



The Role of China in The Middle East's Energy Market: A New Economic Powerhouse?

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Abstract. China's expanding presence in the Middle Eastern energy markets has emerged as a significant development in the 21st century, reflecting the country's rapid economic growth and increasing energy demands. As the world's largest energy consumer, China seeks to diversify its energy sources and secure long-term supply chains, leading to substantial investments and strategic partnerships in the Middle East. This paper aims to analyze China's evolving role in the region's energy markets and assess the geopolitical implications of its energy strategies, particularly about traditional Western dominance. The research adopts a qualitative approach, utilizing case studies of China's major energy investments and infrastructure projects in key countries such as Saudi Arabia, Iraq, and Iran. Data is drawn from secondary sources, including scholarly articles, international reports, and policy documents, to comprehensively understand the shift in global energy dynamics. The findings reveal that China's strategic investments, facilitated through initiatives like the Belt and Road Initiative, reshape the global energy landscape by diversifying energy flows, securing alternative supply routes, and forming robust alliances. China is challenging Western influence and creating a more multipolar energy market by integrating itself deeply into the region's infrastructure. China's approach to economic diplomacy, which prioritizes mutual benefit and long-term contracts, has also allowed it to navigate regional instability and political complexities effectively. This study contributes to the academic discourse on energy geopolitics by offering insights into China's energy security strategies and their broader implications for global power dynamics.

Keywords: Energy Geopolitics, China-Middle East Relations, Global Energy Markets.

1 Introduction

The 21st century has seen a significant shift in global energy dynamics, mainly driven by China's emergence as a major economic force. As the world's largest energy consumer, China's rapidly increasing demand for oil, natural gas, and other energy resources has reshaped the international energy trade and redefined relationships between producers and consumers [1]. Among the regions most impacted by this change is the Middle East, a historically important center of global energy production. Western

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powers, particularly the United States exerted considerable influence over Middle Eastern energy markets for much of the last century, leveraging military alliances, diplomatic ties, and economic investments to secure access to the region's vast oil and gas reserves [2]. This dominance was further cemented by institutions such as the Organization of the Petroleum Exporting Countries (OPEC), which played a pivotal role in coordinating oil production and maintaining market stability. However, in recent decades, China's strategic investments and growing energy demands have challenged this established order, positioning the country as a significant player in the Middle East's energy landscape [3].

China's engagement in the Middle East extends beyond merely securing energy resources to fuel its economic growth; it reflects a broader strategic effort to diversify energy sources, secure supply chains, and expand its global influence. The Chinese government has pursued a multi-dimensional approach that includes economic initiatives, diplomatic engagement, and infrastructural projects, particularly through the Belt and Road Initiative (BRI) [4]. The strategic motivations behind China's increasing involvement in the Middle Eastern energy sector are multi-faceted. As the world's largest oil importer, China is acutely aware of the risks associated with heavy reliance on foreign energy supplies, particularly in a region known for political volatility and conflict. To mitigate these risks, China has focused on diversifying its energy sources and securing long-term supply agreements with multiple producers in the Middle East. .

Beyond energy security, China's engagement in the Middle East is driven by broader economic and geopolitical considerations. Strengthening economic ties with Middle Eastern countries allows China to expand its influence in a region historically aligned with Western interests [5]. The Chinese approach to partnerships emphasizes mutual economic benefit and long-term collaboration, in contrast to Western powers' traditional focus on political conditions. China's non-interference policy in partner countries' internal affairs resonates with Middle Eastern governments seeking alternatives to Western influence, especially nations like Iran and Iraq that have strained relations with the West [6]. These partnerships ensure energy supplies for China and open doors to broader economic cooperation in infrastructure, trade, and technology, thereby solidifying China's presence in the region.

The implications of China's growing role in the Middle Eastern energy markets are far-reaching, affecting the economic aspects of energy trade and the geopolitical landscape. China's strategic partnerships and infrastructure investments are reshaping global energy flows, with a larger share of Middle Eastern oil now directed towards Asian markets. This trend reduces the traditional dominance of Western markets over global energy supply chains and increases the influence of Asian economies in setting energy prices and policies. Moreover, China's approach challenges the United States' historical dominance in the region. While the U.S. has maintained a strong military presence to protect its energy interests, China has adopted a strategy centered on economic influence through investment and development assistance [6]. This economic approach enables China to establish itself as a key player in Middle Eastern affairs without military intervention, signaling a shift toward a multipolar energy landscape where various powers share influence over energy governance.

