

NYILATKOZAT

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FACULTY OF INTERNATIONAL MANAGEMENT AND BUSINESS
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Full-Time M.A**

**ECONOMIC CO-OPERATION & INTEGRATION
BETWEEN CHINA AND MIDDLE EAST**

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CHAPTER 1

1.1 Introduction

During the previous decade, China has become a more significant participant in the Center Asia area. Despite the fact that it would be a relative newcomer to the region and will take extra precautions when working with small political and strategic concerns, the government has been forced to deepen its ties with Middle Eastern countries as the region's economic importance develops. At a moment when the US's lengthy power in the region is eroding, European leaders are discussing the forthcoming of a Middle East area strategic framework, in view of the expected role of China within it. On the other hand, most policymakers are ignorant of China's Middle East ambitions and aspirations, as well as how these components may affect regional security and political trends throughout time. Given China's ascent and the subsequent geopolitical conflict in EU backyard, European lawmakers must activate to think the Middle East in terms of China. This collection of papers analyzes how they may do that by pulling up Chinese, Middle Eastern, and Western perspectives on China's expanding dominance in the region. (Kalaycioglu, 1996).

With the beginning of a BRI project which had been recognized in 2013, China's engagement with Middle Eastern countries is centered on energy consumption. In 2015, China overtook the United States as the world's top crude oil consumer, obtaining more than half of its petroleum from the Middle East. The Middle East region is a vital junction of commercial routes, including sea lanes connecting Asia, Europe, and Africa, as part of China's Belt and Road Initiative (BRI), which intends to place China at the heart of global trade networks. For the time being, China's ties to the area are focused on the Gulf countries because of their prominence in the oil markets (Kawai, 2004).

According to Jonathan Fulton, China's contribution with Middle Eastern countries is focused on economic collaboration and growth, as evidenced by the "Arab Policy Paper" from 2016 and the "Vision and Actions on Collectively Building Silk Road Economic Belt but also 21st-Century Maritime Silk Road" from 2015. Documents lay forth a framework for Middle Eastern cooperation that focuses on infrastructure, energy development, trade, and FDI. Because China asserts that its presence in the region serves no geopolitical goals, it makes minimal mention of security cooperation. Beijing promotes the notion of impartial interaction with all nations – including those at odds – based on mutually beneficial agreements as a deterrent to what it regards as Western encroachment. In contrast to Western conceptions of "democratic peace," Beijing envisions a multipolar Middle East in which it would encourage stability through "developmental peace" rather than "democratic peace." according to Degang Sun (Dar & Presley, 2001).

There are few Chinese companies operating in the MENA area. For a long time, Beijing placed little significance on Taiwan since it isn't located in the country's close neighborhood. A shift was during 2000s. China's rapid economic expansion, as evidenced by its membership in the World Trade Organization (WTO) since 2001, has made the energy-rich region an progressively vital aspect of the country's energy security. As a result, the US declaring a war on terror in the aftermath of the September 11 terrorist attacks has put the Middle East in peril. At the same time, China was concerned about the security of its Muslim-countries, and it used the Global War On Terrorism as a justification to address the threat of separatist "Islamic terrorism" within the country. Because of China's interest in the area, it enlarged its "larger neighborhood" to encompass the MENA region. China's gas and oil imports from this area have increased significantly in recent years, making it an increasingly vital export market for Chinese firms as part of the Belt and Road plan with a target of a massive Chinese charm offensive. In recent years, Beijing has begun to see it as a threat to its own security (Solingen, 1999).

It is important to know here that what is often referred to in Europe also as Mideast (Bahrain, Algeria, Iran, Iraq, Palestine, Egypt, Kuwait, Lebanon, Libya, and Palestine) is really called "The West of Asia and North Africa" by the Chinese. Nevertheless, for the sake of simplicity with consistency, we will refer to the nations mentioned above by the well-known abbreviation MENA in this research. As a result, inside which called Joint Policy Study (JPS), we examine the economic and political ties between China and the MENA region (Solingen, 1999).

The evolution of this connection since the 2013 introduction of the BRI is examined to see how it has altered over time. Similarly, we are trying to comprehend the ramifications of Chinese's intensifying presence in the region on its' own nations and those of the EU and its partners. Finally, we try to foresee how China-MENA relations will grow in the future. Here, it's important to note that this research was completed with beginning of 2020 and set for publication in 1st quarter in 2020, whenever the virus (Covid-19) outbreak had previously impacted numerous nations across the globe, killing hundreds of people and affecting other millions. For the first three months of the year, China was the epicenter of the pandemic, since the virus was initially detected there. It wasn't until February 2020 that Iran, among the most afflicted nations, announced its first instances. It wasn't until March that every country in this area had felt the effects. As a result of the pandemic, the nations under study's economic performance and the lives of its residents will be affected in ways that are impossible to foresee at this time. The severity of the next economic crisis will be determined by the duration of the lockdowns enforced by public governments, the stimulus packages authorized, and the degree of collaboration between different nations (Chung, 2010).

There is a real possibility that the pandemic might stay the last straw that finally disrupts the globalization camel's head, and this danger goes beyond economics. China has launched a public relations effort to present itself to be a savior instead of a perpetrator after being accused of worsening the danger by first hiding the coronavirus illness epidemic. A number of nations throughout the globe, particularly the United States (US) as well as the European Union (EU), have received plane loads of medical supplies, masks, and medical personnel from Beijing recently. Beijing's propaganda efforts are aided by Washington's denials of reports that it has intercepted covers and extra critical supplies destined for its associates, as well as the EU nations' ban on ventilator exports, all of which are opposed by Brussels. China has previously pledged to deploy huge numbers of corona test gears and supplementary supplies to the Middle East and North Africa area to help battle the outbreak (although Turkey, example, disallowed the medical examinations as a result of their imprecision and it is not clear in entirely cases whether the receiver countries bought or were given the equipment for free) (H. Dieter & R. Higgott, 2003).

The Saudi-Russian oil price war, which lowered Brent Crude to USD 16 in first quarter of 2020, occurred at the same time as another issue relevant to our research. The coronavirus epidemic in China, as well as in other countries, has exacerbated the situation inside the energy market by causing a significant drop in demand. There are many other nations in the area that depend on the Gulf for financial aid and remittances, and decreasing oil income will have a negative effect on their economy as well. However, every research endeavor must adhere to its timetable. We'd be updating indefinitely rather than finishing it. Since the study was nearly completely finished even by end of January 2020, none of the aforementioned situations were taken into account. Future research, no doubt, will address these issues in the future (Alam & Murad, 2020).

Investment in different fields such as infrastructure, transportation networks logistical management, or natural resources has been the focus of this Mega Chinese project plan specifically, "Silk Road Belt" beside the "21st Century Maritime Silk Economic Road," that one belt, one road initiative. A whole new economic structure will be established on the Eurasian continent and central Asia (Including Middle East and the levant) via this effort. New institutional links and hyper-efficient infrastructure will connect the Atlantic to the Pacific.

In Asia and other continents, the Chinese government's design to build more than 81 thousand kilo meters of high-speed railroad track joining it to the rest of the globe has attracted the most attention. One alternative is to travel to Singapore via Southeast Asia.

The Karakoram Highlands and Department will be split into two streams: one flowing to Pakistani ports on the Middle Eastern Ocean, and the other flowing through Islamic Republic of Iran to Turkey, the Mediterranean, the Black Sea, and Southeasterly Europe, with an outlet linking to the Middle Eastern Landmass. A tierce branch connect to Western Europe via Kazakh and Russian countries.

"One Belt, One Road" isn't only a railroad building project. An economic corridor stretching across the whole Eurasian continent and all of its main peninsular extensions is a primary goal of this plan. It has a significant marine component as well. For all intents and purposes, China will soon take the lead as the globe's largest economic power. The object for both the "one belt, one road" initiative is smooth economical ties between Asia and Europe and specially Middle East, which have been referred to as the "global island." With 4.4 billion people and \$21 trillion in economic production, this is a massive region (Middle East Policy Council, 2022).

One Belt, One Road" aims to connect China's "world island" economy to the rest of the world by creating a network of institutions that will facilitate cross-border trade and investment. It is made up of a number of groups, such as The Association of Southeast Asian Nations; Russia-led EEU; Shanghai Cooperation Organization; EU; SAARC; Organization for Islamic Cooperation; and the European Union. That a so "regional comprehensive economic partnership," or RCEP, is an important pillar in this endeavor. A new free trade zone will encompass China, the ASEAN countries, Australia, India, Japan, South Korea, and New Zealand. This is called the ASEAN-China free trade agreement. The deadline for completing the RCEP is at the close of the year. ' China and the republic of South Korea signed an free trade agreement in January. As a result, the Chinese Ministry of Commerce declared that it plans to utilize current China-Korea FTA as just a perfect for subsequent FTAs by 65 nations along Silk Road economic corridors (Atlantic Council, 2017).

The project also aims to develop Xinjiang and other western Chinese provinces by establishing vital links to Center of Asia, Russian lands, European continent, and the Middle East region. In the long run, however, "OBORI" is a approach to leverage Chine's capitals to better connect the two continent with China. The increased efficiency of its plotted railroads, freeways, pipelines, electricity networks, fiber optic connections, and air and sea ports are in response to genuine market needs and possibilities. Because of its formal connections, the investment required to accomplish these efficiency will be easier to come by.

Creating new markets for China's overcapacity cement, steel, and aluminum industries was a primary motivation behind "one belt, one road" plan.

It will allow Chinese construction and manufacturing firms to continue working overseas while their domestic operations wind down. Evolving Xinjiang and other parts or cities that located in west of China by connecting these with MENA, Russia, Europe, as well as the Mideast region is also a goal of the plan.

For a long time, the Middle East's infrastructure development status quo has severely hampered all countries' economic and social progress, as well as regional economic incorporation. In the Mideast countries, a significant absence of transportation infrastructure has resulted in delayed commodity circulation and overstocking.

The Middle East become a global area with high logistical costs, severely limiting international commerce and economic progress in the region. Infrastructure considerations include not just transportation infrastructure networks (road, rail, air, and harbor facilities), health care infrastructure, and energy infrastructure, but also water conservation, power, telecommunications, and the newest IT networks, among others and this was another reasons for China's government to consider the Middle East region.

1.2 A Increasing Chinese Presence In The MENA Region

In light of the new boundaries that arose following the demise of USSR, Beijing's external policy towards Central Asia has been determined by Chinese's westernmost province, which has deep cultural and ethnic ties to the area. Following the Communist Party's victory in 1949, Xinjiang was named a priority and has benefited greatly from China's growing economy. Chinese investments in Xinjiang were once seen as a Russian plaything, while Central Asia was seen as Russia's playground. After the killings of 1989, China sought to regain international credibility and settle boundary disputes with Russia as well as Central Asian nations via a non-confrontational attitude toward Russian interests (Hansen, 2008).

The placement of U.S. military outposts into Central Asia (Uzbekistan & Kyrgyzstan) around and after 2001 spurred a more aggressive Chinese regional strategy. For China to exert influence in the region, the Central Asian states' desire for investment but also investment continues to flow without democratic conditions attached related to about their domestic governance and China's domestic cost of energy produced not least even by industrial growth of Xinjiang provided the necessary conditions. Chinese interest in the area has been bolstered by other factors, such as:

- Western and especially American forces were allowed to enter the area because Russia was unable to govern the region from such a geopolitical perspective.
- The Iraq war and sanctions on Iran throughout the early 2000s combined to increase China's need for energy at same time as the Middle East's energy supply was becoming more complicated. Central Asia's conveniently accessible resources, even if undeveloped, may be able to offset some of the decline in Persian Gulf oil imports.

- As China's economy developed and its ability to spend overseas expanded, so did the need for investment in Central Asia to replace ageing Soviet-era infrastructure and equipment. As a result, Russia and other major geopolitical powers have been unable to maintain their positions of influence.

Non-interference is widely supported by many Middle Eastern nations, but China's concept of non-interference is projected to convert a key liability in the near future. Chinese opportunism and loss of interest with in region's affairs have made the Middle Eastern nations skeptical of China as a partner. For the time being, China seems to be satisfied with a more passive position (Pannell, 2011).

1.3 Consequences For European Interests

Chinese involvement in the Middle East might have long-term effects for European security and economic interests in a number of sectors. To compete with European influence in the Middle East, China is giving a paradigm of non-democratic growth and economic participation. Europeans must recognize this transition in the context of serious regional unrest, keep tabs on the expansion of China's commercial and security footprint in area, and devise new methods to work with China on Middle Eastern issues. Beijing will be convinced to accept a solid international system that supports European interests if they do this. Europeans will be affected by China's economic influence in Middle East, even if China continues to be cautious about its political and martial engagement in the region. By making mutually direct investments and providing development assistance, China is becoming a key performer in the region's growth. It also has the opportunity to be more important to the area economically than the America and Europe. Conflict-affected nations in the Middle East will need Chinese financial aid to build essential infrastructure, and this might have far-reaching ramifications for those countries (Ab Rahman & Abu-Hussin, 2009).

There are differences between Chinese and Western standards for the effectiveness of expansion projects and also the circumstances associated with these projects, especially when it comes to questions such as effective authority, commercial infrastructure, rule of law, and human rights. In the words of Degang, China thinks that financial growth and the supply of public goods are crucial to peacetime and permanency, but that independent changes it's non necessary. As a result of this strategy, resource extraction-focused development programmed put nations' economic stability at risk by promoting authoritarian governments, clientelist networks, increasing social inequality (Ab Rahman & Abu-Hussin, 2009).

1.4 The New Global Actor's Challenge To US Supremacy In The Middle East

A Belt and Road Initiative project, announced by China in Astana in 2013, signaled a shift in country's position in the Middle East. BRI is China's most significant foreign policy project since its entrance as a global power with interests in Eurasia as well as the Indian Ocean area. Because of the importance of the Middle East to the mega project, China's tactic to economic, diplomatic, and - to a smaller extent – safety challenges in area is growing increasingly ambitious and complicated.

The "Vision and Actions paper for Cooperatively Structure Silk Road & Twenty FirstCentury Maritime Silk Road" and the "China's Arab Policy Paper" both reflect this (Ministry of Foreign Affairs of China, 2015).

As for Middle Eastern connections, "Vision and Actions" makes no mention of them by name. However, it does outline the BRI's five priority areas for cooperation: political coordination, facility connectivity and unhindered commerce, financial integration and people-to-people linkages. Chinese claims that BRI project is a development-focused effort instead of a geopolitical plan are supported by the lack of intelligence and defense cooperation in "Vision and Actions." China's cooperation goals with Middle East are consistent with the country's previous strategy and serve as a route map for the future growth of its engagement with the region (Cornago & Studies, 1999).

1.4.1 Energy Demand

Natural gas and oil exports from the Middle East are still an important source of revenue for China. The Middle East provides over 40% of China's oil imports and a substantial amount of its oil and natural gas. A large growth in China's energy consumption and just a minor increase in local supply are expected in the next several years, making the nation more dependent on energy from the area (Stephen et al., 2002).

China's variety is essential in this regard. For many years, the government has taken a moderate approach towards its Gulf oil imports.

Beijing is afraid that the Gulf monarchs' strong relations to United States may exert pressure over them to restrict the supply of oil to China. As a result, Iran gains in significance in China's eyes, where it is seen as more resilient to US policies. The latest phase of US sanctions against Iran, on the other hand, demonstrates China's dependence on the Arab Gulf states. From 921,810 barrels a day in 2018 (Aug) - 1,802,787 barrels per day in July 2019, China imported more oil from Saudi Arabia than ever before. There's a good chance that Beijing is worried about our reliance on a single source of energy (Fulton, 2019).

As a major player in securing Middle Eastern shipping channels vital to China's petroleum supplies, also the United States of America is important to China.

During the trade war between the United States and China, this vulnerability became even more apparent. China has a new motivation to extend its maritime presence in the Indian Ocean, which might lead to a stronger military involvement in the Middle East for China as well (Swanstrom, 2007).

1.4.2 Commercial Trade, Construction, And Investment

Construction contracts from Gulf monarchies like Qatar's Lusail Stadium and Saudi Arabia's Yanbu refinery with high-speed rail line connecting Jeddah to Mecca and Medina have been key sources of business for Chinese enterprises.

In addition to the Gulf Vision development projects, which also include large infrastructure projects, there are many prospects for collaboration. Mainland Chinese companies have been active in the Arab region, typically focused on schemes that help achieve the OBRI aim of interconnection.

