



Intensification of China's Influence in the Middle East Region: Geoeconomics Approach on the Saudi-Iran Peace Agreement

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Abstract. China's engagement in the Middle East region is prominently increasing. The recent peace agreement between Saudi Arabia and Iran, facilitated by China, serves as a significant illustration of the evolving geopolitical dynamics in the region. This paper aims to explore China's economic influence on the recent peace deal between Saudi Arabia and Iran, examining how China's strategic investments and economic partnerships have facilitated diplomatic engagement between the two rival nations. The analysis delves into the Belt and Road Initiative (BRI) and China's significant investments in both Saudi Arabia and Iran, highlighting how economic interests have incentivized cooperation and conflict resolution. This study adopted a qualitative method in library research to investigate the utilization of published and electronic sources that facilitate the writing process for data and information. The paper argues that the impact of China's economic diplomacy on the geopolitical landscape of the questioned region, demonstrated how economic ties can serve as a catalyst for peace and stability. Through a comprehensive review of trade relations, investment projects, and diplomatic efforts, this study provides insights on how economic influence can drive political outcomes, offering a model for future conflict resolution strategies in geopolitically sensitive areas.

Keywords: China, Saudi Arabia, Iran, Middle East, Geoeconomics.

1 Introduction

The political order in the Middle East region has experienced quite interesting dynamics since the beginning of 2023. In March, an external party, China, effectively mediated a peace agreement that portrayed Saudi Arabia and Iran as two regional entities with diplomatic tendencies. This has evolved into a novel dynamic in which China has become a new player in the Middle East's political landscape. However, China successfully achieved a high-level negotiation and resolved the most significant political conflict in the region. These two nations have been embroiled in a diplomatic disagreement for two decades; nevertheless, this accord has successfully resolved it. In reality, the two nations are attempting to reestablish the economic and security arrangements that were previously formed by opening their respective embassies [1].

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Nations in the region including Saudi Arabia and Iran have more than enough deliberation to turn over these constructive talks to China. One of these is the way China is involved in the area, which has significantly increased in recent years. China seems to be becoming more and more dependent on the Middle East, particularly on major players like Saudi Arabia and Iran in the Persian Gulf. The Middle East is China's main source of energy for industrial growth [2] and Middle Eastern countries enjoying investment and products from China also feel a significant increase in economic turnaround with the growth of cooperation established [3]. China, a nation with great aspirations for both the global economy and politics, cannot ignore the Middle East in order to accomplish its objectives. China's top goal is to build positive relations with the nations in the region. Furthermore, China released a global vision in 2022 with the goal of strengthening its inclusion in matters of international peace and security. This vision is known as Global Security Initiatives (GSI). This global security framework might be interpreted as an attempt by China, which at first only concentrated on trade, to take a more active role in international affairs, beginning with the Middle East.

This study attempts to combine the arguments of Ullah & Xinlei (2024) highlighting the profound impact of China's investment and economic cooperation on Middle East geopolitics, as well as research Husain & Sahide (2023) which sees the principle of China's non-intervention in the conduct of its politics and economy in the Middle East. The author also tries to expand Houghton (2022) analysis who looked at China's political strategy efforts in balancing its relations with Iran and Saudi Arabia. This research tries to answer the question of what factors caused China to succeed in bringing the two long-standing rivals to the negotiating table and re-establishing diplomatic relation. In this study, the author argues that the success of the peace deal between Saudi Arabia and Iran cannot be separated from the impact of China's geoeconomics. De-escalation and resolution of the Saudi-Iranian conflict is geopolitical objectives China has established through its economic policies in the region. China takes this action to protect its trade interests and enhance its reputation internationally. Iraq and Oman have already launched a number of peace initiatives toward the two rival nations, but they have failed because there is a lack of confidence and certainty of peace. Although the analysis conducted by Ali (2024) and Baghernia (2024) sees China's involvement as not being very significant in the peace process, this study aims to provide a new perspective on China's involvement.

The Author argues that the success of the peace deal can be attributed to the Middle East region's transition from prioritizing security concerns to focusing on the growth and development of its nations' economic capacities. The degree of China's economic engagement in the region, specifically with its counterparts, Saudi Arabia and Iran, is intricately connected to this transformation. This statement forms the basis of the author's claim that China's active involvement with both parties can guarantee the durability of this peace agreement. The analysis emphasizes the significance of the Middle East in China's geopolitical strategy, with Saudi Arabia and Iran emerging as prominent actors. To comprehend China's geopolitical ambitions in the Middle East, it is necessary to analyze its geoeconomics strategy and its foreign policy towards the region's security. Additionally, one must consider the impact of China's economic interactions on the two countries involved.

