neither imposes any political obligation nor poses a critical threat to regional security. Also, China will unlikely allow Iran to implement destructive policies in the Gulf that would undermine Beijing's reputation in the region.

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Thus, keeping good relations with Iran masks a series of more profound shifts in energy imports from the region. According to reports, bilateral trade between China and the GCC states has seen significant growth this century, with the GCC representing a large proportion of Chinese trade in the Arab world. Trade value had increased from just under $10 billion in 2000 to nearly $115 billion in 2016. Those numbers have grown further in the interim.

Saudi Arabia has become China's most important trading partner in the Middle East, and the UAE ranks second. Saudi Arabia's Crown Prince Mohammad bin Salman (MbS) paid an official visit to China at the beginning of 2019 amid his big Asia tour. Surprisingly, the visit by MbS to China came right after the Iranian delegation's visit to Beijing, which was led by Parliament Speaker Ali Larijani and Foreign Minister Javad Zarif. The Saudi crown prince's visit to China was a particularly exciting event, for a number of reasons. MbS wants China to be closely engaged with his ambitious Vision-2030 plan, as Beijing can help the kingdom develop renewable energy resources and decrease its dependence on oil exports. Also, to obtain necessary leverage, Saudi Arabia increased investments in China and thus reduced the role of its arch-rival Iran. This ongoing dispute between the Gulf states is undoubtedly in Beijing's interest. In 2020, Saudi owned Aramco and Saudi Basic Industries Corp. (SABIC) were both in negotiations to invest about $35 billion in projects in China, with production capacities reaching 7.5 million tons in chemicals, which accounts for 45 percent of total overseas production capacity of Saudi producers overseas.

Collectively, the GCC ranks as China's sixth-largest export destination and fifth-largest import destination. Any possible conflict in the Strait of Hormuz involving Iran and a U.S.-led coalition would inevitably have negative consequences for China and other Asian consumers. China's need for oil will grow even more in the next several years due to the insufficient domestic reserves, and, according to reliable estimates, China is projected to import 8 million BPD by 2020 and 11.4 million BPD by 2030. From the perspective of the GCC countries—particularly Saudi Arabia and the UAE—a willingness to partner closely with China can

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be attributed to the perception of the U.S. as a "disruptive element" in the region, its decreasing demand in oil import due to vast national oil reserves (reportedly, 293 billion barrels), and an overall disappointment with Washington's anti-Iranian rhetoric, with no real action taken or measures imposed against the country.

Moreover, Washington's restrained position over frequent drone and missile attacks on Saudi Arabian oil fields and other infrastructure (this particularly refers to the Trump Administration, and the jury's still out on a possible Biden Administration reaction) encouraged countries such as Saudi Arabia, UAE, Oman, and Kuwait to seek a new, powerful ally such as China. According to the data, China's imports from Saudi Arabia in July 2020 were at a two-year high of 1.8 million barrels a day, up from 663,000 for the same month in 2019. Nevertheless, frequent missile attacks on Saudi Arabia would likely push China to diversify its oil import partners to avoid possible supply disruption. Experts' data indicate that there will be visible outcomes for China as a result of supply disruption. Although China has an option to pivot towards Iran and increase the volume of imported crude oil again, it is unlikely that it will make such a controversial decision.

Although Beijing reportedly has more than one billion barrels of strategic reserves to cover around 640 days of imports, the question for many oil-thirsty Asian countries, especially for China, is whether there is a possibility of further devastating strikes and provocations that could trigger more considerable turmoil in the region. This question is of strategic importance for China given its ambitions, plans, and investments regarding the Gulf states implemented under the BRI umbrella. Meanwhile, former U.S. Joint Chief of Staff General Joseph Dunford underlined that an increased number of U.S. military personnel in the Middle East and the provision of U.S.-made weapons exported to Saudi Arabia would not fully guarantee the security of the kingdom's oil fields. Undoubtedly, Dunford's position and opinion revealed deeper concerns among overseas consumers of Saudi oil—a fact that could further affect global oil prices in the event of new attacks. Similarly, Saudi Arabia's vulnerability to external attacks would motivate the country to build up a security cooperation relationship with China that would help Riyadh halt armed conflicts in the region.

The Belt and Road Initiative and the Gulf Region

This section aims to assess the importance of the energy partnership between China and the Gulf region, as well as its impact on the implementation of the Belt and Road Initiative in this region. Although officially, the GCC is not a core part of BRI, the Gulf is one of the main regions where the project is being implemented, as it is considered one of the world's most influential financial hubs. The project itself provides a suitable outlet for Chinese state-owned companies—mostly those dealing in hydrocarbons—to increase their investments overseas. In contrast, for regional states, their objectives in fields like economic diversification, crude oil/natural gas export market diversification, and regional security align perfectly with the BRI concept.

The BRI project means better connectivity and the building of new ports, pipelines, highways, and terminals to enhance energy partnership with the Gulf region. In part, China's energy partnership with the region's countries is somewhat complementary. However, the BRI project is at least partially about directing energy resources to China and facilitating the flow of energy through regional states. With regard to this policy, nearly all Gulf states are aware of the necessity of securing reliable and long-term export markets, and the growing energy appetite of China seems like a perfect solution.