In order to connect China towards the Gulf, including Arabian Sea, Red Sea, and Mediterranean, the partnership relies on ports and industrial parks. The "industrial park – port connectivity, two-wheel and two-wing method" was initially defined by Beijing in the summer of 2018, when it predicted that China's economic involvement in the Middle East will be a prominent feature. As part of this project, Khalifa Port (UAE), Duqm (OM), Jizan (SA), Port Said (EGYP), and Ain Sokhna Port (DJ) are all included. In the rebuilding of Iraq, Syria, and Yemen, Chinese companies are projected to play a significant role.

1.4.3 Energy And Space

According to China's Arab Policy Paper, the number "3" has a lot to offer. The Emirati agreement with South Korea about establishing a nuclear station project (Al Baraka) illustrates that the industry grown more competitive. The Middle East market is also being targeted by Chinese companies. Potential customers include Saudi Arabia, which has long considered using industrial nuclear reactors as just a source of domestic power. One of China's first forays into the industry was a memorandum for understanding with the Saudi business for the desalination of saltwater using nuclear reactors cooled by gas (Yetive & Lu, 2007).

As component of the "digital Silk Road," China is focusing on satellites within the region. Smart farming, marine safety, and telecommunication services all gain from China's BeiDou gps satellites. The Arab countries such as Egypt, Saudi Arabia kingdom, and the United of Arab Emirates are wholly collaborating with Huawii in order to establish the last generation of IT network 5G.

In the Middle East, Chinese companies are also involved in solar, wind, & hydropower projects. Many Gulf monarchies place a high value on energy diversity as part of long-term economic plans, such Saudi Arabia's Vision 2030 (Yetive & Lu, 2007).

1.5 Advantages of Chinese Economic Co-operation in Middle-East

China's stance towards the Middle East has been profoundly affected by the post-Cold War unipolar world order. After Operation Desert Storm since 1990, the United States has maintained its position as the preeminent military force in the Middle East. It was up to other foreign countries either to work within or dispute the framework set by the United States in order to preserve the status quo. The United States' security promises have facilitated China's development as a key political and commercial encouragement in the Middle East. There, China has progressively increased its economic involvement with the area, established contacts with all governments, avoided actions that might undermine American influence in the area and avoided alienating anybody. Beijing has strategically hedged its position in the region.

Chinese leaders have been widely seen as opportunists who take benefit about the US security cover to concentrate on their economic initiatives while giving little by way of public services. Keeping this view while the BRI's design takes form becomes more challenging. China's investments, commerce, and help in the Middle East occurred during a period when the West is exhausted by the region's political and economic challenges. Instead of taking advantage of the Middle East's progress, China is giving public goods (Yetiv & Lu, 2007).

The notion of US withdrawal in the Middle East is more crucial, though. Trump's victory as US president was widely seen as a sign of renewed American might and support for Gulf states and Israel as well as a strong effort to contain Iran and its allies in the region.

A growing participation in Gulf security & commerce by China might have serious ramifications. It's possible that the country's statement early August 2019 that it would join the US Gulf maritime alliance marks the beginning of a more extensive military involvement in the Middle East (Wilson, 2021).

So far, leaders within the Middle Eastern countries have already been open to Chinese strategies in the face of contradictory US policies and with a hope toward a better economic future with more Chinese strength and stimulus. With this OBRI project, Beijing is addressing their internal development issues while also signaling a greater interest in the area on Beijing's part. It comes at a point when Western nations, notably the U.S, are feeling worn out by the Middle East. A hedging tactic that diversifies its extra-regional power agreements or the beginning of such a readjustment that extends from the Middle East region through East Asia is difficult to discern at this early stage. Nonetheless, China is definitely a committed partner with a well outlined strategy for strengthening its regional influence (Ganda, 2019).

1.6 Aims and Objectives

The Middle East is important to China. As bizarre as it may seem, the Middle East has grown more significant to Chinese leaders in recent decades, despite the region's tumultuous history and its distance from China's borders. During the PRC's reform and openness phase since 1978, the Middle East's importance has grown and expanded rapidly. The region has always been a flashpoint for clashes between great nations. The British, French, and Ottoman empires engaged in a tremendous game of chess in the nineteenth and early twentieth centuries. Superpower competition between America and Soviet Russia took place in the Central East during this period of the Cold War period. A country's image as a major player in the Middle East is critical if it wants to be taken seriously.

As a consequence, China aims to gain more influence in the region. While Washington and Moscow competed for influence and control over regional proxy groups throughout the Cold War, Beijing felt mostly excluded from the Middle East. To a large number of regional countries, the PRC's Chinese rival, the Republic of China (ROC), in Taipei, remained the globally recognized "China" up until the 1980s. The present research would be aimed to identify the Economic co-operation & integration between China and Middle East.

1.7 Research Question

The research question to be discussed in the current study are:

RQ1 What are the main characteristics of the economic cooperation between China and the Middle East??

RQ2 What are the main characteristics of the economic integration between China and the Middle East?

1.8 Tentative Chapter Schemes

1.8.1 Chapter I Introduction

Chapter I introduces the title of the study, and provides the background knowledge on the topic. The research questions and the literature is quoted as well to better reflect the economic co-operation and integration between china and middle east.

1.8.2 Chapter II Literature Review

The chapter discusses the literature and background knowledge on the Chinese economy and integration with middle east. Already published authors are quoted and described in this section of study.

1.8.3 Chapter III Methodology

Current chapter discusses the methodologies adapted to complete the current study. research design and the strategies used to collect and present data, are all described.

1.8.4 Chapter IV Analysis and Results

In this chapter, the assessment and analysis had been counted on 3 factors, the bilateral relationships and economic ties, the volume of trade between China and some of Middle Eastern countries and the total foreign direct investment taking into consideration the regional economic councils such as The Gulf Cooperation council members. The result from the qualitative analysis are discussed and presented. The chapter also outlays the statistical outcomes, and raw results.

1.8.5 Chapter V Discussions and Conclusions

This chapter discuss the already published literature, and compare the results of current research with the results of previous authors. The conclusions to the objectives of the research are also described in the current section of study.

CHAPTER 2

2.1 Theoretical basis

Some countries believed in shared ownership of resources and central planning which offer more unbiased distribution of production with giving a full role to governments in obtaining optimal resources which needed for public economy to better employ its guidance and influence (Huang, 2018) , each person same as government has the right to access all resources. According to Chinese foreign relations researchers and economists, a new style of involvement will emerge from China's unique history. While some argue that China's ascent will or should fundamentally alter the fundamental structures of global society, many others believe that Eurocentric standards in international governance will become more outmoded. (Paltiel, 2011). Consequently, China is likely to develop an evolving discourse to justify its position in the Middle East and establish a set of norms including expectations to sustain its institutional arrangements. Though considerable cultural differences exist, the persistent unpopularity of the liberal ideology used from US and the traumatic memories of European colonization offer grounds to assume that this may at least partly be welcomed favorably. Liberalism in international relations theory specially in Economic relations posits not just the universality of certain ethical principles, but also the continuous relevance of democratic administration. Regardless of one's personal political beliefs, it is impossible not to dispute the social relevance of these ideals in the connections between non-Western and non-democratic countries. There is nothing we can learn from the American model of civil-society engagement when it comes to China or the Middle East. Because of this, a realist's state- and military-centric viewpoint can be enticed to be applied.

Economic growth in China is based at socialist market economy (SME). Predominance of public and state-owned firms in a market economy underpins the system. Still, a realism approach to assessing China's involvement in the region that could lead alone to theoretical dead ends. The examination of China's foreign relations must take into account traditional components of economic dominance, such as market access, technical leadership, and control over money. Conventional views of the state's role to the economy in both liberal and Marxist thinking must be rethought. Though they differ on the merits of capitalism, both systems presume that market processes are superior to those of the political realm. State-society ties are significantly more nuanced in China than they are in other countries. Despite the fact that prices are mostly determined by supply and demand in China, the country's economy is nevertheless heavily centralized (Esteban & Li, 2017; Shimizu, 2014). Numerous areas that are crucial to the country's foreign connections with emerging countries are particularly affected. For example, the government owns and controls the majority of the policy banks and construction firms involved in the Belt-and-Road plan.

To understand interstate power relations, it is vital to keep in mind the diverse strategic options that different kinds of government provide. By using the availability of cash via SOE investment and oil importation, China has the ability to leverage its position.

While the United States has the ability to utilize its market access and influence over foreign financial institutions, its market-driven system impedes state-led FDIs and complicates political economic activities. As a result, the United States' economic involvement is confined to traditional foreign assistance and trade policies (Goodman et al., 1998).

Many of the effects of economic interdependence on national decision-making that liberal IR theory has discussed persist notwithstanding this fact. As in many nations, the interests of businesses in the preservation of free markets are a major factor in domestic political decisions. Especially in the case of state-owned businesses, this might have a direct impact on bureaucratic politics and intra-state struggle for power (Jakobson & Knox, 2010). An extensive trading relationship necessitates an institutional administration of collaboration to ensure market stability. The formation of the Asian Infrastructure Development Bank plainly demonstrates China's preference for working with international organizations rather than taking unilateral actions. In the present relationship with Australia, however, it seems that China is not hesitant to use its economic might to achieve its own goals. That will have an impact on China's ties with nations that are less developed, despite China's protestations to the contrary. The recent argument among Kenya and the United States of America on the importation of Kenyan fish is unlikely to be the last of its type (Africa Factsheet, 2019). Even yet, it's premature to label China as a purely unilateral player. As a result, it is more fair to expect that China will want to re-design international organizations to maximize one's own power while allowing smaller nations the smallest amount of influence required to sustain their willingness to cooperate in the system (H.Dar & J.Presley, 2001; Kawai, 2004).

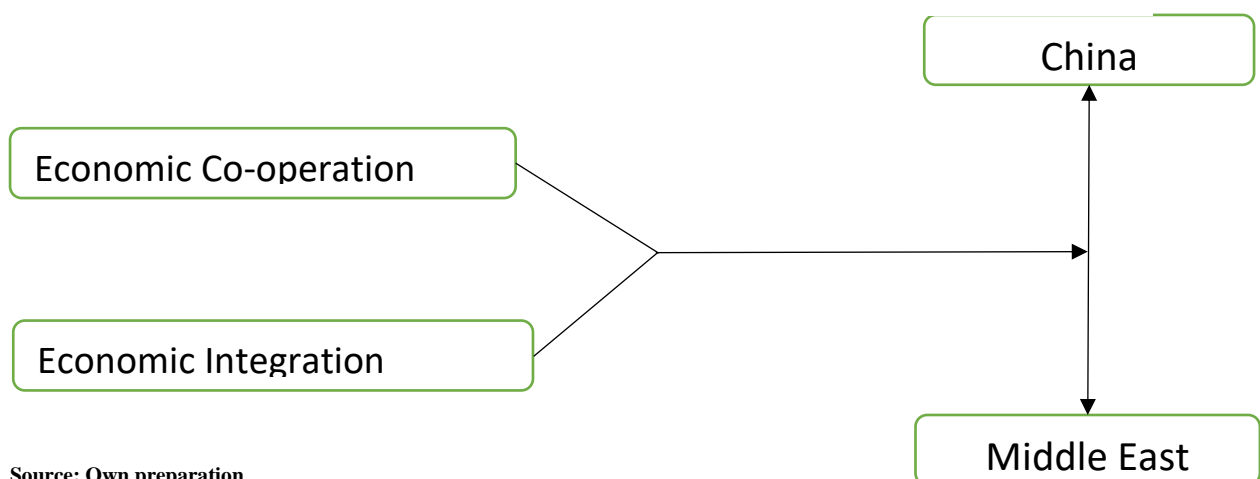
It is a discipline of economics that studies the consequences of various types of economic integration on the economics of member nations and those of the rest of the world. There has been a great deal accomplished in Europe's efforts to remove trade barriers, adopt a common external tariff, create a single market, and more recently, to create an EU currency since 1958 and 1960, respectively. For the theory of integration, Viner's fundamental notion of custom union is the theoretical underpinning, which was further expanded by Meade and Lipsey (H.Wu & C.Chen, 2004). In its simplest version, Viner's theory was incomplete, even if it was crucial in illustrating that customs unions or free trade zones are not necessarily welfare-enhancing and might impair global economic wellbeing. Regional integration was only examined in terms of short-term benefits, with no clear explanation of why nations engage in such partnerships. As a result of loosening up some of Viner's more restrictive assumptions, a

fuller comprehension of the integration process was made possible. In particular, the introduction of economies of scale plus terms of trade impacts, which Viner had largely disregarded, increased our knowledge of how integration affects nations. Meanwhile, because researchers understand, China is redesigning its economic system. The old paradigm, which focused on commerce's connectivity with global markets but limited financial links, has reached the end of its useful life.

China's economy is shifting away from reliance on domestic capital investment and toward a greater reliance on services and consumer consumption. In 2013, services replaced manufacturing and construction as China's primary economic activity. They now account for over half of China's GDP, compared to less than a third just five years ago. In 2011, consumption in China surpassed investment as the primary driver of growth. While it remains a small proportion of China's GDP, growing urbanization and the rise of the middle class in the country promise to change that. In 2014, 55% of Chinese people lived in cities, compared to fewer than 20% in 1980. China is already on track to have a 69 percent urban population by 2030, according to the OECD. City dwellers are big spenders. The digital era is arrived. China has already surpassed the United States as the world's largest internet market.

As China's economy develops, we're seeing a significant increase in cross-border money movements. In 2014, Chinese investment abroad surpassed \$100 billion u.s. dollars (zhou, 2015). A large gain in your bank account is to be expected. The majority of it will be used to fund investments under the "one belt, one road" initiative. The experience of Eurasian economic cooperation will have a significant impact on China's expanding global financial position. Conceptual Framework & The evolution of Gravity Model.

Figure 1



Source: Own preparation

2.1.1 The evolution of Gravity Model

A basic experimental model for assessing international commercial exchange flows may be the gravity model for international commerce (ESCAP75, 2000). To go back to the present, this model has its roots in Newton's Law of Gravitation, which is quite comparable to Newton's equation about gravity. In 1687, Newton postulated the "Law of Universal

Gravitation." This law defends the attractive restraint between two objects I and "j" as follows: Jan Tinbergen published a similar equation in 1962 to explain international commerce flows:

$$G = F_{i,j} D_{ij}^2 / M_i \cdot M_j$$

Where $F_{i,j}$ is an attractive force, G is the gravitational continuous, $M_i \cdot M_j$ are the crowds of the items, D_{ij} is their geographical location, and i and j

The model has been broadly used in experimental writing to assess the determinants of two-sided exchange. It clarifies an exchange related subordinate main characters with the mixture of macroeconomic factors, like the nation estimate, wage, trade rates, costs, etc. For both nations. Besides, markers of the costs for among the one country and another and the access for their market variables which are commonly included.

According to the concept, mutual trade transactions are inversely proportional to the economic strength (Gross Domestic Production or Gross National) of a i and j countries. It also claims that nominal effective exchange streams are negatively connected to the two countries' separation. The model's only form appears to be

$$\underline{T_{i,j} = A (Y_i \cdot Y_j) / (D_{i,j})}$$

Where

$T_{i,j}$ is the two-sided trade flows (exports plus imports) among both these countries,

$Y_i(j)$ is the GDP or GNI of country $i(j)$,

$D_{i,j}$ is the geographical distance between both countries i & j ,

A is the fixed of proportionality.

Several empirical investigations, notably Jan Tinbergen (1962) and Linnemann (1966), have demonstrated that commercial flows obey gravity's bodily laws. In different way, the amount of bilateral commerce between nations or commercial blocs- or even between a country or an economic bloc- is determined by two opposing factors (Tinbergen, 1962).

In other word, This attractiveness model of international exchange illustrate that the capacity of exchange between deuce nations is relative to their financial mass and a degree of their relative trade contacts. Maybe since of its instinctive offer, the gravity demonstrate has been the workhorse demonstrate of universal exchange for more than 50 years. According to the model, relative economic size stimulates countries to trade with one another, but more distances reduce attractiveness.

Regarding to Anderson and van Wincoop (Anderson, 2003), Bilateral trade volume is determined by the degree of economic activity, income, and trade restrictions. Freight rates, trade agreements, the degree of complexity, cultural differences, land features, little overlapping in consumer choice patterns, administrative impediments, and shared borders are all instances of the latter. While trade potential is determined by matching export capacity and import wants at the microeconomic level, the closeness of demand, per capita income, space,

and culture are the primary macroeconomic drivers of export potential at a higher level of analysis. Hence, different combinations of macroeconomic factors, like the Gross Domestic Production and populace with terrestrial remove, are capable indicators of exchange possibility.