2 Research Methods

This study utilizes a qualitative research methodology to examine the dynamics underlying the peace accord between Saudi Arabia and Iran, mediated by China. The qualitative technique is especially effective for analyzing complex international phenomena, since it facilitates a profound comprehension of the numerous political, economic, and diplomatic interactions involved. This study employs Blagden (2016) model to examine how China's geoeconomics goals in the Middle East, particularly its pursuit of regional stability to further the Belt and Road Initiative, affect political events. This concept is essential for comprehending the strategic importance of China's role in mediating peace between the historically adversarial nations of Saudi Arabia and Iran [9].

The selection of a qualitative methodology is based on its ability to offer comprehensive, nuanced insights into complex topics that quantitative methods might neglect. The study utilizes ideas from prior research in international relations to adopt a comprehensive perspective on the influence of global power dynamics in regional peace processes [10], [11]. Qualitative research facilitates a detailed examination of interpersonal and intergovernmental connections, crucial for analyzing the evolution of diplomatic initiatives. Elman (2005) underscores the significance of this methodology in elucidating the nuances of negotiation processes, shown by this peace deal [12]. Secondary data constitutes the foundation of this research, collected via an extensive literature assessment of pertinent scholarly articles and policy papers [13], [14]. This approach implies that the research is grounded in established information while yet offering novel perspectives on China's expanding influence in Middle Eastern geopolitics. The study aims to deliver a comprehensive understanding of the motivations and effects of the peace deal by integrating many sources within a wider geopolitical framework.

3 Literature Review

Niu & Wang (2023) enhance this discourse by examining the profound economic interconnectedness between China and Arab countries. They contend that these collaborative relationships have become so ingrained that disconnecting would be exceedingly challenging, if not unfeasible, for both parties. Likewise, Fan (2022) examines China's association with Iran, highlighting Iran's strategic significance owing to its advantageous geostrategic location. Fan contends that Iran's significance in the wider geopolitical rivalry among global powers increases its worth as a partner for China. Similar arguments also came from Sahakyan (2022) that specifies this subject on how China, Iran and Middle East developed their relations under economic cooperation. Other arguments also could be seen in discussion on how China's economic policy impacting the regional political structure on Middle East.

Wang & Zhao (2022) emphasize that the structural development of China-Arab relations has generated new opportunities for global cooperation. They contend that China's changing diplomatic stance signifies deeper transformations in global power dynamics, with China increasingly perceived as a stabilizing influence in the area. Houghton (2022) argues that China's strong relationship with Iran may jeopardize its

bilateral relations with Saudi Arabia, due to the entrenched animosity between the two Middle Eastern nations. Houghton observes that China has implemented a meticulous and strategic diplomatic approach to navigate these conflicting interests and perceptions on both sides. Safronova (2023) on the other hand developed a perspective by indicating that China's diplomatic intervention between Iran and Saudi Arabia in 2023 represented a pivotal moment in the area, diminishing U.S. influence and augmenting China's position. Safronova contends that this peace accord signifies a substantial alteration in regional power relations, with repercussions for the wider Middle East. Shinji (2023) also mentioned how China's involvement on this process indicates that China's diplomacy is a reaction to the evolving regional dynamics and its assertive attempts to influence the regional order in regard to diminishing US influence. This effort could also be traced back before as explained by Sun & Zoubir (2018) on how China's involvement on MENA region in terms of conflict resolution.

Siddique (2023) elaborates on the prospective long-term ramifications of China's mediation initiatives, highlighting that this was China's inaugural significant diplomatic involvement in the Middle East. Siddique warns that, although the immediate ramifications of the Saudi-Iran reunion are evident, the long-term consequences for the wars in Yemen, Lebanon, Iraq, and Syria remain ambiguous. Nonetheless, there is hope that the accord may promote more regional cohesion. Husain & Sahide (2023) provide an in-depth analysis of China's diplomatic strategy, emphasizing its concept of non-intervention and reverence for sovereignty. They contend that China's abstention from imposing political requirements, along with its advocacy for human rights in the region, has enabled it to sustain robust partnerships with multiple Middle Eastern nations without inciting conflicts. Nevertheless, their research does not explicitly examine the effects of the Saudi-Iran peace deal.