The evolving role of China in the Middle Eastern energy sector is not without challenges. Regional instability, competition from other global powers, and fluctuating energy markets present risks to China's investments. However, China's flexible approach, which includes diversifying energy investments and engaging in renewable energy projects, positions it to navigate these complexities. As China continues to deepen its involvement in the region, its strategies will have significant implications for global energy security, the balance of power, and the future of international relations [7].

While substantial research has explored China's Belt and Road Initiative and its expanding economic influence, the specific dynamics of China's deepening involvement in the Middle Eastern energy sector remain underexamined, particularly regarding its implications for global energy security and geopolitical power shifts. Most existing studies focus primarily on Western dominance in the region and the U.S. strategic interests, leaving a gap in understanding how China's unique approach—centered on economic diplomacy, infrastructure investments, and non-interference—reshapes traditional energy alliances. This paper addresses these gaps by comprehensively analyzing China's strategic energy investments, the diversification of supply routes, and forming alternative partnerships that challenge the established energy order. The novelty of this research lies in its focus on China's dual strategy of securing energy supplies while simultaneously influencing regional politics through economic means, thereby presenting a multi-dimensional view of energy geopolitics. This paper aims to explore China's expanding influence in the Middle Eastern energy markets by analyzing its investment strategies, partnerships, and their broader impact on global energy dynamics. By examining case studies of China's engagements in countries like Saudi Arabia, Iraq, and Iran, this study provides insights into how China's strategic approach is reshaping the energy landscape and what this transformation means for the future of global energy governance.

2 Methods

This study employs a qualitative research approach to examine China's evolving role in the Middle Eastern energy markets, focusing on strategic investments, partnerships, and geopolitical implications. The research relies on case study analysis, using Saudi Arabia, Iraq, and Iran as key examples to explore China's energy strategies and regional engagement. These cases were selected because they represent China's most significant energy partnerships and cover a range of geopolitical contexts, including alliances with major oil producers and collaborations under international sanctions.

Data for this study are collected from secondary sources, including academic journal articles, government reports, international energy agency publications, and policy documents. In addition, reports from think tanks such as the Carnegie Endowment for International Peace and the Center for Strategic and International Studies (CSIS) provide context for understanding the strategic motivations behind China's investments. The selection of sources ensures a comprehensive view of the subject, incorporating different perspectives on energy geopolitics and China's foreign policy objectives. Content analysis is employed to identify recurring themes and patterns in China's energy

investment strategies, including economic diplomacy, infrastructure development, and diversification of energy supply routes.

The study also analyzes China's Belt and Road Initiative (BRI) projects in the Middle East to understand the role of infrastructure development in securing energy supplies and strengthening geopolitical influence. This involves examining specific BRI projects, such as the development of the Gwadar Port in Pakistan and the China-Iran energy corridor, to assess how these initiatives enhance China's energy security and reduce reliance on vulnerable maritime routes.

Finally, this research evaluates the broader implications of China's energy investments on global energy markets by considering factors such as shifting energy flows, changes in supply chain resilience, and the impact on traditional Western dominance in the region. Combining case study analysis with content analysis of relevant documents provides a nuanced understanding of how China's strategies reshape the Middle Eastern energy landscape and influence global energy governance. The qualitative approach allows for in-depth exploration of complex geopolitical dynamics, making it suitable for addressing the research objectives and filling existing gaps in the literature.