2.1.2 The Chinese Gravity Model

Gravity modeling used by the Chinese to estimate rate of progress of their trade with the majority of Asian, African, and European nations. The gravity model's fundamental equation is as given. Several researchers, however, have made several changes to the model in order to include more factors such as common languages , Free Trade Agreement (FTA) and Per capita GDP.

Since the implementation of the open-door policy and the start of the restructuring process, China's trade and growth rate with both the rest of the globe has expanded considerably. The country's trade policies are divided into many phases based on its participation in the Multilateral Trading System such as WTO before and after the year 2001. Prior to the WTO agreement, China's trade development strategy included import substitution and marginal export processing zones from 1980 to 1983, export advancement and import substitution neutralization from 1984 to 1990, export promotion and marginal trade liberation from the early 1990s and three years later, and fundamental trade liberalization from 1994 to 2001 (Y. Li & D. Zhang, 2008).

The model equation had been established by (Linnemann, 1966) is commonly used to quantify the commerce flow between two nations. The commercial exchange flow between nations may be calculated as a purpose of the exporting and importing countries, as well as the numerous obstacles that exist between them.

Several more studies of the gravitational framework of commerce described several elements that influence trade movement between nations (Feenstra et al, 2001); (Santos Silva, 2006), (Y. Li & D. Zhang, 2008). Also, the this model is often used to model agricultural commodity trade flows (Sohn, 2005).

2.2 Literature Review

China cares about the Middle East. It may seem strange that an area in such turmoil and so far from the China's boundaries should remain so important to Chinese officials, but the Middle East has become progressively important to Beijing during the past decades. The significance of the Middle East has evolved and dramatically extended over time during the PRC's reform and opening period since 1978.

Furthermore, The Middle East has always been a conflicts zone between major powers. In the nineteenth and early twentieth centuries, the British, French, and Ottoman empires clashed in a great game. During the Cold War, the Middle East served as a battleground for superpower rivalry between the US and the Soviet Union. Being viewed as a prominent participant in the Middle East is vital for a country that thinks itself a great power. China wants to increase its prominence in the area as a result. Beijing felt largely kept out of the Middle

East during the Cold War, as Washington and Moscow fought for influence and control through regional proxy forces, However, until the 1980s, the Republic of China in Taipei, China's opponent to the PRC, remained the internationally recognized" China to many powers in the region.

In terms of economics, the PRC had essentially little footprint in the Middle East until the 1990s, with the exception of supplying Iraq, Iran, and Saudi Arabia with low-cost and/or difficult-to-get weaponry. As Western cities boycotted Beijing and levied sanctions on the PRC in the weeks and months after the Tiananmen Square Massacre in June 1989, the Middle East came to status.

China reacted to the cold shoulder it received from industrialized states by reaching out to undeveloped nations. In the early 1990s, Beijing's counter-strategy mostly targeted Middle Eastern capitals. Furthermore, the renewal of China's economic reform and openness strategy coincided with increased demand for imported energy resources and commodities.

By the twenty-first century, however, all Middle Eastern governments had severed official links with Taiwan and established full diplomatic relations with the People's Republic of China, which they legally recognized as China's sole legitimate government. Beijing's goal in the 1990s was to become more relevant in the area and due to the increasing demand for crude oil and since China became a net importer (around 38% its daily import for oil because of the rapid growth), therefore, China has more ambitious plans and projects for its economic relationships with some of the levant countries such as : Egypt, Iran ,Turkey , Jordan and some of Gulf Cooperation Countries such as : Saudi Arabia and UAE (Habibi 2020).

According to the Economist Nader Habibi, is an American and Iranian Professor and he is known for works on sanctions against Iran and impact of the Arab Spring , these Chinese interests are motivated by economic and strategic factors other than oil. For example: some Mega Projects that can link Europe , Africa and Asia all together within Project One Belt One Road and New Silk Road which had been announced by the Chinese president Xi Jinping in Astana 2013 (Habibi, 2020).

Today, China's larger interests have made promoting Middle East peace and stability a top priority. The People's Republic of China is now a major economic player in the area, with small but substantial military ties to numerous Middle Eastern countries. Furthermore, with the noteworthy exception of Syria, a weaker Russia is no longer a key foreign force in the Middle East, and the US's staying ability is being questioned by partners and adversaries alike (Anoushiravan & Horesh, 2017).

Numerous studies in recent years have been stated that China is retaliating against the Obama administration's 2012 statement of a "rebalance" to Asia. Another possibility is that the Middle East is just becoming more economically significant. A working hypothesis is that the region has become significantly more strategically valuable to Beijing (Andrew Scobell, 2016), therefore, the increased presence of Russia and China in the Middle East should not be interpreted as an attempt by either of these powers to assume a leading role in the region

comparably to that of the US. They have both, however, succeeded in consolidating their influence in the region. Russia's engagement in the Syrian civil war has given it a long-term presence in the Middle East, which has given it more leverage with the al-Assad regime, but also with neighboring countries. However, the US's institutionalized and broad-based security relationships with its key allies in the region seem to go beyond Russian interests that is why, US keeps a close eye on its close security ties with these countries, even as its willingness to intervene militarily and diplomatically in regional conflicts has reduced.

In the long run, China may play a much more important role in the Middle East than Russia. Beijing's regional interests and priorities are more aligned with those of the US. China will have to take on security missions as long as it relies on Gulf energy and has to move its goods through the Middle East's numerous maritime bottlenecks. This is what the region's states expect of it. This will be especially true if Washington loses interest in ensuring safe navigation and global market access to the region's energy supplies, or if the rivalry between the US and China intensifies. In such a scenario, Beijing's security relationship with Middle Eastern countries would broaden and expand. China would also realize the need of expanding its military presence in the area and use sophisticated international economic diplomacy to help the country's economy prosper.

On the other hand, a part of this research will focus on all aspects of China-Middle East economic relations and the impact of these involvements on investments and economy as well as the possible repercussions of those relations. We will investigate how China is rapidly expanding its influence in the Middle East and becoming its major source of foreign investment since the beginning of the twenty-first century.

According to government statistics from Beijing, a few figures suffice to illustrate the extent of this growing Chinese presence in some countries. For example, The United Arab Emirates occupies a special place here. Thanks to its geographical position at the crossroads of trade routes between the Middle East, South Asia, Africa and Europe, the UAE is the commercial, financial and logistical hub for Beijing to dispatch its exports. Already today, approximately 70% of Chinese exports to the Emirates are subsequently re-exported, mainly to Iran and Saudi Arabia. As a result, China's presence is particularly important: China's influence is particularly significant: the UAE today has over 170,000 Chinese nationals., a figure that is growing around 20% yearly (Eiffing, 2014).

Moreover, the understanding of the Chinese needs can be achieved through the comprehension of books like: *China's World: What Does China Want?* by Kerry Brown (2017), *China's Presence in the Middle East: The Implications of the One Belt*,

One Road Initiative edited by (Anoushiravan & Horesh, 2018) which explore the implications of this extraordinary economic project and the importance of the Asian Infrastructure Investment Bank -which are key parts in Chinese policies internationally and domestically and how they trying to build a close economic relations with the oil countries.

On the other hand, Hikmat Abd Al-Rahman by his book “ China and Middle East” is tried to explain China through sensitive Arab issues on international level and give a brief summary about the possibility of a future position for the region – China economic relations.

For most MENA nations, China has emerged as their most important trading partner and crude oil consumer. China is now providing Middle Eastern countries financial and investment incentives to join its Belt and Road global connectivity initiative. Also, China has attempted to keep a policy of non-interference and neutrality in several Middle Eastern wars while maintaining strong ties with both sides, such as Iran and Saudi Arabia. China has likewise been careful in its approach to the region's strategic interests. In addition, China may also demonstrate a greater readiness to forge deeper connections with regional US foes such as Iran and the Syrian regime (Hikmat, 2020) .

2.2.1 Back To History

During the last decade, Russia and China have taken over Central Asia, leaving little room for other regional powers. However, China just began to regain power just at turn of the century, after centuries of Russia dominance in the area. It seemed that China's ascent would lead to a clash between the two superpowers, since their goals were close, if not identical, in some key areas, such as the economy and energy. But this hasn't yet happened.

Central Asian and neighboring area developments instead have united both nations under a number of similar goals: lowering Afghanistan's instability, countering the intrusions of Islamist extreme organizations, and managing with the Afghan drug trade. With the existence of 3rd parties in Central Asia, China and Russia share a common displeasure. The American military facility at Manas airport near Bishkek has become a major target of dissatisfaction among the local population. Many factors have compelled Russia to accept the growing influence of China in the area. Both Russia and China have a lot in common on the world stage and tolerate each other's presence in Central Asia, unlike the U.S. and EU, which they only accept conditionally and for a short period of time, China has not interfered considerably with conventional Russian weapons of order to have good as military, political, and cultural spheres—while Russia is conscious of its incapacity to compete with rising amounts of Chinese money inside the Central Asian marketplaces. It is instead working to build its long-term influence in these areas so that it can avoid conflict with Russia (Christoffersen, 1993).

In other words, Russia and China have so far shown that they can work together to take control over Central Asia rather than go at it head-to-head. Traditional regions of Russian influence are not being challenged by China but Russia has been unable to compete against Chinese influence in other parts of the world. Furthermore, Moscow needs Chinese assistance—or at the very least, avoids Chinese opposition—on other regional and global crises (such as Georgia in 2008 and Ukraine in 2014).

(e.g., Syria and the UN Security Council). Although this has been a worldwide success, regional success has been more limited. China's latent opposition to Russia's actions in Georgia offered cover for Central Asian governments not to back Russia. China has been more subdued in its statements over Ukraine, but it has avoided endorsing Russia's position. Sino-Russian ties in Central Asia are thus a mirror of both nations' overall connection, and their regional relationships are intimately tied to their worldwide relations.

With regard to Russia and China's efforts at gaining a foothold in the area, a regional strategy is becoming more difficult to implement. After the fall of the Soviet Union, the 5 Soviet Republics have separated from one another.

Foreign and domestic policies, economic tactics, and even societal institutions are now at odds with one another. Uzbekistan and Turkmenistan, on the other hand, show a preference for a more isolationist stance to their neighbors. This greatly diminishes their ability to work together as an area, much less integrate. There are also significant differences in their tactics based on the local circumstances, the real geopolitical scenario and other external parties' interest in Russia and China. The Chinese and, more recently, the Russian approach have primarily been built on bilateral connections rather than an all-encompassing regional policy, which hampers regional integration even more (Zimmermann & Smith, 2011).

2.2.2 The Starting Point For The Economic Cooperation:

2.2.2.1 The China – Arab Cooperation Forum

In 2004, the Forum was established. Since then, it has grown into a multidisciplinary platform for collective interaction with over eight methods. The Chinese along with Arabic countries established an important regional supportive ties of great inclusive collaboration and mutual development in 2010, and Sino-Arab collaborative assistance has reached advanced level of mutual improvement on internationally level (BRICS Policy Center, 2016).

The Chinese government had announced the first Sino's Arab Policy Document, which examines and summarizes the responsibility for the development of China-Arab relations. It establishes a framework for mutually beneficial cooperation between the two areas, as well as China's willingness to Middle East peace and stability, in order to elevate Sino-Arab relations to a higher international stage. Regarding to Jonathan Fulton arguments, the significance of collaboration and growth in Chinese involvement with MENA region is shown in a two summarized documents: the 2016 "Arab Policy Paper" and the 2015 "Vision and Actions to Build ancient Road Together" (Yetive & Lu, 2007).

This paper looked at five aspects of this collaboration: First, developing Sino-Arab strategic cooperative ties terms of total collaboration and shared development. The second issue is China's Arab policy. Third, in various sectors, expand China-Arab cooperation. Fourth, the two sides parts Cooperation Forum and its follow-up initiatives, and finally, China-Arab regional organizations relations.

China will sustain Sino-Arab conventional friendship, enhance and develop deeper all-round, multi-layer, and broad-based collaborative efforts, advertise long-term and sound implementation of strategic economic cooperation based on all-round co - operation and common development, and protect regional and global peace, stability, and development, according to the document.

2.2.2.2 The Mega Project “One Belt One Road Initiative (OBORI)”

In the fall of 2013, The Chinese president launched the OBOR initiative, which ignored the MENA area, a strategic framework for building a Twenty First-century recreation of the Earliest Silk Roads. As China's geo-economic plan targets mutual benefit for all participated parties by creating an economic long corridor over land and over water which called, the "Silk Road Belt," and the "21st Century Maritime Silk Road."

This Economic Belt is a long-vision plan with USD 26 trillion per Eurasia's infrastructure development, connectivity, and economic collaboration that includes six expansion "corridors," including (Ibold, 2019).

The Modern Eurasian Land Owned Economic Corridor (NELBEC), the Sino-Mongolia-Russia Economic Corridor (CMREC), the Economic Corridor between China, Central Asia, and West Asia (CCWAEC), the Economic Corridor between China, Central Asia, and Western Asia (CCWAEC), the Economic Corridor between China and the Indochinese Peninsula (CICPEC), the Economic Corridor between Bangladesh, China, India,

and Myanmar, and the Economic Corridor between China (CPEC) The China Sea, the Straits of Malacca, the Indian Ocean, the Gulf of Bengal, the Arabian Sea, the Persian Gulf, and the Red Sea are all part of the 21st Century Maritime Silk Road, which connects China to Southeast Asia, Indonesia, India, the Arabian Peninsula, Somalia, Egypt, and Europe.

The project is based on old shipping routes that formerly connected old Country to the west, such as those traveled by Marco Polo and Ibn Battuta in the north and Admiral Zheng He's naval expedition in the south. According to historian Geoff Wade, China proposed two primary axes for connecting the country to Europe economically via countries spanning Eurasia, the Middle East, and the Indian Ocean, as well as connecting Africa and Oceania. In March 2015, the PRCs released an action implementation plan this policy.

The OBOR initiative is overseen by China's National Development and Reform Commission, which is strongly influenced by the governments of Foreign Relations and Commerce (Wade, 2016).

The OBOR includes 65 %, three-quarters of the globe’s energy possessions, and 40% of the global GDP. The value of China's yearly commerce with OBOR countries has over \$1 trillion. In 2018, China had signed with 72 countries in Asia including 17 Arabic countries in addition to Turkey and Iran.

The OBOR has six economic corridors as one of them is the Sino- Central West Asia Economic Corridor (CCWAEC) connected the country to Iran and finish in Turkey. The Middle East is also the closest to the Bosphorus, Dardanelles, Bab Mandebu, and Hormuz, four vital marine waterways. These are the channels via which the majority of China's commerce goes. As fragment of the Belt and Road Initiative, the region also plays a critical role in standardized protocol, commercial assistance, and social advance. (Wade, 2016).

One Belt One Road 2013

Figure 2



Source: Lowy Institute

2.2.3 The General Image Of China's Economic Collaboration With Middle East

The Middle East occupies a unique position in terms of infrastructure markets, and it is profoundly and fundamentally open to the rest of the globe. In infrastructure efforts, China is focused on three essential markets: transportation Networks, power engineering, and housing constructions.

For the most part, the contemporary contract sum of these zones accounts for more than 60% of the total amount of modern agreements (with the proportion of 26 percent , 21.7 percent and 17.5 percent , respectively). At length, PRC's vitality foundation ventures positioned first amongst all of China's ventures within Center East region. Be that as it may, beneath the effect of the low worldwide oil costs in later a long time, petrochemical foundation creation projects take constricted, and From 11.6 percent in 2015 to 8.9 percent in 2014, the proportion has decreased. The marking of contemporary contracts saw a significant rise of 16.6% in 2015 (China Development Report on Foreign Investment Cooperation 2015).

China's non-financial foreign direct investment (FDI have climbed for 13 consecutive years, hitting \$118.02 billions in 2015, a growth of 14.7 percent, as per a data issued by the Ministry of Commerce. The equipment manufacturing industry received \$7.04 billion has been invested, up 154.2 percent, trailed by remotely venturing contracting.

According to this, China's remotely constrained extended company generated 959.6 billion yuan (\$154 billion) in 2015, and Chinese international contractual ventures contemporary agreement totaled more than \$209.07 billion, representing 9.5 percent increase (IBID, 2015).

Simultaneously, Chinese businesses have enhanced the overall advantages of large-scale equipment exports by engaging in global project contracting, and have aggressively explored the worldwide market. In 2015, the value of exports of huge datasets of equipment climbed by 10% as measured to the same month the previous year. In China, for example, equipment production is shifting from conventional labor-intensive sectors to capital- and innovation firms.