This literature offers a solid basis for comprehending the elements contributing to China's achievement in facilitating the Saudi-Iran peace deal. This study enhances the knowledge of China's increasing role as a diplomatic actor in the Middle East by integrating insights on its geoeconomics influence, strategic diplomacy, and principle of non-intervention. This paper integrates key arguments from the current literature regarding China's influence in Middle Eastern geopolitics, including its effect on the recent peace agreement between Saudi Arabia and Iran. Ullah & Xinlei (2024) establish a crucial basis by analyzing China's economic investments and collaborative initiatives, emphasizing how these economic interactions have transformed geopolitical dynamics in the region. Their analysis highlights the significant impact of China's economic strategy in promoting stability and regional collaboration.

This research further develops Houghton (2022) analysis of China's intricate balancing act in managing its relations with Saudi Arabia and Iran. Houghton contends that China's strategic success is rooted in its capacity to sustain advantageous connections with these two competing nations, adeptly maneuvering through intricate political issues while promoting its own geopolitical objectives. This research aims to investigate the elements that facilitated China's successful engagement of these long-standing enemies in negotiations, ultimately restoring diplomatic relations. This research posits that China's performance is incomprehensible without acknowledging its geoeconomics leverage, which has been instrumental in facilitating the Saudi-Iranian peace agreement.

4 Theoretical Framework: Geoeconomics Approach

One of the significant determinants in seeing a country as a factor in the international system is its economic capacity and strength. The economic aspect is what maintains a country's political and military strategy in carrying out its geopolitics. Even the use of economics in contemporary international relations aims to expand a country's influence in order to enhance its diplomatic strategy and even weaken its opponents [23], [24]. The problem of economic diversification has a direct impact on the position of the country's geopolitical power in a region. The understanding of this concept is known as geoeconomics. Geoeconomics can be interpreted as a perspective that explains how a foreign policy is projected from the economic orientation by an actor (nation) in a region. Geoeconomics can refer to the use of economic instruments to support and defend national interests and achieve specific geopolitical goals [25]. Geoeconomics can be understood as part of the geopolitical framework of thinking. The evolving geopolitical review is no longer seen as a form of action of a country, but can also be used in academic understanding. In understanding the complexity of international politics and its dynamics, especially in certain regions, geopolitical views provide several points of analysis. One of the reviews emphasized is the economic aspect, the geoeconomics conception is formed. In looking at a country's geoeconomics efforts, its foreign policy can be the basis for consideration [26]. Blackwill (2018) explained that trade agreements, investment, financial assistance and commodity supply can be a geoeconomics tool [25].

Grevi (2011) explained that geoeconomics is an effort to convert economic tools into political influence and mobilization of political forces to achieve economic goals through competition or cooperation. Economic strength, in the framework of geoeconomics analysis, is important in making geopolitical power sustainable. Both the maintenance of military power, diplomatic apparatus, and the use of intelligence can be affected by the exercise of economic power [28]. Following the traditional perspective of geopolitical economics, Zakaria (1999) assessing the importance of budget allocation to transform wealth into an effective geostrategic power. Geoeconomics strategies are based on the use of economic resources for political purposes, where the use of these resources can bring long-term economic and political benefits. From a geoeconomics perspective, economic factors are configured as power resources that change the logic of distribution *Power* and the profile of competition between countries [30].

Reviewing the case study raised by the author, China's position in the Middle East region is an actor that has economic interests, especially energy. The Middle East as a region that supplies it is seen as very crucial for China. Using a geoeconomics perspective, the author sees how China's foreign policy, which refers to the economy of the region, becomes the foundation of its relations with regional countries. This economic relationship-based approach increases positive perceptions by regional countries, especially Saudi Arabia and Iran. It even reduces the hegemonic position of the United States in terms of trade and has an impact on changing trends in regional political and trade dynamics. This is also the basis for the view that China's existence in the Middle East is no longer only a trading partner, but as a global actor that challenges the US position in the region. The stability of the region is so important that peace between the two sides of the conflict is one of the important determinants of

China's geopolitical goals. The success of this peace agreement cannot be dismissed from the geoeconomics factors that China has been running so far in the Middle East region. This is China's goal to improve its image as a global actor that is not only oriented to the economic framework, but also to security. The mediation carried out by China to reconcile Saudi Arabia and Iran is an example of China's successful geoeconomics strategy in participating in Middle East politics.

5 Results

5.1 The Middle East Through China's Lenses

The Middle East region, which is generally described as a region full of conflicts and diplomatic tensions, is one of the most strategic and significant regions for China's interests [31]. Even before entering the 21st century, the China's government has noticed this region as an energy-producing region that is very significant for the progress of China's industry [32]. The development and growth of China's economic posture cannot be separated from the needs of energy consumption such as oil and gas, from which China derives most of the region. The Middle East area holds significant influence over the global energy market and the economies of numerous countries worldwide, including China. China obtained about 45% of its crude oil imports from the Middle East region in 2018. In 2022, the Middle East was responsible for producing the largest amount of oil compared to any other region worldwide. Specifically, it accounted for 32.8% of global oil production [2] China has become the world's largest consumer of oil, surpassing the United States through 2023. China's oil import rate is almost equivalent to that of the European region with a difference of only two million barrels. In 2022, Europe imported about 14.4 million barrels per day and China followed as the second largest importer, with 12.2 million barrels per day [2].