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Although the Middle East possesses massive hydrocarbon resources, interconnectivity between regional states is weak due to current (and longstanding) geopolitical and economic turmoil. In turn, the BRI framework also allows the regional states to develop stronger relations with each other and other future-proof economies along the various routes of the Belt and Road Initiative. New energy roads, rail networks, maritime hubs, and pipelines routes proposed within the BRI framework could help knit the Gulf region into a unique network stretching from Europe to China. It is estimated that the region would need around $3 trillion investment for BRI-related infrastructure projects between 2018 and 2030. At the China-Arab States Cooperation Forum held in 2018, Beijing proposed $20 billion in loans and $106 million in financial aid to Middle Eastern countries.

While demand for crude oil is declining slightly in Western countries, the importance of crude oil as an important part of Chinese foreign policy strategy—and that of other big Asian hydrocarbon-consuming states—will rise in the coming decades. Moreover, Chinese leader Xi Jinping has clearly and repeatedly emphasized the GCC region's geostrategic importance in various fora. For instance, his speech at the opening ceremony of the Sixth Ministerial Conference of China-Arab States Cooperation Forum, held in Beijing in 2014, formally gave a green light to Chinese state-owned and private companies to flood local markets in the GCC, particularly those related to energy. Simply put, China intends to build a transcontinental link that connects Asia, Africa, and Europe. As such, in November 2019, UAE's Ministry of Economy and the China Venture Capital Research Institute (CVCRI) inked a memorandum of understanding for a long-term strategic partnership to share resources, enhance trade, and boost BRI-related investments.

Some claim that China's expansion in the Gulf region is happening because of certain external actors' immense power vacuum. The U.S. is reducing its political and security commitment to the region while its major NATO/EU allies are going through a period of political and economic instability for well-known reasons that do not need to be repeated here. All told, the effects of all this have provided China with a suitable platform to make inroads into the domestic markets of the GCC states. For instance, during its post-war rehabilitation, Beijing was particularly supportive of Iraq. China helped the country rebuild its oil industry and restore its national telecommunications service, whereas the Western coalition's promises to rebuild local infrastructure in Iraq and boost economic growth remained an illusion. China sees itself contributing to the region differently.

Iraq became one of the first regional states that publicly applauded the BRI project and formed a committee to coordinate future projects under the initiative. Following this, two Chinese companies—Power-China and Norinco International—signed a new agreement with the Iraqi government to build a new oil refinery at the port of Fao on the Gulf with the capacity to produce 300,000 barrels per day.

China's most active oil-related projects in the region are located in Iraq, with significant stakes in the Al-Ahdab, Rumaila, and Halfaya oil fields. With regard to oil supply, the regional countries' oil production over this period will rise by 29 percent, and China is expected to emerge as the world's largest consumer of energy: in 2035 it is expected to account for 26 percent of global energy demand.

Iraq is not the only Gulf state benefiting from Chinese infrastructural investments and energy cooperation within the BRI framework. Oman, which is another active oil supplier to China, is also actively involved in the BRI project. Oman is of particular interest and importance for China due to its position as a politically stable and neutral country, especially when compared to other neighboring states. The country's easy, direct access to the Indian Ocean doesn't hurt, either.

Overall, China's purchases of Omani oil reached 70 percent of the total Omani oil exports in June of 2019, according to an official source. Additionally, under the BRI project Oman received significant investments from China to establish a joint industrial park in the Duqm special economic zone (Duqm is located halfway between Muscat and Salalah on the coast), which is expected to become home to several enterprises, including petrochemical and railway infrastructure projects. China has pledged to spend $10.7 billion by 2022 to develop the Duqm special economic zone. This investment plan can be viewed as a main pillar of China's strategic calculation to lay down an effective sea route for international trade. As in Oman, Saudi Arabia also admires the BRI project as an irreplaceable contribution to its "Vision-2030" agenda.

Bearing in mind the figures for oil consumption of Asian countries (both current and projected), especially China, it is safe to say that any further major contribution to meet oil demand will almost certainly have to come from the Gulf region; and that this demand will be a crucial element in the economic growth plans of the regional oil-producing states. It thus seems evident that the Gulf countries' reorientation towards China is not a temporary phenomenon, but rather integral to their respective long-term visions.

The new pro-Chinese trend emerging in the Gulf region is firmly bound to the current political situation in the European Union and its implications for the giant energy companies that have operated in the Gulf for decades. The growing push in Europe for greater diversification and the massive decarbonization policies associated with developing alternative energy sources that nearly all EU member states are implementing are the main reasons behind declining oil demand in Europe. A consequence of this policy is that the EU is no longer a major hydrocarbon trade partner anymore. On the other hand, big Western companies like ExxonMobil, Shell, Chevron, and others have found the working conditions and oil contracts in the Middle East unprofitable, due to the escalating security risks and interstate crises that became inflamed following the Arab Spring.