3 Discussions

3.1 Strategic Objectives: Securing Energy Supply and Diversifying Sources

One of the primary drivers behind China's investment in the Middle East is energy security. As the world's largest oil importer, China relies on stable and reliable energy supplies to sustain its rapid economic growth. By forging long-term agreements with major Middle Eastern oil producers such as Saudi Arabia, Iraq, and Iran, China ensures a consistent flow of oil and natural gas to meet its domestic needs [8]. For instance, partnerships with Saudi Aramco and Iraq's oil companies have secured substantial supplies for Chinese refineries. At the same time, investments in Iran's South Pars gas field have diversified China's natural gas sources. These strategic investments reduce China's vulnerability to energy supply disruptions and geopolitical risks associated with over-reliance on any region.

In addition to securing energy supplies, China aims to diversify its energy sources and supply routes. This includes reducing dependence on maritime chokepoints such as the Strait of Malacca, vulnerable to geopolitical tensions, piracy, and other risks [9]. China has developed alternative energy transport routes through the Belt and Road Initiative (BRI), including overland pipelines and infrastructure projects in Pakistan and Central Asia [4]. These provide more secure and direct pathways for energy imports. For example, the Gwadar Port in Pakistan offers China direct access to the Arabian Sea, bypassing Southeast Asia's more vulnerable shipping lanes [9]. Such initiatives not only enhance China's energy security but also position the country as a central player in shaping the infrastructure of global energy trade.

3.2 Geopolitical Implications: Challenging Western Dominance

China's growing involvement in the Middle Eastern energy markets represents a significant shift in the region's geopolitical landscape. Historically, Western powers, particularly the United States, have maintained a dominant presence in the Middle East through military alliances, economic investments, and diplomatic influence [10]. The U.S. has long considered the Middle East a strategic region, ensuring oil flow by maintaining military bases and fostering close relationships with key producers like Saudi Arabia and Iraq. However, China's rise as a major energy player has begun to erode this traditional power structure as Middle Eastern countries increasingly turn to China for economic partnerships and infrastructure development.

The deepening economic ties between China and Middle Eastern nations contribute to a realignment of regional alliances, potentially reducing the influence of Western powers. Saudi Arabia, for example, has strengthened its economic relations with China, not only through oil exports but also by engaging in joint ventures in the refining and petrochemical industries. China's involvement in Saudi Arabia's Vision 2030 initiative to diversify its economy reflects a broader shift in strategic orientation [11], Riyadh seeks to balance its traditional relationship with the U.S. by fostering closer economic ties with China. Similarly, China's ongoing investments in Iraq's energy sector, ranging from oilfield development to infrastructure rebuilding, have positioned it as a significant stakeholder in its post-conflict reconstruction, a role that Western companies previously dominated [12]. China's partnerships with Iran further illustrate its challenge to Western regional influence. Despite U.S.-led sanctions aimed at isolating Iran, China has continued to import Iranian oil, invest in its energy infrastructure, and sign long-term cooperation agreements. The 25-year strategic cooperation deal between China and Iran, which includes billions in investments for infrastructure and energy projects, provides Iran with an economic lifeline and allows China to secure favorable energy deals at discounted prices [8]. This relationship undermines the effectiveness of Western sanctions and signals a shift in regional power dynamics, where economic diplomacy increasingly takes precedence over military influence.

3.3 Impact on Global Energy Markets: Shifting Energy Flows and Supply Chains

China's growing role in the Middle Eastern energy markets also reshapes global energy flows and supply chains. By securing long-term supply agreements and investing in regional infrastructure, China is redirecting more Middle Eastern oil and gas towards Asian markets. This shift in energy flows reduces the traditional dominance of Western markets over global energy trade, as Asian economies, led by China, become the primary consumers of Middle Eastern energy exports [9]. The realignment has significant implications for global energy prices and market stability as the balance of power in energy consumption shifts eastward.

Additionally, China's infrastructure investments under the BRI are creating new supply routes that enhance the resilience of global energy supply chains [2]. Developing energy corridors, such as the China-Iran energy corridor and constructing pipelines linking Central Asia to China, provides alternative pathways for transporting oil and

gas, reducing the reliance on vulnerable maritime routes [11]. These projects contribute to greater supply chain resilience and stability, as they offer multiple options for energy transport, mitigating the risk of disruptions caused by regional conflicts or geopolitical tensions. China's influence in global energy markets extends beyond oil and gas. Its investments in renewable energy projects in the Middle East, such as solar power initiatives in the United Arab Emirates, align with the country's broader goals of diversifying its energy sources and promoting sustainable development [13]. By supporting renewable energy projects in the region, China is securing a more sustainable energy supply and positioning itself as a leader in the global transition towards cleaner energy. This shift towards renewables could accelerate the region's diversification from fossil fuels, further reshaping the global energy landscape.