China, which is the largest producer in product trade, also sees the Middle East as a market that is no less important not only in energy trade. In 2020, China succeeded in replacing the European Union as the largest trading partner by the Gulf Arab countries under *Gulf Cooperation Council (GCC)* in bilateral trade. *Agenda Free Trade Agreement (FTA)*, which has become China's main trade diplomacy destination, has made it the largest non-oil trading partner for Saudi Arabia, Iran, the UAE and other Middle Eastern countries. The FTA run by the China-GCC seeks to provide a much-needed framework for trade and investment between the two partners. Even without a comprehensive trade deal, transactions between China and the GCC have accounted for nearly 70% of the trade volume between China and the rest of the Arab League member states [33]. The increase in trade relations is very rapid when viewed from the amount which in 2000 only amounted to 10 billion dollars, increasing to 160 billion dollars in 2020 [34]. This is the basis for the argument that China is the largest trading partner of the GCC. It can be seen in Figure 1 below which maps China's trade partnership relationship with Middle Eastern countries. Furthermore, the Belt and Road Initiatives (BRI) implemented by the Chinese Government cannot exclude the Middle East region. According to the China BRI Investment Report 2021, the majority of BRI's investment projects in China during 2021 were concentrated in the Middle East region. In 2022, Middle Eastern nations increased their collaboration with China and accounted for

around 23 percent of China's Belt and Road Initiative (BRI) involvement, a rise from 16.5 percent in the previous year [35].



Fig. 1. Mapping China as a Trading Partner in the MENA Region

Source: Fleck A., *China's Wide Reach as a Trading Partner in the MENA Region 2023*

The BRI is also seen as having potential for the economic growth of Middle Eastern countries, for example, China’s shipping companies and ports have invested in the Red Sea route terminal along with the *Saudi Arabia's Public Investment Fund* to develop and operate shipping channels at the Jeddah Islamic Port. This cooperation is not only a manifestation of BRI China, but also contributes to the *Saudi Vision 2030* which is a priority for the development direction of Saudi Arabia. Project *The Red Sea Gateway Terminal* (RSGT) developed by these two countries is worth about 280 million US dollars [36]. Likewise, other projects carried out by the China’s Government such as the Suez Canal, Haifa Bay and infrastructure development in Iraq with a value of more than 20 billion US dollars [37]. Figure 2 below shows the total investment invested by China in several Middle Eastern countries.

About 80% of China's total investment in the Middle East is in the connectivity, transportation and energy sectors. China’s companies are also investing in metals and real estate. The investment made by China is *Greenfield* which is in the form of the establishment of new production units where foreign capital is wholly owned by foreign companies or investors in the recipient country [38]. Forms of cooperation and investment are expected to continue to develop under the BRI project with Middle Eastern countries [39].

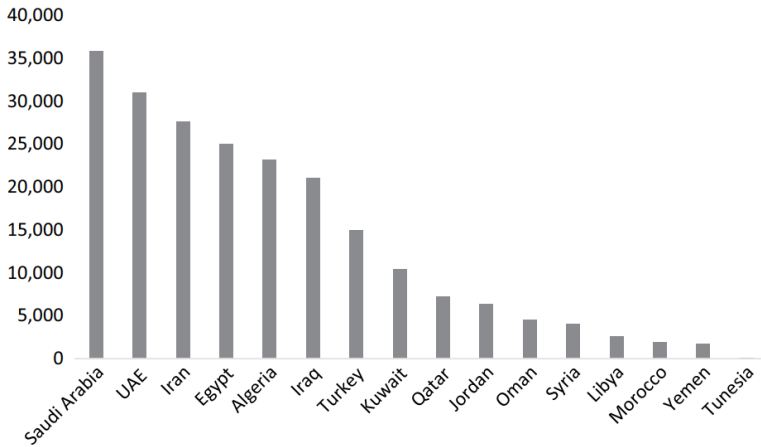


Fig. 2. China's investment in the Middle East from 2005 to 2018 in millions of dollars
Source: AEI's China Global Investment Tracker in Haghirian & Zaccara, 2022

This increase in economic activity by China is also expected to be followed by an increase in the number of indigenous Chinese people living in the Middle East region. It is estimated that around 550,000 Chinese residents are currently in the region and continue to increase [40]. The Middle East region is the second destination after East Asia, with a total investment of 15.4 billion US dollars in 2022 in BRI projects alone, not including other investments.