Saudi Arabia were one of the top ten countries that employed the most new contracts with Chinese construction enterprises in 2015, With a combined worth of \$75.17 billion, new agreements accounted for 35.9% of all contract extensions, two of which were in the Middle East. There were 434 contracts worth more than \$100 million among the newly signed contracts, up 69 from the previous year. In the Middle East, there were nine projects. On the market scale for infrastructure construction in the Mideast countries, housing edifice, power production projects, and transport projects rank first, second, and third, respectively.

Major Projects Undertaken by China in ME

Table 1

Currency: Yuan & USD

Contracting Part	Schemes	Volume Of The Contracts
Gezhouba Dam Corporation	In the E area of Qatar, a jumbo reservoirs and piping system has been built	4.03 Billion
China Railway Construction Corporation	Stage five of Kingdom of Saudi Arabia safekeeping H.Q.	3.81 Billion
Power Construction Corporation of China	Aramco Saudi Arabia signed an EPC contract for Stage 2 of the MGS (gas boost station) construction	\$ 700 Million
China Railway Construction Corporation	Egypt Federal Railway System Rail's renovation program	3.73 Billion
Power Construction Corporation of China	In Riyadh, signed a deal with Saudi Energy Co (SEC), the major energy provider and operator in the Regional Market, for the PP14 electric generating cogeneration plant	\$230 Million
Power Construction Corporation of China	The housing and community development program in the southern portion of Dahalan, Saudi Arabia, is in the P3-P4 phase	1 billion
Power Construction Corporation of China (PCCC)	Building of an elementary school and a private school in the southern portion of Dahalan, Saudi Arabia	760 million
Power Construction Corporation of China	In the Aulai Zufa transformer initiative, we signed an EPC contract with Saudi national Electricity Co (SEC)	\$105 million
MCC International	Algerian Olympic multipurpose stadium associated enterprises concluded an EPC agreement	600 million

Source: websites of the State-owned Enterprises

2.2.4 China Is Opening Up To The West '' MENA''

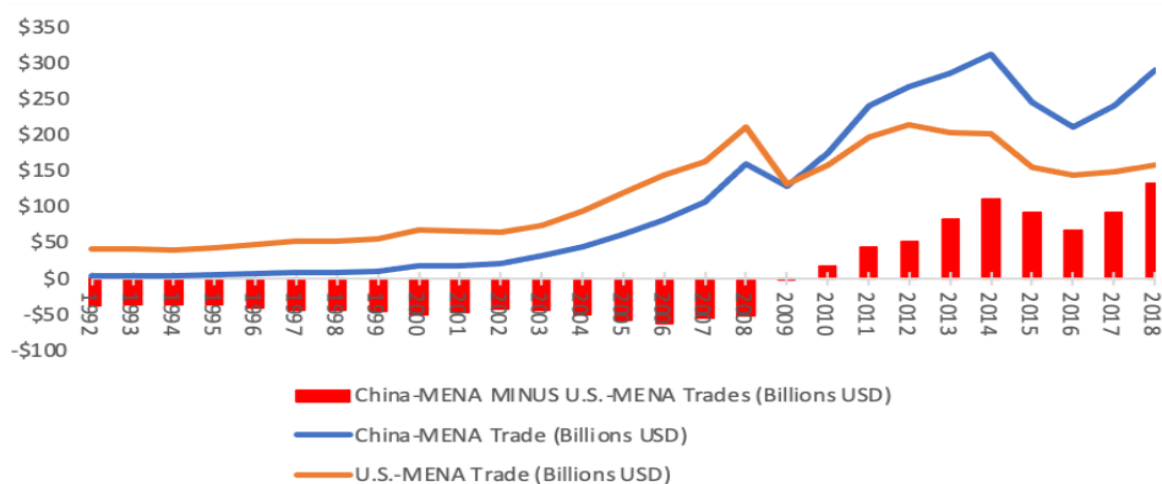
According to craig harris's observation, writing in 1993, China had become a global economic strength, rather than military conflict, has emerged as the most essential force in China's quest for independence, power, and prestige. "After more than a quarter-century", this assertion is more relevant than ever, particularly in the MENA region concentrated in Gulf countries (Middle East Institute, 2021).

The economic ties between MENA region and China are growing dramatically year after year overcoming the United States (MENA’s largest trading partner post WWII era) specially after 2007-2009 (The biggest Recession). Starting of 2018, China-M.E countries exchange was \$132.5 billion bigger than U.S.-Mena region exchange, and it is estimated that this gap will continue to grow for the near term (Figure 3). Apart from Bahrain and Jordan, all MENA nations had bigger respective exchange balances with China in 2018 than they had about US (Figure 4).

MENA trade exchange with China and U.S., 1992-2018

Figure 3

Currency: USD

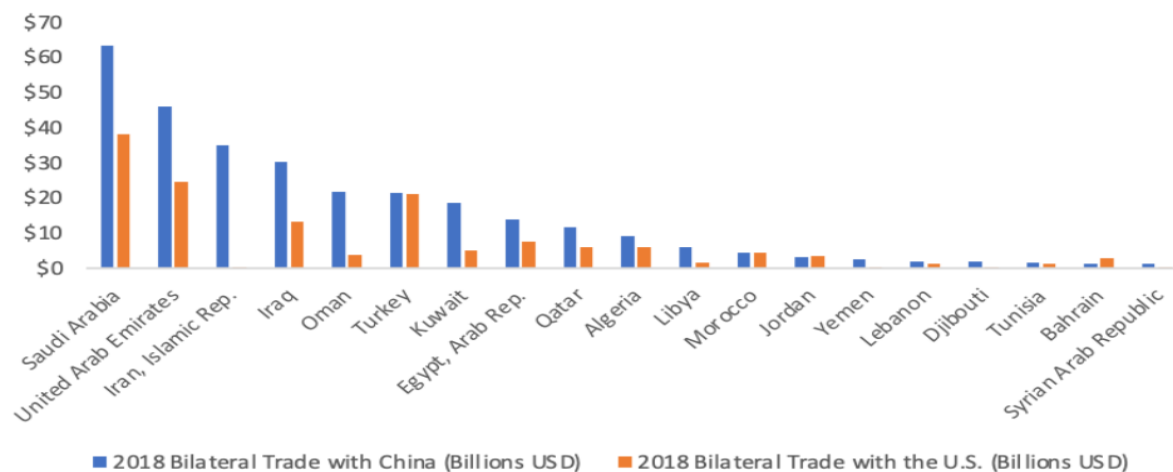


Source: World Bank’s World Integrated Trade Solution (WITS) Database

Chinese Besides U.S. Bilateral Trade With MENA Economies, 2018

Figure 4

Currency: USD



Source: World Bank’s World Integrated Trade Solution (WITS) Database

In picture number 4, we can see that the biggest trade partners in MENA region for 2018 with both China and US are Saudi Arabia with more than \$60 bn USD while UAE in the second position around \$42 bn USD following by Iran with around \$35 bn USD as a Chinese trade partner only.

Despite Jordan has a limited volume of trading with China but it is becoming an important trade partner year after year and became a main destination for Chinese exports specially after several signed memorandums in 2018.

2.2.5 Neutral Engagement and Consideration

Apart from its economic aspirations and political-security footprint, Beijing is wary of imitating what it regards as presence of the westerners in the Middle East, preferring instead to foster a neutral engagement with all nations, even those at odds with one another, based and build on mutually beneficial accords, China's vision of a multipolar order in the region is based on non-interference and relationships with foreign governments – one in which the country will proliferate - (Shahwan, 2022).

China has continued to keep balanced ties in the Mena area by implementing a "zero enemy policy" and completing effective development cooperative relations with Egypt and Algeria in 2014, Tehran and Riyad in 2016, and the United Arab Emirates after two years.

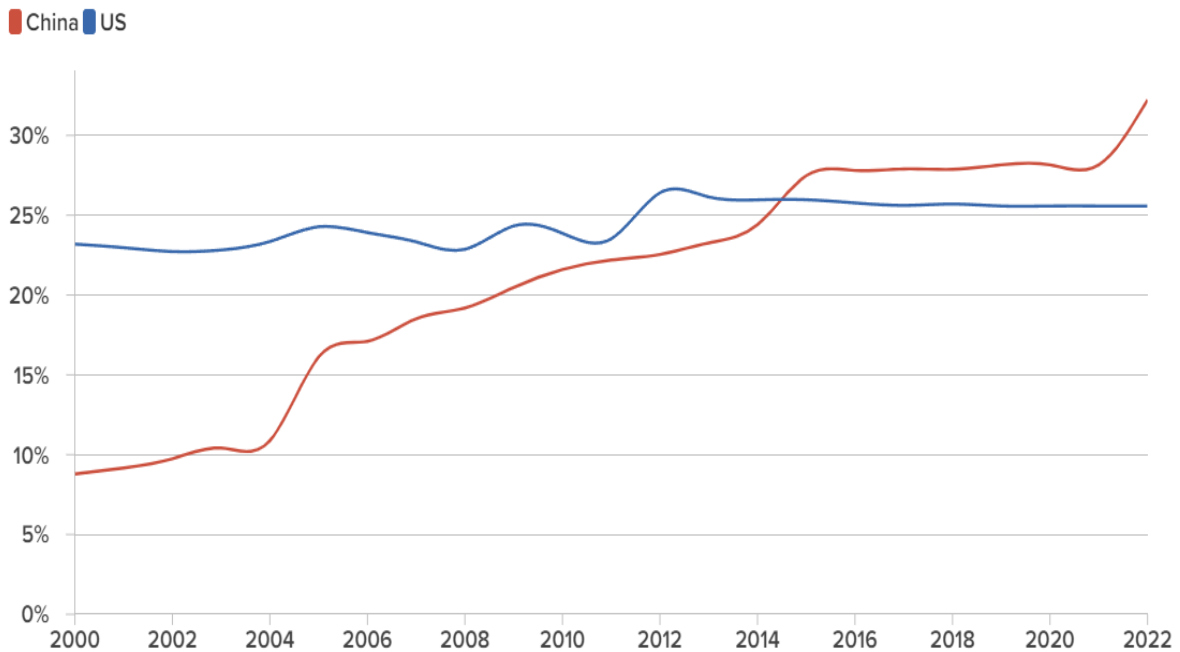
In order to fulfill its responsibility as a decent power, China will likely endeavor to control increasing regional expectations by taking a mediation approach to crises such as the Israel-Palestine dispute and the Saudi-Iranian rivalry. Due to the convergence of multiple security, economic, and political variables, the Middle East is positioned to be a critical setting where China's envisioned global leadership paradigm will be established. (Atlantic Concil (Shahwan, 2022).

2.2.6 China Has The Most FTA Coverage In The Globe

China has progressively grown its participation in FTAs throughout the world after participating in the World Trade Organization (WTO) in 2001. By 2015, Beijing has signed free trade agreements with more nations than those with the United States, accounting for a larger proportion of global GDP. United States and China have obviously differed in their approaches to trade during the last two years. The Chinese president is on a global trade binge, Trade treaties with the Gulf States council are in the works, Moldova, Norway and Peru. At the same time, president Biden has imposed a commercial embargo until he sees that the domestic economy has recovered. The global economy, on the other hand, will not wait till then.

The difference between Chinese and American FTA coverage

Figure 5



Source: World Bank

2019 GDP data was used to calculate Share of Global GDP values for 2020, 2021, and 2022

a possible The China-GCC FTA should trigger an alert to US policymakers that Beijing considers Washington's disappearance as an advantage in the Gulf as well as on the world stage. Xi stepped in to fill the hole left by President Trump's withdrawal from the international trade arena. China participates in the World's biggest Multilateral Trade Agreement, the Regional inclusive Economic and Trade Partnership (RCEP), and is advertised as the Cross-Pacific Comprehensive and Progressive Agreement (CPTPP) under President Byden, who largely followed Trump. Signed the Digital Economy Partnership Agreement. Trade Policy (DEPA).The United States will not be able to create global trading system rules without a presence at the table and without the backing of a vibrant network of trade agreements, as China is attempting to accomplish (Atlantic Council, 2022).

CHAPTER 3

3.1 Methodology

3.1.1 Introduction

Any issue might be considered a subject for research, which is the methodical collection and assessment of facts and information. Metaphysical and practical problems are the focus of research, which employs methodical approaches to find answers. (a) The focus of descriptive analysis is on obtaining data that proves the existence of what is being studied. (b) Qualitative analysis focuses on acquiring evidence that supports a conclusion. (b) the theory is examined to see if it is still relevant based on the evidence that has been gathered; (c) applied analysis is performed to provide answers to practical questions and to aid in decision-making in a variety of fields, such as product design, process design, and policy-making, among others. (b) Fundamental science is performed to satisfy scientific curiosity rather than to employ research data for immediate actual purpose. Qualitative research For the research topic, (e) explores variables that cannot be quantified and so cannot be estimated or interpreted quantitatively. However, quantitative analysis (f) calls for the employment of many more instruments and procedures.

Deductive reasoning and positivism will be used in contemporary research. In order to gather secondary data on the economic cooperation and integration between China and the Middle East, academic studies, prior investigations, and other databases will be searched for information. The data will be cleansed and statistically examined before being given to determine the study's goals.

3.1.2 Study Paradigm

3.1.2.1 Study Design:

The gold standard for evaluating the efficacy of therapies is randomized controlled trials (RCTs) (Torgerson,2008). All relevant randomized controlled trials and cluster-randomized investigations on this topic were deemed eligible for inclusion, as indicated in the methodology for this review. Risk of Bias was also assessed for all potentially eligible studies, and although studies with a low risk of bias provided further insight into what conventional research should include, studies with a high risk of bias were also reviewed to balance the scale of quality evaluation and offer information about mistakes and biases that might result in a study being highly prejudiced. A few before-and-after studies and case studies were discovered, but they were excluded from this review because participants just weren't chosen at random.

According to the research protocol, only studies that met the criteria indicated were eligible for inclusion. These criteria included studies involving economic cooperation and integration between the Middle East and China.

3.1.2.2 Research Methods And Design(S)

Using quantitative cross-sectional secondary research, the specified variables were collected. By using standardized processes and methodologies for problem analysis, scientists may more reliably solve pressing research questions. A researcher's method to research often indicates how the study is carried out in a systematic manner. Scholars rely heavily on the notions of positivism and interpretivism while doing their work. An objective and valid analysis may be supported by empirical and statistical data if positivism is used as a framework. Quantitative analysis is a synonym for positivism. Interpretivism provides a wide range of safe answers that may be seen from a variety of perspectives. Using interpretivism, scientists may look at facts from many perspectives (Denzin & Lincoln, 2008). Qualitative analysis is often referred to as "Interpretivism" by academics.

Because of its origins in the natural sciences, quantitative analysis often emphasizes proportions and makes use of a variety of measurements. Quantitative methods are used to answer queries. In this study, quantitative research is used.

Designing the research, i.e. the research design, is the most crucial approach after defining the research challenge. When it comes to questions like "what, when, where, how much, and by what methods," researchers have a lot of leeway thanks to the study design. There are two sorts of study designs, exploratory and definitive, that are often used. It is common for exploratory and conclusive research designs to be qualitative and quantitative at the same time. There are two primary kinds of conclusive research designs: descriptive research designs and casual research designs. Researchers employed a descriptive analytic approach in this study's research methodology (Schoonenboom, & Johnson, 2017).

Descriptive research is used in this study. Using a descriptive analysis design, new facts about people, events, behaviors, and situations may be defined. Descriptive analysis, also known as descriptive research, may be used to describe any study's findings and characteristics.

3.1.2.3 Research Strategies

Analysts employ a variety of methods to get a better understanding of the environment in which we operate in the field of market science. Typically, social scientists utilize quantitative and qualitative methods in their research, which concentrate on the acquisition and analysis of data rather than the quantification of data (Harley et al, 2018). Depending on the research question, the analytic architecture might be qualitative, quantitative, or a mix of the two. Due to the scope of the study and the goal to incorporate as many studies as feasible, a quantitative method was used.

3.1.2.4 Quantitative Research

There are two types of quantitative analysis recognized by Wang and Doong (2007): defined and formal. Determined quantitative analysis uses pre-defined questionnaire material and involves a large number of participants. If a questionnaire or an interpretation of a dataset uses numerical data, then quantitative analysis is employed to analyze the results (Saunders, Lewis, & Thornhill, 2009).

In order to arrive at an accurate estimate, only little quantities of big data from many topics should be compiled. It is possible to gather information by converting and statistically interpreting the collected data into numbers and quantities. The goal of this method of analysis is to develop and test mathematical models, theories, and hypotheses in the real world. It is via the experimental approach that researchers are able to test and verify the validity of their hypotheses and ideas. The hypothesis or study linkage should be resulting by observational testing in quantitative research, which is the approach used in this study.