3.4 Navigating Challenges: Regional Instability and Competition

While China's energy strategies in the Middle East have been largely successful, they are not without challenges. Regional instability, shifting alliances, and competition from other global powers present risks to China's investments and long-term energy ambitions. The Middle East is marked by political volatility, with ongoing conflicts, social unrest, and complex power dynamics that could disrupt energy supplies and infrastructure projects [6]. China's non-interference approach in partner countries' internal affairs allows it to navigate some risks. Still, it may also limit its ability to influence political outcomes that could affect its energy interests.

Competition from other global powers, such as the United States and Russia, adds another layer of complexity to China's energy strategies [12]. Both countries have significant stakes in the Middle East's energy sector and continue to exert influence through military alliances and diplomatic engagements. China's economic-centric approach contrasts the U.S.'s military-focused strategy and Russia's traditional role in regional politics [14]. While China's investments and partnerships have allowed it to make significant inroads into the Middle East, it must balance its relationships with different actors, including countries with competing interests, to avoid becoming embroiled in regional conflicts.

3.5 Implications for Energy Security and Future Prospects

China's engagement in the Middle Eastern energy markets has broad implications for global energy security. By securing diversified energy supplies and alternative supply routes, China enhances its energy resilience, contributing to greater stability in international energy markets. However, its growing influence also signals a shift toward a more multipolar energy landscape, where multiple powers share influence over energy governance. This transformation could lead to reconfiguring international energy alliances and policies, with China and other emerging economies playing a more prominent role in shaping global energy standards and regulations.

Looking ahead, China's ability to sustain its influence in the Middle Eastern energy sector will depend on its capacity to adapt to the region's evolving political and economic conditions [8]. The country's ongoing renewable energy and infrastructure investments suggest a long-term commitment to the region's development. However,

China must navigate the complexities of regional instability, competition from other powers, and shifting global energy trends, particularly the transition to cleaner energy sources. The success of China's energy strategies will ultimately shape the future of global energy markets and international relations.

4 Conclusion

China's expanding role in the Middle Eastern energy markets represents a significant transformation in global energy dynamics, challenging the traditional dominance of Western powers, especially the United States. Through strategic investments, long-term partnerships, and infrastructure development, China has secured critical energy supplies while diversifying its sources and routes to mitigate risks associated with maritime chokepoints. The Belt and Road Initiative has played a central role in strengthening China's economic ties with key regional players like Saudi Arabia, Iraq, and Iran, enabling Beijing to ensure energy security and increase its geopolitical influence in a region historically aligned with the West. The shift toward Asian markets for Middle Eastern oil and gas signals a broader realignment of global energy flows, positioning China as a leading force in an increasingly multipolar energy landscape. Despite these advancements, China faces significant challenges, including political instability, regional conflicts, and competition from other global powers. While its policy of non-interference helps navigate complex regional dynamics, it also limits Beijing's ability to shape outcomes that could affect its investments. Nevertheless, China's economic-focused strategy and growing involvement in renewable energy projects offer opportunities to lead the global transition toward a more diversified and sustainable energy future. As China deepens its influence in the Middle East, its role in shaping international energy policies and governance will likely grow, contributing to the evolving global energy order.

However, this study's reliance on secondary sources may not fully capture the latest shifts in China's energy strategies; future research should incorporate primary data, such as interviews with policymakers and industry experts, for deeper insights. The focus on traditional energy sources also limits the analysis of China's growing role in renewable energy; future studies should explore China's contributions to solar and wind projects in the Middle East to understand its long-term sustainability strategy. Additionally, given the region's dynamic geopolitical landscape, longitudinal studies are needed to assess the sustainability of China's influence over time and investigate the environmental and social impacts of its energy investments, particularly regarding local communities and ecological sustainability.

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