5.2 China's Geoeconomics as a Diplomatic Footholds

China and Saudi Arabia Engagement: BRI and Vision 2030. The bilateral relations between China and Saudi Arabia have been consistently smooth and devoid of any significant diplomatic impediments or difficulties since the establishment of diplomatic ties in 1990. In 2008, the two nations mutually decided to enhance their bilateral relations to a strategic alliance. China surpassed all other countries in 2013 to become Saudi Arabia's primary trading partner. In January 2016, President Xi Jinping of China visited Saudi Arabia on an official visit, during which the two nations formed a comprehensive strategic relationship. In March 2017, Saudi King Salman responded with a visit to Beijing. China values Saudi Arabia's endorsement of the Belt and Road Initiative (BRI) and warmly embraces its active involvement in the initiative. China, on the other hand, has shown its endorsement of Saudi Arabia's Vision 2030 and its dedication to aiding in the expansion of the Saudi Arabian economy through diversification.

After the introduction of Vision 2030 at the G20 Summit in Hangzhou in 2016, China and Saudi Arabia formed a collaborative high-level commission to strategically combine the Belt and Road Initiative (BRI) with Vision 2030 (further see: Chen et al., 2018). The two countries then succeeded in agreeing on the formation of six sub-commissions focusing on politics and diplomacy, BRI, trade investment, energy

development, cultural exchanges, technology, and tourism. In March 2017, during King Salman's visit, President Xi reaffirmed China's strong support for Saudi Arabia's Vision 2030. The two countries are committed to deepening their cooperation in non-energy sectors such as aerospace and communications. A platform for cooperation in finance and investment was also established between the two leaders [42]. In addition, President Xi stressed that China remains a reliable oil exporting market for Saudi Arabia and stressed the need for an integrated pattern of energy cooperation. The two sides have also deepened bilateral relations in the fields of culture, education, health, tourism, and news services.

In the same year, King Salman attended the Saudi-China Investment Forum, where 21 memorandums of cooperation were signed [43]. This memorandum of understanding focuses on increasing cooperation between the two parties in the development of renewable energy such as solar and wind. Next, increasing the capacity of industrial technology is also the main agenda where the development of various *Smart City* especially in Saudi Arabia is the goal to be achieved. To meet the ambitions of the Vision 2030 development which aims to create economic diversification, the Saudi Arabian government receives a lot of non-oil investment from China in manufacturing, infrastructure, connectivity, and tourism. Within two years after the Saudi Arabian government issued its Vision 2030, investment and trade cooperation under Vision 2030 integrated with BRI has reached 42 billion US dollars (Chen et al., 2018). This is also followed by more than a hundred China's companies have carried out investment projects in Saudi Arabia, including in the fields of petrochemicals, railways, ports, power plants, communications, and so on.

Saudi Arabia's strategic location at the crossroads of Asia, Europe and Africa is of great value to China for its participation in the BRI project to integrate global trade routes. Saudi Arabia's position is aimed at becoming a *Fulcrum* along the Red Sea supply chain. The connectivity project carried out by China in Saudi Arabia is of great value to achieve the goals of the BRI, especially in the development of railways. Project success *Mecca-Medina high-speed railway* developed by *China Railway Construction Corporation (CRCC)* greatly contributes to Muslim hajj services. The success of this railway project was followed by the development of several other railway lines that integrated Saudi Arabia's territory with other Gulf countries. Such as the development of the 450 km Halaman train, the 2700 km North-South Railway, and the 550 km long Gulf Countries Connecting Train, all of which are part of China's participation in its construction (Chen et al., 2018; Iqbal, 2024). The development of this railway line is one of the goals of BRI China by integrating trade routes through paper lines in Saudi Arabia with the Port of Gwadar in Pakistan as its energy trade transit center. This is one of China's efforts to reduce transportation costs through the Malacca Strait, which costs more. So that the development of the 2030 vision and BRI is a mutual goal of both parties with a very large trade value.

It should also be noted that China is Saudi Arabia's largest trading partner, with bilateral trade worth 87.3 billion US dollars in 2021. China's exports to Saudi Arabia reached 30.3 billion US dollars, while China's imports from Saudi Arabia amounted to 57 billion dollars. Saudi Arabia is also China's main oil supplier, accounting for 18% of Beijing's total crude oil purchases, with total imports of 73.54 million tons in the first 10 months of 2022, worth \$55.5 billion [45]. The linkage between the two countries in the energy industry can also be seen in the cooperation of oil companies from each

country (see more: Bonesh, 2023). Saudi Arabia is the country with the largest export-import activities for China in the Middle East region. In 2022, it showed a total of 78.1 billion dollars in import activities and 37.7 billion dollars for exports [47].