3.1.2.5 Research Approach

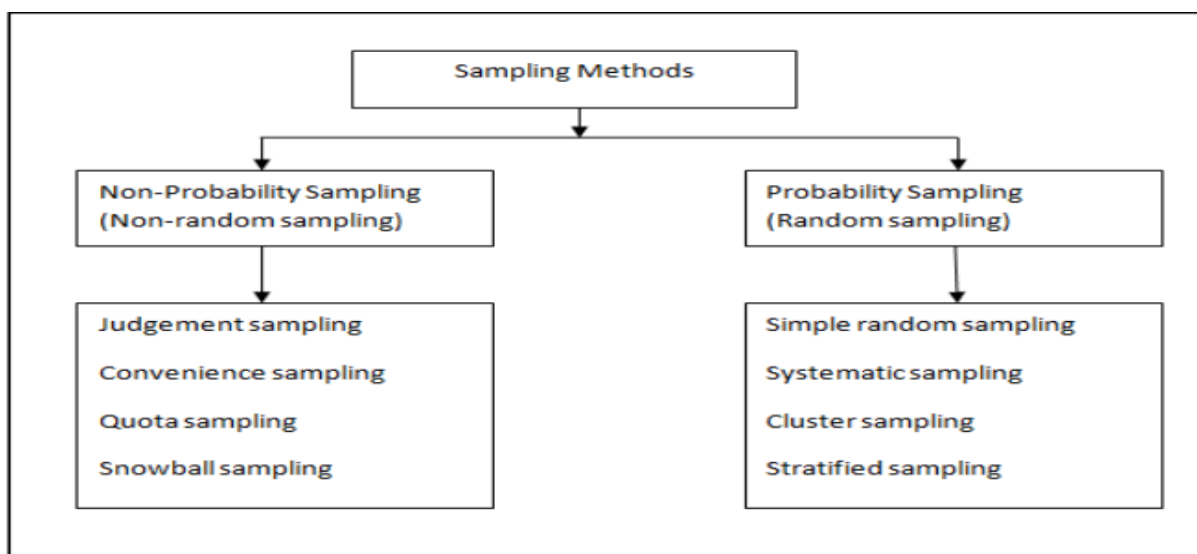
It is critical to choose a more efficient research technique since it shows how to best answer or at least frame research questions. Deductive, inductive, and mixed approaches are used for each sample. This study necessitated the application of the deductive technique.

3.1.2.6 Deductive Approach

Assuming the content knowledge hypothesis is accepted and developed into testable hypotheses, the deductive procedure begins. As a consequence, the researcher would eventually be able to verify the initial study assumptions by examining the data. For those that start from a deductive standpoint, an appropriate methodology should be utilized to build an accepted technique.

3.1.2.7 Sampling Techniques

Figure 6

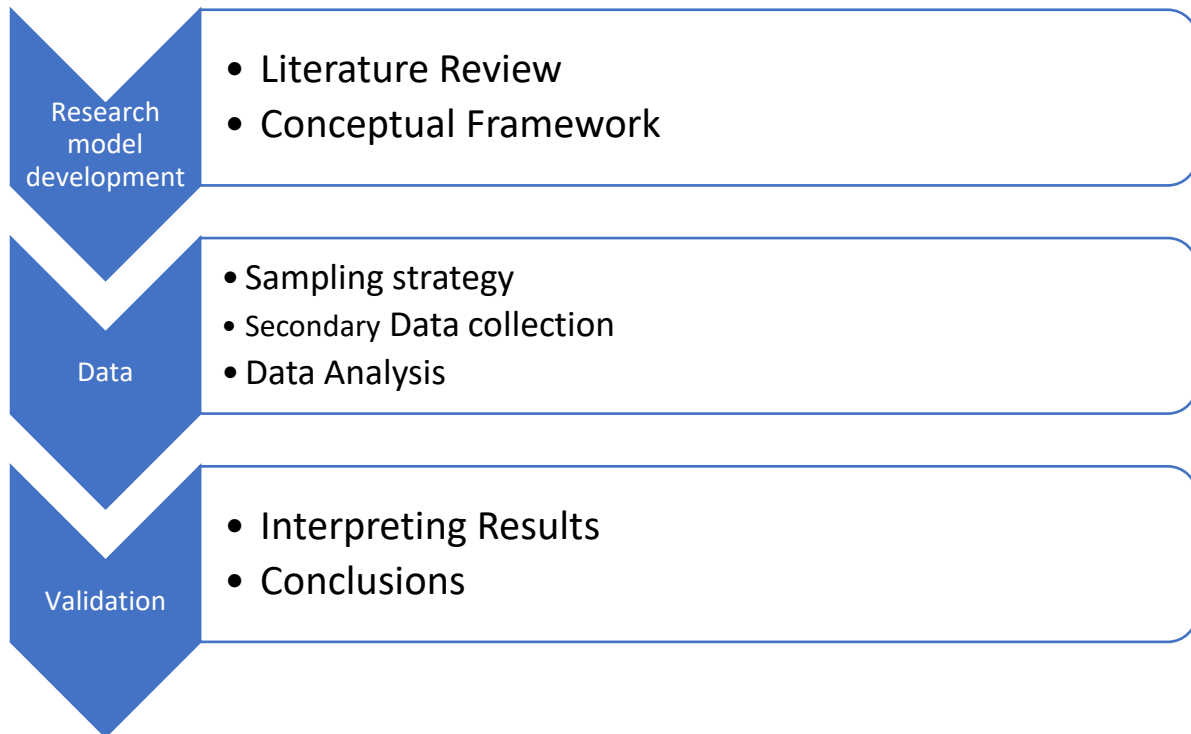


Source: Own Creation based on Research Method Course

In this research, convenience sampling was employed. Samples are selected using convenience sampling technique, which belongs to the non-likely sampling design category. Samples that can be distributed simply to a large number of individuals are known as convenience samples, and they are an uncommon method of sampling.

Research Model

Figure 7



Source: Own Creation based on Research Method Course

3.1.3 Data Collection, Processing, and Analysis

For the analytical approach, the study collected the online research articles, research reports, academic sources, and journals. Databases including the jstor, oecd, nde.edu and ualberta were searched with the keywords including “economic co-operation between china and middle east” and “economic integration between china and middle east”. The studies which explained the current research objectives and results were selected with priority.

CHAPTER 4

4.1 Analysis and Results

The assessment and analysis had been counted on 3 factors, the bilateral relationships and economic ties, the level of commerce between China and several states in the Middle East and the total foreign direct investment taking into consideration the regional economic councils such as The Gulf Cooperation council members.

4.1.1 Bilateral Relationships Evolution

4.1.1.1 China -Egypt :

The relationship between the Arab Republic of Egypt and China well-known in 1950s to be the first Arab and African country who signed with China (Rózsa, 2021).

Following the establishing of formal diplomatic ties, Egypt backed the PRC's demand to join the UN Security Council as a full associate with veto power. China, for its part, criticized the British, French, and American actions against the Arab Republic of Egypt (ARE) during the Suez crisis.

The bilateral relations between Egypt and China were described as an ideal and strong relations in Hosni Mubarak term. However, this didn't prevent China to strengthen these relations in Morsi's presidency term in 2012. China was always receiving a great hospitality and welcoming for their investments in Egypt specially in Hosni Mubarak era.

In 2013, China-Egypt interaction and collaboration grew in a variety of areas such as infrastructure investment , trade and industry. Also the logistic hub , strategic location inland and in maritime (Canal Suez) played an important role for boost the economic projects with China.

China's Department of State noted that economic and commercial cooperation between the two countries has gradually increased. In 2013, the quantity of bilateral trade expanded substantially. SINOPEC , a wholly-owned subsidiary of SINOPEC, purchased part of Apache Corporation of the United States' Egyptian property holdings. The two nations' cooperation on initiatives like the Suez Economic and Trade Cooperation Zone has progressed.

After president El Sisi elected, the economic relationships expanded rapidly with China and it became the most important economic partner to Egypt , Egypt's new capital's top foreign investor and construction contractor (45 KM east of Cairo).

In 2017, The total export contracted \$8.07 bn (more than 12% of all Egyptian imports) while the total imports for China reached more than 1 bn.

Regarding to OEC 2019 statistics, the most important item that China imports from Egypt is Crude Petroleum which is around \$204m while Broadcasting equipment is the top imports for Egypt around \$625m (OEC, 2021). After 2017, China became the most important developer in Suez canal Economic Zone and was able to developed some areas in the zone into a designated area for Chinese companies which called TEDA.

The Chinese government's intention to include Egypt in the Belt and Road Initiative as a regional logistics and industrial hub for commerce between Africa and the Mediterranean areas as this is what reflected in these huge Chinese investments in Egypt.

4.1.1.2 China- Kingdom Of Saudi Arabia (K.S.A):

The first Sino-Saudi official conference took place in 1985, and China and Saudi Arabia established diplomatic relations in July 1990. Earlier, there were no political or economic ties, especially when Saudi Arabia refused to recognize the PRC as a country. China and Saudi Arabia have expanded their economic cooperation in recent years to cover energy, infrastructure investments, and financial services.

The first strategic oil agreement had been signed in 1999 that enable China to open its oil refinery sector but this agreement didn't have a significant result but acted as a corestone.

SINOPE, a Chinese oil corporation, forged an agreement in 2004 to explore natural resources and gas in the Rub' Alkhali desert, enhancing bilateral partnership. In 2006, five economic agreements had been signed related to energy, oil natural gas and mineral cooperation, economic trade and technical cooperation. According to Taipei Times newspaper, agreements were signed to avoid dual taxation as well (AFP, 2006).

Between 1990-2002, the trade volume between Saudi Arabia and China significantly increased to reach \$5.1 billion instead of \$290 million in 1990, with China's exports being US \$ 1.67 Billion and total imports of US \$3.42 billion. The main imports were garments, mechanical and electronic products and textile while the main imports were Saudi Crude Oil, liquefied petroleum gas and primary plastics (China, 2004).

However, Trade surged by 59 percent in 2005, allowing Saudi Arabia to surpass Angola as China's major oil supplier for the first time. King Abdullah adopted and implemented a pro-Asian, "look east" commercial strategy after reaching the throne in 2005, with more than half of Saudi oil flowing to Asia. Saudi Basic Industries Corporation (SABIC), Every year, a Saudi-owned business sends around \$billion dollars in chemical products to China.

The Kingdom was China's top commercial partner in Western Asia region in 2008, with bilateral trade reaching \$ 32 bn. Saudi oil shipments to China exceeded those to the United States in the first quarter of 2010, reaching over 1 million barrels(Jad Mouawad, 2010).

After this huge increase, Saudi Arabia became more eager to expand its investments specially in The Chinese petroleum industry related projects in order to stabilize their status on global level and became one of the major exporter to China. For example, in 2004, Saudi Arabia's Saudi Aramco Overseas Company contributed about a third of the \$3 billion needed to build a petrochemical complex in China's southern Fujian Province that will process 8 million tons of Saudi crude oil.

Furthermore, in 2006, the People's Republic of China and Saudi Arabia agreed to partner on the construction of an oil storage system on China's Hainan Island, and the kingdom welcomed the Chinese companies to engage around \$624 billion in infrastructure development. SABIC announced a new \$100 million investment strategy for a new technological center in Shanghai's Kangqiao region in 2012 (China Times, 2012).

On the other side, the Chinese companies played a pivot role in developing the economic relations between China from one side, Saudi Arabia and other Middle Eastern countries from other side. For example, in 2009 China Railway construction corporation, a state-owned Chinese company, was won a 1.8\$ bn tenders of monorail project to aid pilgrim transportation. The RPC's imports of Saudi crude oil jumped by 43 % in May 2019. As a result, Saudi Arabia has become China's leading supplier (Arab News, 2019).

4.1.1.3 China- Iran:

The diplomatic relationship officially established in 1974 when China started to increase its depending on oil and gas instead of coal during the cold war period. Due to the rapid economic growth, China started to increase oil importation from Gulf of Persian region and specially from Iran. Thanks to the strategic location of Iran, The country's position between Asia and Europe, as well as its proximity to landlocked territories in the north and east, the oil-rich Persian Gulf and the Caspian Sea areas, has traditionally provided it with a distinct economic and geopolitical advantages.

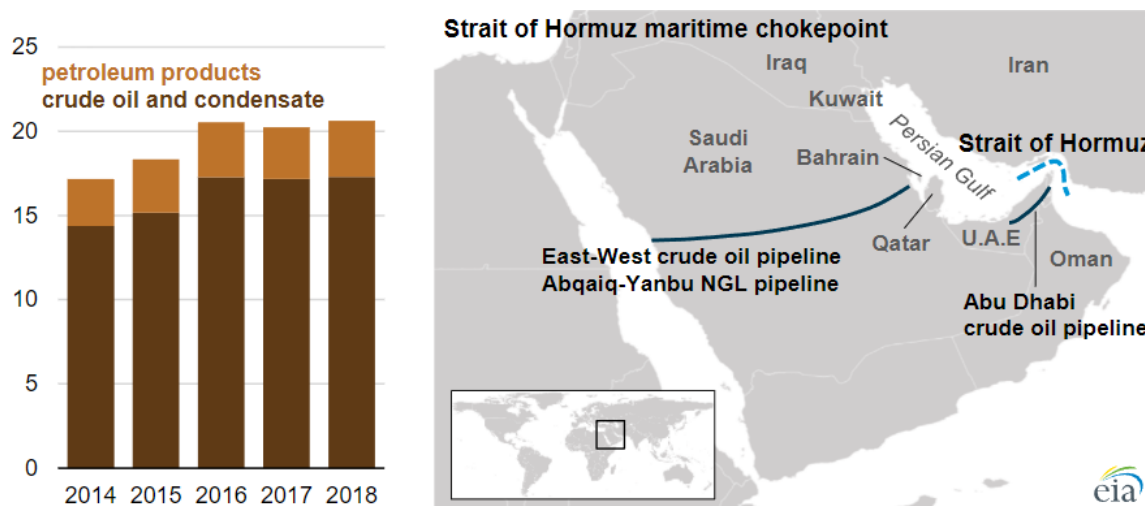
In addition, Iran is exercise its control on strait of Hormuz and on the shipping lanes that lie in this territory.

Why Strait of Hormuz is important for PRC?

The Strait of Hormuz is the world's most important oil chokepoint because of the large volumes of oil that flow through the strait whereas more than 20% of Oil global consumption comes from this region (EIA, 2019).

Crude oil, Condensate and petroleum products passing through the Strait of Hormuz

Figure 8



Source: U.S. Energy Information Administration and Clipper Data, Inc.

In 1990 there were a direct trade cooperation initiative from China toward Iran in its nuclear power reactors (Economic and Security review, 2013). Then, in 2004, an agreement was signed in which China would pay \$70 billion to purchase over 260 million tons of gas concluded thirteen years from the Southern resources, the world's richest natural gas reserves. Sinopec Group, another Chinese corporation, receives a half-share in the Yadarvaran oil reserves, valued at roughly \$100 bln, for the purpose of exploration. Advanced that year, CNPC secured a \$3.6 billion contract to advance Iran's offshore gas reserves, followed by a \$2 billion deal to develop an oil well near Ahvaz in northern part. Iran supplied almost ten percent of China's oil imports in 2011. Oil accounts for over 80% of The PRC's total imports from Iran, with mineral and chemical items accounting for the remainder. As a result of its count on Irani oil, China is currently investing in the modernization of Iran's petroleum industry in order to ensure continued use to the resource. A \$85 million deal was signed to the China National Petroleum Corporation (CNPC) to install 19 wells in natural gas deposits in southerly parts in Iran, and added \$13 million deal was inked. Then, in 2004, an agreement was signed in which China would pay \$70 billion to purchase more than 260 million tons of natural gas within thirteen years from the South Similarity regions, the world's richest natural gas reserves. Sinopec Group, another Chinese corporation, receives a half-share in the Yadarvaran oil reserves, valued at roughly \$100 billion, for the purpose of drilling (IDEA Tech Group, 2017).

In reality, following the signing of the JCPOA in 2015, Chinese government and Iran committed to expand and strengthen their economic ties to \$600 billion in ten years, beginning in 2016 including technological cooperation. Also, One of these

agreements is related to build and connect Mashhad and Tehran through a high speed rail technology.