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In this regard, Iraq has the most robust business terms for foreign energy companies, even those from China. Thus, Shell agreed to sell its entire stake in Iraq's West Qurna oilfield, which produces 405,000 BPD, to Japan's Itochu Corp. The company (along with Exxon) withdrew a bid to renew its rights to a massive oil concession in the UAE. Although the ISIS insurgency in Iraq explicitly destabilized Chinese oil interests in Iraq a few years ago, things are getting back to (new) normal for Beijing's interests. This is in part due to Western countries leaving the country's energy market, as noted above. Thus, we see China looking to safeguard its oil interests through expanded bilateral cooperation with the authorities in the semi-autonomous Iraqi Kurdistan region, where the political situation is more stable.

With the giant Western energy companies leaving Iraq, the local energy market's competitiveness level decreased, which opened new horizons for Chinese oil companies. Another fact is that the U.S.-imposed sanctions on Iran, which is another major oil supplier in the Gulf region, deliberately made conditions tougher for Western companies, as was the case with France's Total, which pulled out of the Iranian energy market in May 2019.

Historically, any major power attempting to develop relations with states in a volatile region hampered

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by interstate conflicts and a high level of tension will face some problematic issues, such as whether to support one state against another, accurately balance between them, or find a way to support none but still be able to penetrate the market. This issue applies to Western countries and China alike. Western states usually take an ignorant position or take a concrete side in regional conflicts in the Middle East, and their involvement in regional affairs does not bring visible positive outcomes. Simultaneously, unlike Western countries, China has wisely avoided taking sides in intra-Gulf disputes and disagreements, helping to shape its image as a "positive and neutral actor."

This means that China prefers to create and boost its soft power in this region by successfully integrating it into the BRI project, thereby obtaining outcomes in both sides' mutual interest (the 'win-win' formula). Nevertheless, unresolved disputes, inflamed tensions, or the onset of yet another armed conflict in the Gulf could inflict severe damage on Chinese interests here, particularly energy interests. Still, one balance, there are good reasons to conclude that the region will bear witness China's peaceful rise and the declining influence of the West.

China's wisest subsequent strategy would be to make an effort to bring regional states to reconciliation through proactive negotiations. In other words, to boost energy partnership and secure its investment projects in the Gulf, China must actively endeavor to defuse tensions with regards to the Saudi Arabia-Iran dispute; it also needs to take measures to ensure the intra-GCC dispute between Qatar and the Saudi-led coalition, which now looks to have been resolved, stays resolved.

Some experts claim that China has enough diplomatic leverage to bring the various Gulf states to the negotiating table because of the region's active involvement in the BRI project. For now, however, China has less influence in this sense than its Western counterparts, which stand ready to offer military support in the "resolution" of intrastate disputes. Beijing is unlikely to do so. Rather, China's influence in the Gulf lies in economic links and energy cooperation, which allow for the development of good relations with the governing circles of regional states, but this does not provide the desired leverage. The historical record indicates that close energy partnerships and investment projects cannot, by themselves, be understood as sufficient leverage to be able to exert enough pressure on a regional state to engage in a process of reconciliation.

China's Energy Strategy in the Gulf Region

China's state-centered approach towards energy security has motivated it to enhance relations with a number of energy-rich countries, both in its immediate neighborhood (i.e., in many parts of what the editors of *Baku Dialogues* call the Silk Road region) and beyond, including North Africa and the Middle East. As mentioned above, China is increasing its power projection in the Middle East—especially in the Gulf region—even though it still cannot (and does not seek to) fully replace the United States as the only power in the region. Despite the growing volume of imported crude oil and natural gas, and the participation of regional states in at least some aspects of the BRI project, America still remains the only external power that can provide a unique security umbrella in the Gulf. For now.

However, America's gradually decreasing influence in the Gulf region and other parts of the Middle East, coupled with a general shift in the global balance of power, suggests that China is not far from becoming a contemporary global power. Considering China's crude oil and natural gas imports and its huge investment projects launched within the framework of BRI, Beijing is already playing a more critical role in this region than at any previous period in history. Nonetheless, the successful implementation of the BRI project to ring-fence an energy partnership with the region is highly dependent on intra-Gulf political stability as well as rapprochement with Iran, another important regional country and energy supplier. Still, given that BRI can (and should) be viewed as an "energy road" (especially in the context of the Gulf region), the flow of hydrocarbon resources is likely to grow in the years to come.

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Because of China's seemingly endless appetite for hydrocarbons originating in the Gulf, China

could become a driving force of regional energy integration, boosting the construction of new pipelines and electricity transmission infrastructure, as well as the implementation of energy security initiatives.

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From the Gulf states' point of view, a growing energy partnership with China would allow them to obtain a greater role in a newly emerging intercontinental trade process and benefit from a new partnership. Thus, although China views the Gulf region as an energy hub that can satisfy its own needs, it is actively attempting to diversify mutual partnerships beyond energy. Unlike traditional Western partners, China is building new seaports, industrial parks, and telecommunication systems in the Gulf, thus strengthening commercial relations in various trade and investment fields. While all these projects and growing partnership ties are complementary not only for China but also for the Gulf states, Beijing is also keen to receive more sponsorship from wealthy Gulf countries in order to amplify the strategic relevance of its economy, since this represents a perfect opportunity to bring the region closer to China. BD