China and Iran Engagement: Comprehensive Cooperation Agreement. The economic partnership between Iran and China is heavily influenced by geopolitical factors and mutual economic interests. In recent years, the connection between the two countries has strengthened as they strive to manage international challenges and take advantage of their mutually beneficial economic need. Upon examining global dynamics, it becomes evident that Iran's ability to navigate the global challenges it encounters is becoming increasingly reliant on China. Iran, under diplomatic isolation, regional political difficulties, and economic contraction, regards China as a highly significant trading ally. Since the start of the 21st century, the relationship between Tehran and Beijing has primarily relied on commercial connections, particularly in the areas of oil and consumer products commerce. China purchases Iranian oil to promote industrialization, while simultaneously exporting production goods such as machinery, electronics, and equipment to Iran in order to grow its presence in the global market. Iran's oil exports to China in 2021 amounted to approximately 800 thousand barrels per day. From January to May 2023, there was an average daily production of approximately 1 million barrels [1].

On the other hand, China views Iran as an important partner in the BRI that aims to improve connectivity and trade across Asia and beyond. This interdependence fosters a strong and strategic economic alliance, where both countries benefit from each other's economic strengths. In 2021, Iran and China signed the "*Strategic Cooperation Agreement*" which is a vision of 25-year cooperation to deepen economic and security ties [48]. China agreed to invest \$400 billion in Iran over 25 years in exchange for a steady supply of oil to boost its economic growth under the agreed economic and security agreement. In 2023, the two countries signed 20 additional memorandums of understanding on trade, transportation, technology, tourism, agriculture, and crisis response to take more specific steps from previous agreements [49]. The agreement formed by the two countries is considered to be able to influence China's wider involvement in the Middle East region more deeply and interfere with the US embargo efforts against Iran. China's investments cover a wide range of sectors, including banking, telecommunications, interconnectivity, healthcare, and information technology over the next 25 years (Ali et al., 2023). In return, China will receive regular supplies of Iranian oil and even at discounted prices. The draft also deepens military cooperation, including training, research, and weapons development as well as intelligence information sharing.

Under the terms of this agreement, China is given the right to delay payment of Iranian production for up to two years. China will also be able to pay in renminbi (*China's Yuan*), which means no US dollars will be involved in the payment of commodity transactions from China to Iran [51]. It should also be noted that China's close involvement in the development of Iran's manufacturing infrastructure is in the context of the BRI initiative. Another interesting thing to note is that this \$400 billion deal coincided with Iran's rejection of a \$15 billion loan offer from Europe as a form of commitment for Iran to comply with its nuclear deal [52]. It can be seen that Iran wants

to show that it has no dependence or desire to depend on the West as long as the options offered and agreed with China are still open.

6 Discussion

China not only has economic interests, but also considers the Middle East as a global security struggle. China, having made significant investments in the Middle East, undoubtedly perceives security risks that might potentially undermine its interests. It is imperative that the collaboration established by China includes robust security and diplomatic components. China prioritizes forging military cooperation connections with countries that possess significant capabilities or influence in terms of regional security, including Saudi Arabia, Iran, Turkey, and Israel. China does not establish a formal security alliance similar to that of the United States. China engages in flexible collaboration with other countries in the region, disregarding ideological disparities and avoiding taking sides in conflicts. This is seen in China's collaboration with adversarial governments like Saudi Arabia and Iran. China establishes security cooperation contacts with these two countries cautiously to avoid exacerbating the conflict between the disputing parties. Similarly, the conflict that took place in Palestine-Israel and the Syrian civil strife are also worth mentioning [53].

China carries out its approach by considering how to build relationships that appear to be equal and do not favor certain actors excessively. China is also seeking to balance U.S. influence in the region, rather than aiming to rival its militaristic power in the Middle East. This is a very important consideration for China so as not to trigger a new geopolitical rivalry in the Middle East region dominated by the US as happened in the South China Sea. Trust *building* efforts carried out by China are based on various forms of development economic cooperation that are considered mutually beneficial between countries as explained earlier. China initiated cooperation efforts that are *high economic* in nature by increasing its diplomatic harmony first.