On the trade side, China's exports to Iran amounted approximately 8.3% of the overall import market in 2005, putting it second only to Germany in terms of market share. In the last five years, China's transfers to Iran have increased at an exceptionally high rate, with China overtaking Japan as the globe's second biggest exporter to Islamic republic. Between 2000 and 2005, Iran's imports from China grew by 360 %. China represents approximately for around 9.5 percent of all Iranian imports. When the China commenced economic reform in 1988, the Iranian market opened up to Chinese industry. China advanced in Tehran's subway systems, dams, fisheries, and cement factories after successful commercial links were established, while Iran assisted China in obtaining the highly wanted minerals coal, zinc, lead, and copper. Power generating, mining, and transportation equipment, as well as armaments and consumer items like electronics, car, and toys, were all traded between the two countries. The amount of commerce between Iran and China surpassed \$45 billion in 2011 and was predicted to reach \$50 billion by 2012 (IDEA Tech Group 2017).

Today, China consider Iran is one the main Oil exporter as Iran consider China one of the main investor specially after increased the sanctions. In 2021, One of the most important and strategic agreements had been signed between China and Iran called “25- year strategic cooperation “ aimed to deepen the cooperation and considering the Belt and Road initiative project part of it.

4.1.1.4 China- Jordan:

The People's Republic of China and the Hashemite Kingdom of Jordan's friendly and cooperative relationship expanded at a faster rate after last quarter of 2013. collaboration in a variety of disciplines made new advances.

In reality, China has surpassed the United States as Jordan's second largest import partner and a major source of much-needed capital according to Chinese Embassy in Jordan. Phosphate and sylvite are the primary exports to Beijing, while textiles, electronics, cereals, and light industrial items are imported. Several Chinese enterprises have reportedly found their way to Jordan.

Jordan is one the main gateways that China is seeing in Middle East due to the strategic location that ties Africa , Europe and Asia. Also one of the main pair of the dragon (New Silk Road) which passing through Jordan which make China invest and involve more in the region.

In 2013, China and Jordan have reached an agreement to build an oil-shale factory in Jordan, which some analysts estimate to be worth \$2.5 billion. Also another deals had been concluded with Xinjiang Goldwind Science & Technology Company and China International Water and Electric Corporation to develop, construct, and manage a wind-powered 300-megawatt plan in Jordan (Rakhmat, 2014)

In 2014, Jordan started to increase its own exports from raw material and textile to China. In 2015, Major investments and deals have been signed with China to include Infrastructure , Military , Education and trade such as, developing Jordanian Rail System which valued with \$2.8 bn, purchasing a Chinese military equipment with around \$4.7 million, and more plans to build schools and universities in the capital Amman (Tran, 2020).

Reciprocal exchange hit a record tall of \$4.11 billion in 2019. It fell to \$3.61 billion in 2020, influenced by the widespread and other unfavorable variables. As Jordan's trades to China stood at \$426 million in 2020 and bilateral trade climbed 21.4 percentage in the first two quarters of 2021 According to Chen Chuandong, China's ambassador to Jordan.

Regarding infrastructure, China and Jordan in 2015 marked a \$7.5 billion understanding for the development of Jordan's to begin with control plant fueled by shale oil and a national railroad project. In 2018 the countries taken after that up with a \$31.5 million agreement to fund the development of Jordan's Al-Salt Road. Then there has been the help amid the pandemic (YUMUL, 2021).

As in April, China given supplies of the Sinopharm COVID-19 immunization as portion of the developing collaboration between the two countries.

Furkan Yolcu is a research assistant at the Sakarya University's Middle East Institute in Turkey, said Chinese financing within the frame of interest-free credits or gifts would offer assistance diminish the weight on the country's open finances. Domestically, endeavors to make strides Jordan's economy can be followed to a 10-year diagram for financial and social advancement called Jordan 2025 that Jordan propelled in May 2015 (China Daily news).

4.1.1.5 UAE – China

China's greatest investment destination in the Arab world is the United Arab Emirates. Chinese non-financial direct investment volumes to the UAE in 2020 were projected to Reach us\$570 million, contributing for more than 47% of overall Chinese investment in the Arab world (Expo 2020, the Emirati news agency WAM).

As the bilateral trade grow around 38 % in the first 3 quarters of 2021 despite the Covid global Novel. Also, China was able to developed more than 5000 business firms including infrastructure, communications , finance and ports.

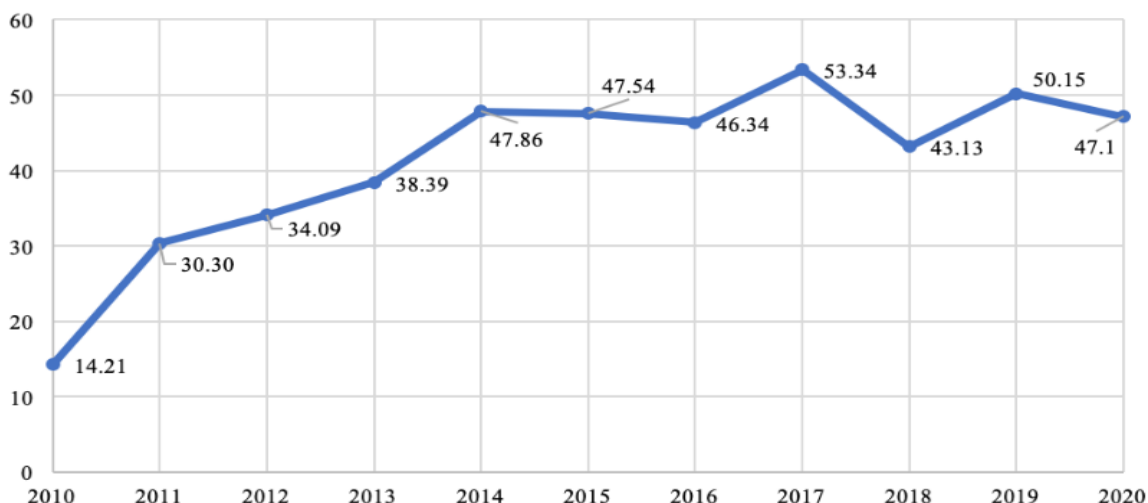
The UAE is a "primary spine for the re-export of Chinese commodities into the region and Africa," according to the UAE, and commerce between China and Dubai surged 30.7 percent year over year in the first half of 2021. However, between 2014 and 2020, the value of overall trade inflows between the UAE and China remained substantially unchanged (Arab Gulf States Institute in Washington, 2022).

As per below Graph, the bilateral economic relationship between China and UAE in the last 10 years has started to grow. For example, in 2011 the volume of trade between countries registered \$14.21 bln while in 2011 recorded almost the double \$30.30. the total trade in 2019 surged to \$50.15 bln USD after small drop in previous year and in 2020.

UAE- China Total Trade Trends

Figure 9

Currency: USD



Source: UAE Ministry of Economy and Emirates NBD Research

In the table no 2, a specific year 2019 had been chosen to know what is the most important product which had been traded previously between some Middle Eastern countries and China. As we can see that the crude petroleum and oil is the main imported product for China.

Top Imported and Exported product for year 2019

Table 2

<i>Country</i>	Top product exported	
<i>Egypt</i>	Crude Petroleum	<i>Top product imported</i>
<i>Saudi Arabia</i>	Crude Oil	Broadcasting Equipment
<i>Iran*</i>	Crude Petroleum	Broadcasting Equipment
<i>Jordan</i>	Potassic Fertilizers	Rice & Corn
<i>UAE</i>	Crude Petroleum	Cars

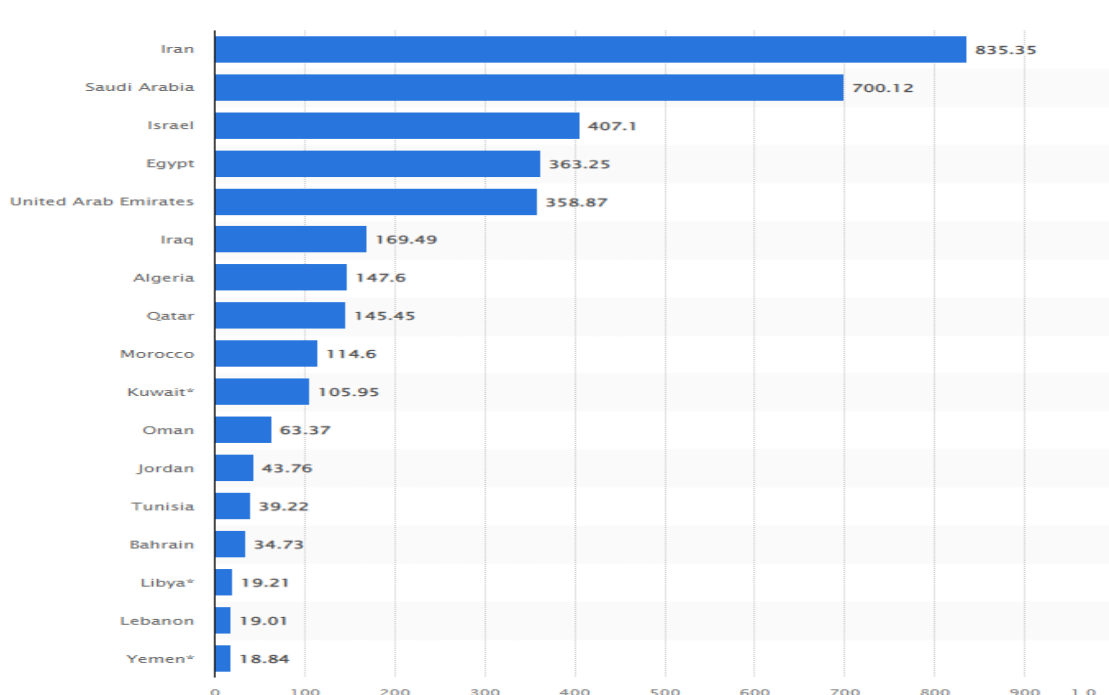
Source: (wits.worldbank.org, 2021) & (OEC, 2021)
 Figures in US \$ Thousands except Iran

The below figure number 10, give a comprehensive figures about MENA countries' GDP for year 2020 including Jordan, UAE, Egypt ,Iran and Saudi Arabia. As Iran is in the first place with \$835.35 followed by Saudi Arabia with \$700.12 bln USD. Egypt and UAE are in the third and fourth place continuously with \$363.25 bln and \$358.87 bln while Jordan's GDP was about \$43 bln which is the smallest comparing with above (Statista, 2022).

MENA region: Gross domestic product (GDP) in 2020, by country (in billion)

Figure 10

Currency :USD



Source:Statista2022

Energy imperative

In field of energy, between 2000 and 2020, China's energy consumption quadrupled, a period during which the country's GDP quadrupled in size. One-third of the country's energy imports were from GCC member nations in 2020, with Saudi Arabia accounting for the most (15.5%), followed by Oman (7%), the UAE (5.5%), and Kuwait (5.5%). (5 percent). By 2018, China had purchased roughly one out of every six barrels of oil exported by GCC countries (IISS, 2021).

Chinese energy dependency on countries in the MENA region (% of total energy imports)

Table 3

MENA Countries	2016	2017	2018
Egypt	0.2%	0.5%	0.4%
Iran	6.7%	6.1%	5.2%
Iraq	7.6	7.0%	7.7%
Yamen	0.1%	0.3%	0.2%
Libya	0.2%	0.7%	1.6%
Sudan	0.2%	0.1%	0.1%
Algeria	0.1%	0.1%	0.2%
Qatar	2.2%	2.6%	2.6%
Kuwait	3.8	3.9%	4.6%
Saudi Arabia	11.5%	10.7%	10.7%
UAE	4.4%	3.8%	3.6%
Oman	8.0%	6.3%	6.1%
Total	45.1%	42.1%	43.1%

Source: Center for Social and Economic Research/calculated based on data from ITC trade map

According to the above table, a quick comparison conducted between the MENA countries for selected years showing which country is the highest exporter to China knowing that China, the world's largest petroleum importer and second-largest consumer, imports around 42-50 % of all energy products from the Mena Region, down from well over half between 2000 and 2015, owing to Beijing's increasing attempts at diversification, as well as Russia's growing importance as a Chinese energy provider (Russia has always been Country's biggest crude oil supplier since 2016 for China, surpassing Kingdom of S.A).

Despite the China's free-trade discussions with some of GCC countries were suspended in 2009. Arab exports to China climbed by 24% over the same period, while trade with China expanded by 87% during the same period. From 2005 to 2009, China invested \$11 billion in the Middle East, an increase of tenfold from the previous year's \$1 billion. As a result, Chinese construction firms had a significant impact on the region's key infrastructure projects. For example, Saudi Arabia awarded the Mecca monorail project to China Railway

Construction Corporation, another state-owned Chinese corporation, in November 2010. China has increased its military presence in the area as well as its ties with the region's economy. With regard to the "security umbrella" given by America, many argue that China takes full advantage of it (S. Kalaycioglu, 1996; Kawai, 2004; E. Solingen, 1999).

Multilateral activities, on the other hand, allowed China to contribute to the security of the Middle East. Among the first nations to send troops to Lebanon throughout 2006, China was among them. The United Nations authorized China to send ships to Gulf of Aden to help in anti-piracy efforts in 2008. China also shipped guns to the area throughout the 2000s, therefore increasing commerce in the military sector as well. As an example, China's armaments trade with the area totaled \$600 million from 2005 to 2009. (Horák, 2014).

China's investments in the Middle East and North Africa (MENA) area offer significant risks to Chinese investors due to the region's active social and geographic challenges. China's massive investments in these areas, in terms of money, technology, and infrastructure, have sparked further debate over the precise profit margins that China hopes to achieve from these countries.

China's exports to Jordan have climbed at a yearly rate of 13.5 percent over the previous 25 years, from \$135 million in 1995 to \$3.23 billion in 2020. China did not sell any services to Jordan in 2020 (OEC, 2020). Comparison Jordan was rated 63 in the Economic Complexity Index (ECI -0.09) in 2020, and 89 in total exports (\$9.72 billion). we can find that Jordan is like the rest of the Middle East countries that suffer from lacks of the natural resources, poor infrastructure investments and small emerging economy GDP around \$43.76 (world bank 2021).

Co-integration analysis was determined to be an appropriate approach for the research's data, since the variables' initial values weren't stationary. As a result, the study performed unit root tests, as well as It discovered that certain variables were stationary at first difference. In accordance with the Akaike information criterion, the recommended lag length implies that co-integration is widely recognized in scientific circles (H. Dieter & R. Higgott, 2003).

Researchers found that Egyptian market features (e.g., LGDP), natural resource endowments (LORE), asset-seeking FDI (LPATENT), inflation rates in Egypt, political risk, and policy liberalization were all significant and properly signed in the research. All of the theories are confirmed by these observations. It has been found that Egyptian market size (LGDP) influences Chinese FDI in Egypt, with a 1% increase in the variable boosting Chinese FDI by 0.26 %. This suggests that Chinese FDI was motivated by a desire to find new markets throughout the time period studied. The findings of Buckley et al. (2007) corroborate this conclusion (Scobell, 2017).

In fact, China's increasing participation in North African economies is a result of the country's expanding global trade and investment share. Despite that this growing presence can affect negatively on these economies for example creating jobs or increase the standards of the market competition in the area but it is also have developed these infrastructure networks and industrial sectors for these countries for example Algeria and Egypt.

This latter trend is far more evident in Egypt, where the establishment of a strong industrial and trade region has resulted in an influx of Chinese Entrepreneurs into the economy (Scobell, 2017). Notwithstanding some of the problems, the jobs effect is significant and should be recognized by host governments for their own benefits in alleviating some of the increased fatigue with unemployment. Simultaneously, North African governments must ensure that their development agendas, such as job creation and technology transfer, are included in any agreements reached with China (as well as other foreign investors and other international investors)(Shichor, 1992).

In this aspect, the Egyptian government's long-term involvement and negotiation with the Chinese seems to have yielded enough concessions to meet both parties' needs. China-African TEDA Investment Company's General Management, Liu Aimin, maintained an optimistic tone despite uncertainty experienced in first half of 2011, saying that "When the innovative régime takes office, the investment environment had be more crystal clear as well as standardised and China's venture will recover" when the new government takes office. 98 As a result, North African nations must take stock of the future contributions from Beijing and examine how they may be leveraged to advance their own social and economic goals.

Developing a robust economic union among Gulf Cooperation members is a priority for the region, as it would enhance the GCC's global standing and allow people to take part in global economic decision-making. According to the facts and figures, the GCC economy placed 12th during 2013 among the world's largest economies. The combined GDP of the GCC nations was \$1.62 trillion in 2012. The Gulf Cooperation members is the fifth-largest worldwide economic bloc in terms of total commerce. The overall value of GCC exports was \$921 billion, becoming the GCC nations the world's fourth biggest exporter behind China, the United States, and Germany. The GCC nations are the world's 10th largest importers, bringing in \$514 billion in imports in 2013 alone (Scobell & Nader, 2016).

4.1.2 Investment and Trade Relationships:

The total amount of the Chinese investments and contracts from 2005 till 2021 has reached more than \$2 trillion outside China. During the pandemic year 2020, the total volume of these investments declined while the construction figures increased a bit in the following year (American Enterprise Institute, 2022).

The total investments and construction projects between Egypt and China in energy field reached \$9.3 bn while in real estate registered \$7.69 bn to be the second biggest field targeted by Chinese investors. In transportation field the investments hit around \$2.51 bn while the other investments distributed to agricultural, utilities, metals and logistics projects.

As the lion part of these Chinese investments in the region went to the kingdom of Saudi Arabia distributed as follow: \$ 18.73 bn in Energy, \$ 5.88bn in Transportation field, \$5.78 bn in Utilities, \$5.67 bn in Real estate and other sectors such as metals, Chemicals, Agriculture ,logistics and others (American Enterprise Institute, 2022).

The total volume of the Chinese investments and contracts in Iran reached around \$26.56 bn focused mainly on constructions while in UAE jumped to \$36.16 bn focused on both investment and construction (American Enterprise Institute, 2022).

Despite the Hashemite Kingdom of Jordan is considering a main trade partner to China but it has the least part of these investments which mainly concentrated on construction (see table 4).

Chinese Investment & Contracts in Middle East Countries (2005-2021)

Table 4

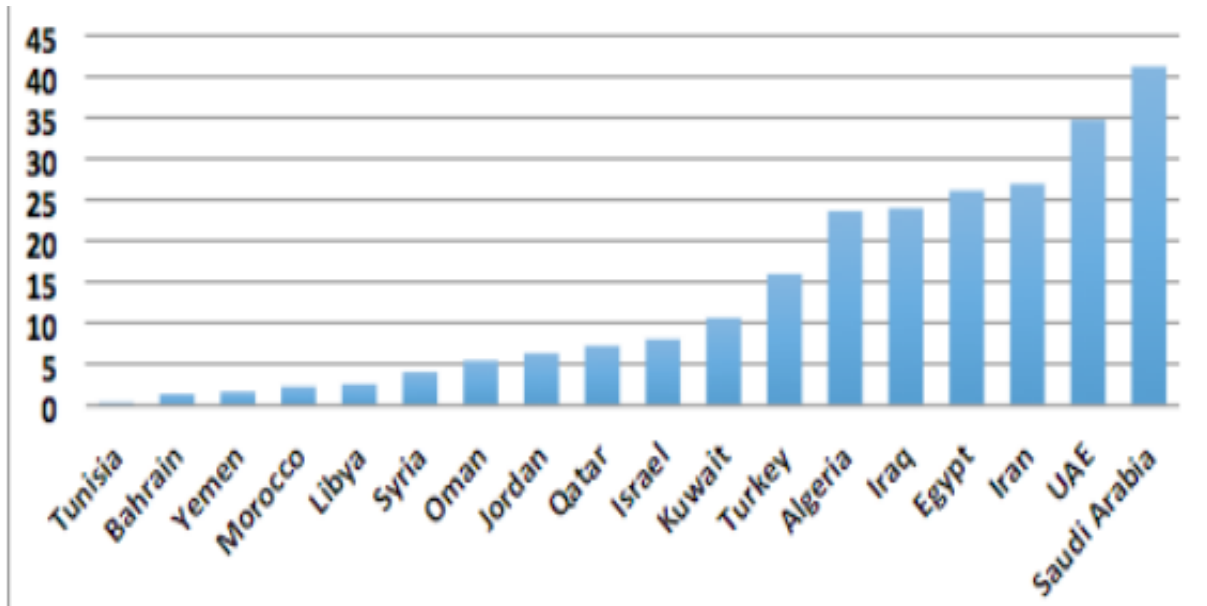
Country	volume of Investment USD	Type	% of total Chinese investment
Egypt	5.99 B	Construction & Investment	27%
Saudi Arabia	7.23 B	Construction & Investment	32%
Iran	4.72 B	Construction & Investment	21%
UAE	7.79 B	Construction & Investment	35%
Jordan	1.96 B	Construction & Investment	9%

Source: American Enterprise Institute

figure 10 illustrate which country has the biggest shares of the Chinese investments during the certain period (2006-2019):

China's \$242 bln investment in the Middle East 2006-2019

Figure 11
Currency :USD



Source: China Global Investment Tracker (Billions)

If we looked at the second factor which is the foreign trade volume between China and its main partners in Middle East for both years 2019 and 2020, we see that the total trade exchange volume has increased by more than 9 percent in 2020 recording \$14,529 and \$13,213.9 bn in 2019 bn with Egypt (ChinaMediterranean, 2020). While Saudi Arabia still has the biggest portion of its trade with China reaching \$54,257.3 bn in total exports and \$23,924.5 bn in total imports for year 2019. Due to corona virus novel, we can notice that these figures reduced little bit to register \$39,033.1 bn for exports and \$28,098.5 bn for imports between Saudi Arabia and China.

All countries had been affected by the pandemic except UAE its export had been increased by \$1,781.7 bn while Iran reduced its export to China by almost half. Also, we can notice that China reduced its exports to Jordan during 2020 to be \$3,181.6 bn instead of \$3,734.2 bn (ChinaMediterranean, 2020).

Exports, Imports and Trade Balance for China (2019 & 2020)

Table 5
Currency: USD

COUNTRY	TOTAL EXPORT		TOTAL IMPORTS		TRADE
	IN MILLION USD		IN MILLION USD		BALANCE 2
	2019	2020	2019	2020	2020
EGYPT	996.8	905.8	12,217.1	13,623.3	-12,717.5
SAUDI	54,257.3	39,033.1	23,924.5	28,098.5	10,934.6
ARABIA					
IRAN	13,401.6	6401.9	9,608.7	8,510.1	-2,108.2
UAE	15,087	16,868.7	33,450.5	32,307.1	-15,438.4
JORDAN	433.2	425.7	3,734.2	3,181.6	-2,755.9

Source: Chinamed.it

4.1.3 Chinese Foreign Direct Investment (FDI)

It's important to look at the underlying drivers and growing patterns for Chinese foreign direct investment (FDI) within Egypt in addition to particular investments (Tuman & Shirali, 2017). Like many other Middle Eastern countries, Egypt has aggressively sought Chinese investment as an alternative towards the harsh terms generally associated to Western investment. There were 26 deals for a total of US\$ 60 billion signed during President alSissi's and President Morsi's visits to China in December 2014 and August 2013. Non-profit Egyptian-Chinese Business Council inked four agreements for an additional \$250 million in December 2014 in order to increase trade and investment between Egypt and China. When comparing Chinese FDI to those of other countries, such as those in European Union and the United States, the results are negligible (Tuman & Shirali, 2017).

Only one percent of Egypt's FDI in 2012 came from China, as seen in the bar chart below (figure 12). These findings are based on three distinct realities. First and foremost, Egypt is still seen by the EU and the US as strategically significant and as possessing enormous market potential. Because of this, their investing preferences will not alter in the near future. Secondly, most of those agreements made with China are only MOUs, which are merely preludes to genuine investment pledges, rather than full-fledged deals. This means that promises made today could not be completely realized for years to come because of the time

commitment required to make a long-term investment. China's foreign direct investment (FDI) may rise somewhat in the next years, provided it keeps its commitments. However, it is doubtful that Chinese FDI would surpass FDI from Western nations in the near future. (McCaleb & Szunomár, 2017).

If we look at the table 6, we can observe that the total volume of Chinese investments has reached \$ 85.1 billion in listed six countries between 2006-2020. As this number equal to more than 30% of the China's investment (\$ 251 billion) in the region during that period. unfortunately, these Chinese investments declined during the global Covid pandemic after recorded a positive grow in the previous years.

Chinese Investments in the Levant Region 2006-2020 (Millions)

Table 6

Currency: USD

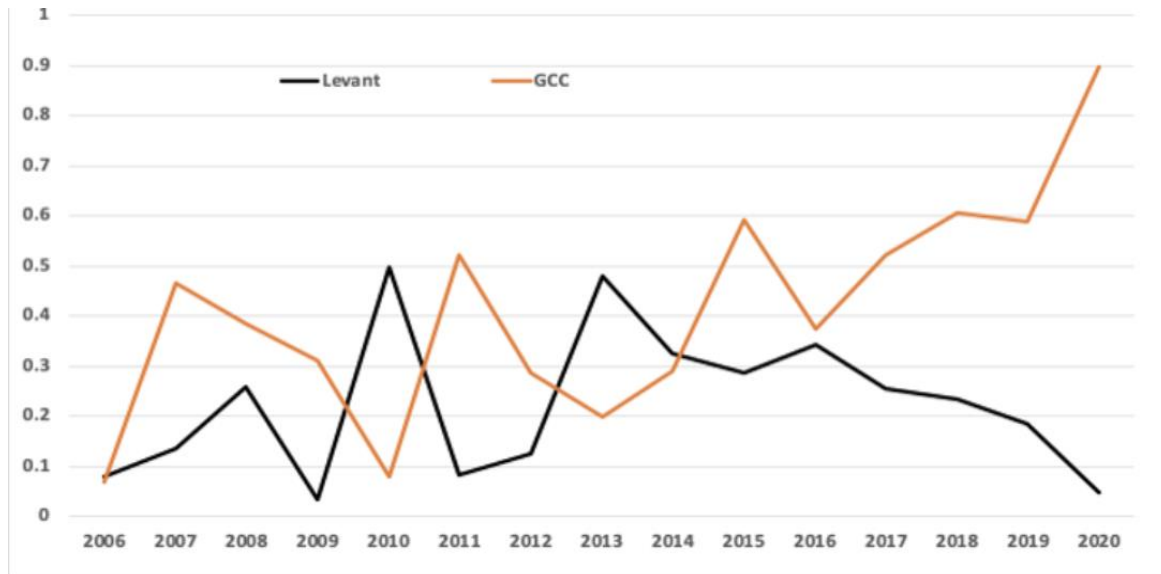
	Energy	Rear Estate	Transpor- tation	Utilities	Agricul- ture	Chemicals	Metals	Others	Total
Egypt	8,770	6,160	2,510	990	400	1,690	940	1,270	23,000
Iraq	21,300	1,750	-	730	-	-	-	-	23,780
Israel	520	-	2,490	-	4,400	-	-	170	12,670
Jordan	4,770	-	100	-	-	850	-	620	6,340
Syria	3,760	300	-	-	-	-	-	-	4,060
Turkey	9,740	1,150	1,390	-	-	1,100	440	-	15,270
Total	48,860	9,360	6,490	1,720	4,800	3,640	1,380	2,060	85,120
Share of Levant in MENA*	45%	27%	13%	12%	72%	41%	15%	30%	34%

Source: China Global Investment, American Enterprise Institute as the aggregation calculated by Okuma Süresi

If we need to talk about Gulf Cooperation Countries GCC including Saudi Arabia and United Arab Emirates as important members, we can notice that the shares of GCC from investments increased in the last period (2016-2020) as per below figure comparing to the shares of the levant region.

Shares of Levant and GCC from Total Chinese Investment

Figure 12



Source: American Enterprise Institute, China Global Investment Tracker

4.1.4 The Trade Imbalance

It is also possible to predict how the relationship will develop in the long run by looking at trade flows between the two countries. China and Egypt first agreed to trade with foreign currency in the 1980s, thus we may compare 2014 data to those from the 1980s. In 1987, bilateral commerce between China and Egypt was only about \$135 million, with Chinese exports into Egypt being 125 million dollars and Egyptian exports towards China totaling 10 million dollars. It is predicted that the value of bilateral trade in 2014 will reach US\$ 11.5 billion, that represents a 96% growth over the five-year period from 2009 to 2014, whenever the value for bi-lateral trade was only 5.86 billion. China's exports to Egypt account for the bulk of this growth over time (Aaronson & Zimmerman, 2008; Chen & Pérez Ludeña, 2014; Greenaway & Milner, 1981).

Trade volume between Egypt and China (2009-2013)



Figure 13

Source: Chinese foreign affairs

Despite a thirteen percent year-on-year drop in Chinese exports towards Egypt in 2009 due to the financial crisis, besides 2010, Chinese exports towards Egypt had recovered by eighteen percent. Chart 2 shows that China's exports soared in successive years, reaching a total of US\$ 8.3 billion in 2013. Over the last five years, China's Egyptian imports have grown from US\$ 752 million to US\$ 1.85 billion during 2013, an increase of 75% (Chiu et al., 2010; Fu & Ghauri, 2021).

By comparing them to data from the United States, we can put these numbers into perspective. China became Egypt's largest commercial partner in 2012, surpassing the United States. During global financial crisis in 2009, US exports towards Egypt declined by around 13% year on year, similar to what happened in China. US\$ 6.8 billion through 2010 has been reduced as US\$ 5.2 billion during 2013. Egypt has always relied on the United States as a major export market. Although China's imports from Egypt overtook the United States for the first time in 2013, US imports from Egypt have dropped over the last five years, and neither exports nor imports to and from Egypt have been able to maintain growth. The trade disparity between China and Egypt since the 1980s had increased dramatically throughout the years. This disparity may be explained in part by the GDP-contributing population size of each nation and in part by the export items themselves. Value-added Chinese exports to Egypt, although being mass produced, are more valuable than Egypt's basic commodities and light industrial items, which China purchases from Egypt (Scott, 2015).

With Egypt as its top North African export market, China's rising trade surplus is reflected in the increase in Chinese shipments to Egypt. At the one hand, this represents China's long-term goal of expanding its export markets overseas. Because of this, Egypt's exports may

become more reliant on China than vice versa in the long run. It seems that Egypt's total trade balance will be increasingly distorted if decisive action is not taken to address the trade deficit.

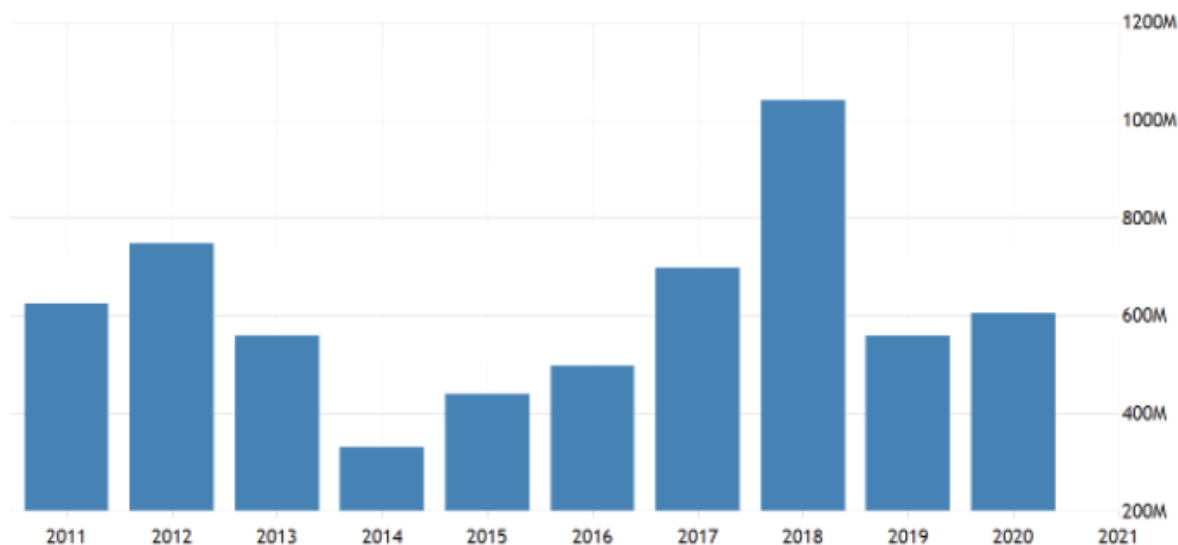
A jump in Egyptian exports to China

The value of trading between Egypt and China increased by 14.8% in the first four months of 2021, reaching a new high of USD 4.532 billion, up from USD 3.947 billion the previous year and during the first four months of this year, China accounted for 11.9 percent of Egypt's total foreign trade value, with a trade imbalance of USD 3.616 billion in favor of the sleeping dragon (Refaat, 2021).

Egyptian exports to China increased by 55.8% year-on-year to USD 458.092 million in the period "January-April 2021," relative to USD 293.985 million the previous year. Egypt's exports to China increased by 127.5 percent in April alone, reaching USD 64.203 million, up from USD 28.216 million in April 2020. During the first four months of 2020, Egypt exported USD 12.214 billion to China, accounting for 3.7 percent of overall Egyptian exports to the globe (Refaat, 2021) .