Research conducted by Houghton (2022) argues that the 25-year agreement between China and Iran can be a thorn in China's relations with the Gulf countries, especially Saudi Arabia which is in conflict with Iran. But the paper also emphasizes that China has great interests from the Gulf states. Although Ali (2024) and Baghernia (2024) argued that the role played by China as a peace actor between Iran's rivalry and Saudi Arabia is not significant. Both authors see that Saudi Arabia wants regional stability to support its economic and political activities, as well as Iran's position which is increasingly depressed due to international isolation and regional conflicts so that it adopts a more pragmatic policy today. This research offers a different perspective in looking at the phenomenon of the Saudi Arabia-Iran peace agreement facilitated by China.

The peace agreement between the two parties that was successfully brokered by China in 2023 is proof that China has a position as a mediator trusted by both parties. The author argues that China systematically wants to participate in achieving stability in the Middle East region, by playing an important role in it. To achieve this goal, China began by strengthening cooperative relations between countries in the Middle East region, especially Saudi Arabia and Iran. The relationship owned by China and Saudi Arabia is not only in the form of trade and investment relations, but also a relationship

of harmony of interests and deep geostrategic interconnection. Foley (2017) explained that before Vision 2030 could be issued by the Government of Saudi Arabia, they realized the need for a more comprehensive and in-depth cooperation framework with their partners. And the one who can be the best partner for this realization is China. Saudi Arabia's efforts to pursue this are reflected in its efforts to converge its development vision by engaging in China's BRI vision. In 2014, Riyadh participated to become one of the founding members of the *Asian Infrastructure Investment Bank* (AIIB), which is one of the supporting institutions for BRI China's investment [55]. Saudi Arabia did this knowing that there would be a US rejection. Not only that, even the cooperation established by the two countries is also related to the establishment of nuclear energy sources from China for Saudi Arabia. The complementarity of BRI and Vision 2030 is an indicator of diplomatic harmony between the two countries in common development.

The partnership between China and Iran is also prominent. The economic interdependence between nations yields substantial advantages for both countries. Iran is strategically obtaining significant investments, advanced technology, and dependable markets for its energy exports, thus mitigating the consequences of sanctions and economic isolation. China benefits from Iran's consistent oil supply, which is crucial for its economic expansion, and gains a strategic position in the Middle East that aligns with its wider geopolitical goals. The alliance between Iran and China is based on geopolitical considerations, with Iran seeking economic stability in the face of global sanctions and China aiming to ensure a steady energy supply and broaden its commercial reach. Iran, currently experiencing isolation from Western markets as a result of sanctions principally imposed by the United States, regards China as a significant economic ally capable of alleviating the negative consequences of its economic embargo. Conversely, China regards Iran as a significant ally in the Belt and Road Initiative (BRI), a project that seeks to enhance connectivity and commerce across Asia and other regions. This mutual reliance cultivates a robust and tactical economic partnership, wherein both nations reap advantages from each other's economic prowess.

In April 2022, the China's Government presented a global security vision called *Global Security Initiative* (GSI). This initiative was delivered directly by Xi Jinping at the annual Boao Forum for Asia conference [56]. According to a paper released by the China's Ministry of Foreign Affairs in February 2023, the GSI has six main objectives, including (1) a vision of common, comprehensive, cooperative and sustainable security, (2) respect for the sovereignty and territorial integrity of all countries, (3) the role and authority of the UN and its Charter, (4) legitimate security issues of all countries, (5) the goal of peaceful settlement of differences and disputes through dialogue and consultation, and (6) maintenance of security in both traditional and non-traditional realms [57]. The GSI report highlights 20 cooperation priorities and five key cooperation platforms and mechanisms. China's approach targets key issues, namely deficits in peace, development, security and governance. GSI was well received by the international community by about 80 countries that gave a positive response [58].

The Global Security Initiative (GSI) can be interpreted from a global standpoint as China's endeavors to strengthen its position in international security. China's global security policy appears to be a deliberate message aimed at challenging the United States' dominance in the realm of global security and peace. However, it should be noted that the ideas and aims outlined in the GSI are not novel in China's foreign policy

principles. Nevertheless, the release of this GSI has heightened China's foreign policy stance in diplomatic endeavors, particularly in the Middle East region. The historical context of China's strong strategic engagement with Middle Eastern countries, particularly the Gulf Arab countries, facilitates the favorable reception of this concept. China believes that employing diplomatic strategies is more efficacious in achieving peaceful conditions compared to the frequent reliance on military hardware observed in the United States.

In March 2023, China brokered a peace deal between Iran and Saudi Arabia to restore their diplomatic relations. In May 2023, Iran and Saudi Arabia reached an agreement to resume diplomatic relations by reopening their embassies in each other's nations. Both parties are also aiming to reinstate the 2001 security cooperation pact, as well as the larger 1998 deal, in order to strengthen their economic relationship [1]. The primary agreement reached by these two parties is undoubtedly a protracted and intricate procedure. China, which has shown prudence in forging ties with both nations, aims to avoid being adversely affected by the tensions between them. China maintains a balanced stance in Middle Eastern politics, refraining from showing excessive favoritism towards any bloc or country and avoiding interference in their domestic affairs. Unlike the United States, which openly displays animosity towards groups who dislike it and forms military alliances as a means of conducting foreign policy. Similarly, Middle Eastern countries have been making greater attempts to distance themselves from US dominance since the onset of the Arab Spring [56].

China's role in promoting peace in the Middle East region serves as a significant indication of its growing power in the realms of diplomacy and security. Indeed, the peace agreement facilitated by China represents the initial instance of direct intervention or engagement in political conflict within the Middle East region. China recognizes the strategic significance of security in the Middle East region due to the rapid growth of commercial contacts, particularly in the energy sector, with countries in the region. China's deployment of diplomatic efforts is a tangible measure taken to protect its interest. The worldwide Security Initiative (GSI), as part of China's aspiration to enhance its worldwide influence, achieved tangible outcomes by facilitating the conclusion of a peace agreement between Iran and Saudi Arabia.

The Biden administration is prioritizing efforts to mitigate diplomatic tensions between Iran and the Middle East area. The regime's foreign policy strategy is commendable as it effectively concludes the Trump administration's maximum pressure campaign on Iran. However, the Biden administration implemented measures that appeared to be aimed at offering incentives to Iran. The United States has proposed releasing billions of dollars in Iranian assets that were frozen as a result of international sanctions, on the condition that Iran ceases its development of uranium-based nuclear technology [59]. The offer made by the United States was not responded to by the Iranian government as a symbol that Iran does not want to lower its diplomatic tensions. However, in the development of their own regions, Saudi Arabia and the UAE are increasingly determined to achieve regional stability and peace with Iran and reduce forms of diplomatic tension in the Middle East region. The nature of China's participation in the Middle East region, particularly for the two countries, cannot be disentangled from this. China promotes a collaborative and inclusive approach in Middle Eastern countries and strives to uphold its reputation for impartiality in the area. The Middle Eastern countries perceive this scenario as undermining their trust in the

US, since they observe the US leaving behind a lingering presence of military issues in the region without offering tangible resolutions. The efficacy of this peace accord is intricately linked to China's proximity to Middle Eastern Arab nations, a connection that is further strengthening through reciprocal commercial interactions in the Middle East region.

Both of the parties appear to rely on China as a trusted intermediary to ensure peace. This can be shown during the two-month period during which both parties demonstrated goodwill prior to re-establishing diplomatic relations. Saudi Arabia relies solely on China to witness Iran's helpful engagement in the Yemen war. China's pursuit of new global security aspirations poses a risk to its reputation as a neutral mediator, as it may undermine the impartiality of the understanding established. China's growing participation in regional security appears to be influencing the future trajectory of regional security dynamics. China's role is perceived as offering security options in the region, either directly or indirectly, and is available to regional governments without any apparent favoritism. The implementation of this technique by China requires significant economic interconnections from both sides. China has strategically utilized a negotiation tool as the foundation of its relationship in order to reconcile the two parties involved, while maintaining a neutral stance and refraining from favoring either side. This results in a successful outcome and accomplishment that is advantageous to all parties concerned.

7 Conclusion

China's position of increasingly aggressive cooperative relations in the Middle East region has become a significant trend, especially in the last decade. The foundation of China's cooperation from the economic sector through its BRI is a key goal in the aspect of fulfilling its global trade vision. This study shows that the Middle East region is a very significant region for China to fulfill its global ambitions. Saudi Arabia and Iran which are the *powerhouses* of this region play a very important role. Diplomatic relations with these two parties can be said to be a priority in China's geopolitics and geoeconomics in the Middle East region. So that diplomatic stabilization and harmony are deeply built by China. The success of the peace negotiations carried out by China is based on the mutual trade relationship that has been built over the years, and is getting stronger every year. This geoeconomics approach carried out by China provides benefits for all parties, and has no coercion. The GSI vision carried out by China is a door that China uses to raise its global image in global peace, starting from the Middle East region. The author sees that this vision will not be able to succeed in becoming the basis for peace raised by China, without the establishment of very close trade engagement for both sides. Using the methodology and approach as explained previously, this research is limited to looking at how China's trade approach in the Middle East, especially to Saudi Arabia and Iran, can be a *foothold* for renegotiation of peace. Future study to enhance this analysis could involve diverse methodologies and approaches.

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