The volume of trading between China and Egypt for the last 10 years

Table 7



Source: trading Economics

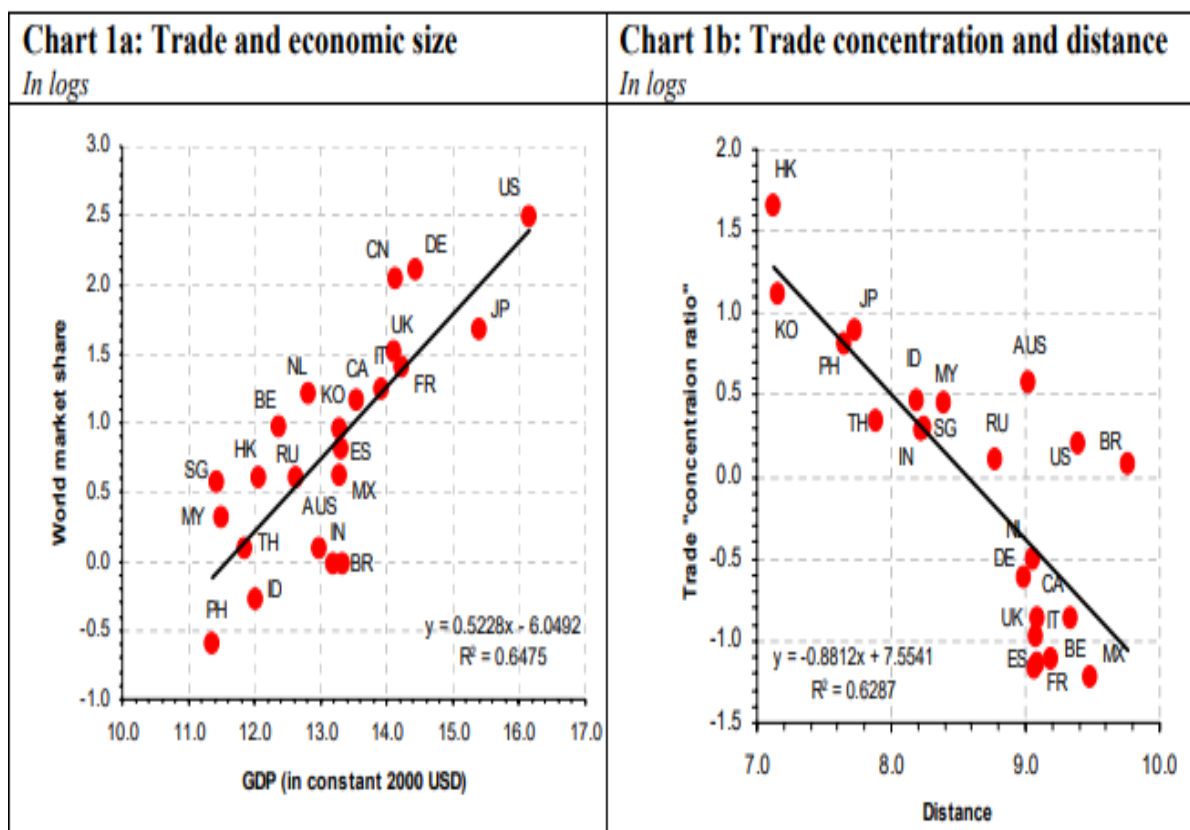
4.1.5 Modeling The Economic Benefits Of Creating A Free Trade Agreement In The Belt And Road Region

The five greatest winners from the Belt and Road region's adoption of a free trade agreement, and a comparison of their trade benefits with those achieved by lower transportation costs. The Middle East, Central Asia, and East Asia are the largest winners, with increased commerce.

Because it is a standard in current trade policy analysis, the OBRI's outcome is expected to employ a typical regression approach. One of the model's advantages is that it provides an explicit form for many types of trade costs. We may compare the logistic money and effort to the cost of certain other trading methods. To estimate the model, we define trade between any two nations as a function of their log GDPs, tariffs, log transportation time and cost between them, and other control variables. In this model, just two or more independent variables, GDP and distances, are included. In this study, the demographic, currency value, society, and major partner factors that influence reciprocal relations between China and the partner countries were incorporated to the model.

Two main Variables in the trade Gravity Model World:

Figure 14



Source: IMF Dots, WEO, IFS, World Development

However, a more sophisticated empirical approach that takes these and other factors affecting the pattern of international trade flows into account concurrently is required to gain a better understanding of China's actual degree of trade integration, given its characteristics such as geographical location and economic size.

4.1.6 Chinese Foreign Policy Towards The Arab Spring

As a result of the Arab Spring or other changes in the Arab region, China's foreign strategy has been more reactive than proactive. An Arab–Chinese and even a GCC–Chinese Forum have been set up by China, which has a Special Envoy for the Middle East & Syria. As a result of the Middle East's political instability, it is imperative that China and other actors in the area take a proactive approach to the region.

As the Middle East changes, a new paradigm must be developed that takes into account the aspirations of Arab people as well as the current upheavals. Only until the Chinese people sacrificed and paid a tremendous price to free themselves from corrupt governing elites and foreign tyranny could the Chinese Revolution be triumphant. The Arab people were willing to do so as well. " As in the case of the Chinese Revolution as well as many other uprisings, their demands and national ambitions are justifiable and acceptable. They want for progress, fairness, equality, and a reasonable standard of living; they wish to live in harmony with one another and benefit from the natural resources that the area has to offer. We know from history that Arabs usually come out on top when they go up against tyrannical governments. Therefore, China's national interests with in area would be further complicated if an unnatural path of history is opposed

CHAPTER 5

5.1 Discussions

Aside from geopolitical and economic considerations, the BRI reflects a positive image of the Arab World, which adds to the appeal of Chinese participation in the region. The BRI portrays the Middle East as a crucial region in a project integrating nations and societies across Eurasia, whereas Western assessments of the region tend to depict it as a problem to be fixed. According to a Gulf official, China has sketched a clear future for Eurasia through the BRI, which includes a positive role for the Middle East. The contrast is striking: whereas Western capitals appear to be weary of the Middle East, China remains optimistic about the region's future, regardless of the fact that it is always a first. According to a Gulf official, China has sketched a promising roadmap for Eurasia through the BRI, which includes a positive role for the Middle East. The contrast is striking: whereas Western capitals seem to be weary of the Middle East, Beijing remains optimistic about the region's future, due to the fact that it's now early days.

With this developing tie to China, the United Arab Emirates' new geopolitical activities may be explained by aiding southern Yemeni rebels and acquiring as many ports in the area as possible to join BRI. To capitalize on this historic opportunity, Abu Dhabi has taken advantage of a difficult region's tumultuous times. There will be bumps on the road. A long-standing partnership in regional security exists between the UAE and Saudi Arabia since both countries are members of the Gulf Cooperation Council. Prince Mohammed bin Zayed is a close buddy of Saudi Arabian Crown Prince Bin Salman, the ruler of the United Arab States (Chaziza, 2016).

As a result of its support for the Houthis in Yemen, Iran has created a rift between the United States of America and its closest allies. Defeating Saudi Arabia, a powerful Sunni state that houses the two holiest sites of Islam, Mecca as well as Medina, is a crucial step in Tehran's efforts to construct the Shia crescent across the Middle East, which Tehran sees as a major stumbling block.

The Ayatollahs, on the other hand, consider the UAE as a possible friend. For many years, Dubai has served as a major cross-border transportation center for Iranian commodities and currency. The United Arab Emirates has lost a major source of money because of new American sanctions against Iran.

The little Emirati kingdom will have no say in how the area develops in the future. At a time when Iran is utilizing Shia minority in Saudi Arabia, Bahrain, and Kuwait to try to undermine the authorities in those countries, switching allegiances seems implausible. The improving ties between the UAE and China will also act as a protective shield.

No matter how hard President Donald Trump tries, a full-blown battle among United States and Iran as well as its Gulf allies may have an effect on global commerce if indeed the tug of conflict between the two countries escalates (Shen et al., 2022).

Despite the fact that China and the UAE are geographically far apart and have few common interests or dangers, the two nations' relationship has developed into a comprehensive strategic cooperation. More than just energy commerce is at play in China's ties with the Middle East and North Africa, as this essay has shown. Economic and energy interests are important, but they are not enough to explain China's relentless expansion in the Middle East and North Africa. The Chinese as well as Middle Eastern leaders considered in this research have both reacted to internal and international challenges. Up to the BRI period, the UAE's ties with China were quite similar to those of all its GCC neighbors. Since then, however, ties between China and the United Arab Emirates have progressed faster than any other. In comparison to other MENA countries, China and the UAE have the most advanced degree of cooperation on the goals outlined in "Vision and Actions." There is a chance that this may alter as other countries in the area seek closer relations with Beijing. Many of the Chinese companies that service Saudi contracts with their JAFZA offices might regard Saudi Arabia's internal reforms as an appealing base of operations if they take hold. However, for such time being, the United Arab Emirates enjoys a distinct edge. China has a substantial and well-established presence in the region, and its influence extends across a broad variety of fields. When it comes to MENA operations, the United Arab Emirates is an ideal location for Chinese companies because of its logistics and transportation infrastructure, as well as the extent of Chinese investment in KIZAD and JAFZA. Another benefit of Dubai's position like a regional financial center is that it facilitates commerce and investment between the two countries. It is clear that the leaders of the two countries have a shared view in the advantages of greater political collaboration. A final factor in the relevance of the UAE is China's BRI concentration on the region: Beijing wants to engage with stable regimes, and these are few in MENA. All of this suggests that its China-UAE relationship might continue on its present, outstanding course, which is encouraging news.

5.2 Conclusion

Finally, I believe that China is the most important extra regional economic actor, the biggest source of foreign investments and the largest trading partner to the Middle East region. And this predicts a great leading role for China in different disciplines in the near future (not only limited to economic roles).

The bilateral economic agreements between China and certain countries in Middle East such as Iran, Egypt, UAE and Jordan has reached the peak during last years and this evolution due to dynamic and intensive diplomatic relationships and signed economic memorandums.

As I see that also no country had been excluded from China's strategic plan and all countries in Middle East could be benefited and achieved Economic prosper specially after the decline of the US FDI in some fields such as infrastructure and energy. In fact nothing new to learn from America and western model.

Of course, many Middle Eastern states continue to believe that forming parallel alliances with Washington and Beijing is the best way to avoid the dangers of great power competition while still protecting their countries' interests.

In 1993, China became a significant importer of oil from the Middle East. By 2030, 70% of China's oil imports are predicted to originate from the Middle East, indicating a growing reliance on this area (The World Bank, 2013). Even the tiniest towns and villages inside the Middle East are being included in China's trading network. Because of China's rush of low-cost consumer products into the Middle East, trade between the two countries is likely to grow substantially. It is not just the United States and Russia that are investing heavily in heavy sectors such as petrochemicals and refineries. A number of economic groups, forums, businesses, and agencies have been created by both sides in order to monitor their commerce, industry, agriculture, technology, and tourist connections. Confucius Institutes are springing up all across the Middle East, and Chinese food and cultural appreciation are becoming more popular.

As I noticed lately, that these growing numbers in trade and foreign direct investments includes a different sectors which is mutually advantageous for China and the region such as security, military transfer as well as arms sales: China sells weapons countries like Saudi Arabia, Iraq and Syria and acquires high-tech military equipment and software from Israel.

Also, I believe that during the last 10 years China had a different visions toward the region's conflicts and the Economic sanctions on Iran and Syria. In addition, slash of the economic productivity for Middle East countries because of the targeted US economic plans for longer years.

5.2.1 China and Saudi Arabia:

They have grown dramatically in recent decades between China and Saudi Arabia. In 1988, China and Saudi Arabia signed a weapons agreement that has had a long-term influence on the two countries' cooperation in energy, commerce, and cultural exchange. The relationship between Saudi Arabia as well as China is founded on common interests, and it continues to grow. Consumer products, services and markets are provided by Saudi Arabia while China supplies the oil. When it comes to the Middle East, the United States, Iran, Israel, and Turkey are all vying for control of the region. While Saudi Arabia and China have been unable to put a halt to Iran's nuclear program, they are, on the whole, achieving in their goal.

China and Saudi Arabia are in favor of a peaceful resolution to the Arab–Israeli conflict. At the same time, Saudi Arabia is concerned about its own safety in a region dominated by Israel's military might. Saudi Arabia was disappointed by China's UN Security Council veto in February 4, 2012, which prevented international attempts to censure the Syrian government because of its repression of peaceful protestors. China and Russia were both chastised by Saudi Arabia's King Abdullah for using their two vetoes. Russians blamed Saudi Arabia of sponsoring "terrorism" in Syria, a charge denied by China, which responded immediately to soothe the Saudis. Foreign Minister Lavrov of Russia met with Saudi Arabia's Foreign Minister at Cairo to explain Russia's position upon that Syrian uprising in response to this illogical claim. Saudi–Chinese relations are establishing a comprehensive collaboration that is mutually advantageous and essential to both countries' national interests in the areas of commerce, energy cooperation, cultural linkages, and weapons sales.

5.2.2 Iran And China

Relations between Iran and China have a long and rich history, but recent cooperation in energy, weapons sales, economics, politics, and cultural exchanges have helped to deepen those ties even further. China has consistently come to Iran's aid at important points in the country's recent history. China helped Iran repel Iraqi advances, reach parity with Iraq, and at times reverse the tide of battle against Iraq by providing military assistance. After the war, China offered assistance to Iran in its post-conflict reconstruction. The Tehran metro system, bridges, and dams were all built in part by the country's construction firms.

Oil output was increased by a factor of three thanks to China's assistance in Iran's oil sector development. Oil rigs, refineries and pipelines were supplied by China to Iran for the exploration of oil and gas in Iran. Even when Iran asked China's aid there in early 1990s, China did not hesitate to provide it. The public's attention on their collaboration led to an increase in secrecy and quiet cooperation. In the ongoing stalemate between Iran and also the rest of the world over Iran's nuclear program, China too is playing a significant role. In terms of commerce, China is Iran's most important ally and a big exporter. Cultural ties between China and Iran have been bolstered through a variety of initiatives including a Confucius Center launch, Iran's pavilion just at Shanghai Expo, and film festivals and New Year's festivities. It's believed that the relationship between these two nations would continue to become stronger.

5.2.3 UAE And China

Historically, the United Arab Emirates and China had a lot in common, namely that they were both destitute and developing countries. Despite the differences in their populations, both countries have seen unparalleled levels of economic development and prosperity. The UAE has turned desert into oil fields, industries, retail malls, ski slopes, and ever-rising cities, while China has pulled millions of people out of poverty. Economic ties between the two countries have grown gradually since diplomatic relations were established in the 1980s and 1990s, and they became more pronounced around 2007. Trade between the two countries now stands at \$35 million dollars, and is expected to reach \$100 million by 2015. In the race for first position with India, China is the UAE's second-largest trade partner. In the near future, China will become the United Arab Emirates' most important commercial partner.

As a result of this effort, both nations have established the required infrastructure: bilateral agreements, councils, frameworks, friendship as well as commercial groups, as well as big firms operating on both markets. This is the biggest Chinese commercial complex outside of China, the Dragon Mart, located in Dubai. All sectors of commerce between China and the Emirate are included in Sino-Emirati cooperation in the energy sector, including nuclear technology and natural gas as well as consumer products and services. The UAE has steadily decreased its commercial ties with Taiwan to the pleasure of the People's Republic of China, which accepts the One-China policy. For its part, China supports UAE efforts to create a military capable of protecting its interests and boundaries and recognizes their sovereignty and territorial integrity. Nakheel, which administers some of the world's most popular resorts, but also Dubai Port World, which is interested in controlling some of China's ports in the same manner that it is now doing in India, are two of the most prominent UAE firms.

5.2.4 China and Egypt

Some of North Africa's most vulnerable and employment-generating businesses may have been forced to undergo a painful reorganization as a result of the growing Chinese commercial presence in the area. On the other hand, in places like Algeria, the Chinese have developed much-needed infrastructure and injected fresh capital into the industrial and service sectors. More Chinese small and medium-sized businesses have entered Egypt's economy because to Egypt's successful construction of an industrial and commercial zone. Host governments should be aware of the positive effects that immigration has had on employment, notwithstanding the problems that have been encountered. In addition, North African states must guarantee that any deals with China include their development agenda on matters like job creation as well as technology transfer. The Chinese seem to have made enough compromises as a result of the Egyptian government's prolonged engagement and discussion to satisfy both parties in this respect.

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