

Research Briefing

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China and the US in the Middle East: Iran and the Arab Gulf



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- 2 China as a trade partner to the region
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Summary

China's interest in the Middle East has primarily been economic but is growing more strategic. With the launch of China's "Belt and Road Initiative" (BRI) and its growing demand for imported oil, the Gulf has assumed greater significance to it.

While China's influence is growing, it remains [far less substantial as a security partner](#) for the Gulf states than the US. China's attempts to balance its relations with Israel, the Arab Gulf States and Iran also creates its own challenges—these states often being in tension with each other.

This briefing sets out China's regional priorities. It then provides a snapshot of Chinese trade and security engagement with the Arab Gulf powers, analysis of a China-Iran-Russia axis, and the significance of this for US-led interests.

China's Belt and Road Initiative

In 2013, China launched the [Belt and Road Initiative](#) (BRI). This infrastructure project stretches from East Asia to Europe and takes the form of China making investments overseas in trade and communication networks, as well as enhancing cooperation through trade and other agreements.

[Stated aims](#) are to strengthen China's trade, support development, and to boost China's economy. The Middle East is central to several of the BRI's economic corridors, including one through Iran, to link China to Europe.

China is an important trading partner

China has agreed [high-level partnerships](#) with Iran and all Gulf Cooperation Council (GCC) states (Saudi Arabia, UAE, Bahrain, Kuwait, Qatar, and Oman) other than Bahrain. In 2022, it has pledged to [renew free trade talks](#).

In 2021, the [value of China's bilateral trade](#) with GCC states and Iran was US\$248 billion. This was four times greater than their trade with the US.

In 2021, Saudi Arabia was also [China's largest single source of oil worldwide](#). However, since Russia's invasion of Ukraine in February 2022 China is [importing more Russian oil](#) as US allies seek to diversify away from Russian imports. This may reduce the Gulf's importance to China.

China: Military and technology in the Gulf

The militarisation of China-Gulf relationships is relatively undeveloped compared to Russia and the US. From 2010 to 2020, China provided [less than 2% of GCC arms imports](#). Most [arms sales have been drones](#), and Saudi Arabia and the UAE have been the primary purchasers.

China conducted [military exercises](#) with Saudi Arabia in 2019, and pledges [greater cooperation](#) with GCC states. However, these have been balanced with military exercises with Iran. Reports in 2021 of a [Chinese military base in the UAE](#), suggesting a strategic shift, have been denied by China and the UAE.

Current US concern is focused on the use of Huawei technologies in the region. Huawei is a Chinese telecoms provider, which successive US Administrations have judged to be a [security risk](#). The Biden Administration has reportedly [asked the UAE to remove Huawei from its networks by 2025](#), saying its use will limit America's ability to share information and technology.

Is there an Iran-Russia-China axis?

All three countries share a hostility to US-led influence and have often taken similar positions internationally. For example, all have backed the Assad regime in Syria, [either diplomatically](#) (China) or [militarily](#) (Iran, Russia). Iran has also [blamed NATO](#) for the war in Ukraine. Both Russia and China [support a nuclear deal with Iran](#), but have called for some sanctions to be lessened.

Analysts see their [relationship as an ad-hoc one](#), rather than a systematic alliance. Russia and Iran, for example, are now in competition as [suppliers of sanctioned oil](#). The region is also a [secondary theatre](#) to both Russia and China, who have substantive relations with Gulf states to balance with Iran.

What does this mean for US influence?

Successive US Administrations have sought to [“pivot” to the Asia-Pacific](#) to compete with China. This has created concern amongst US Gulf allies that US interest is less certain and guaranteed. President Biden also initially sought to [distance the US from Saudi Arabia](#) and the UAE. However, in July 2022 Biden [met the Saudi Crown Prince](#), suggesting a re-setting of relations.

While China is the region's biggest single economic partner, the US, and allies such as France, the UK and South Korea, [remain dominant sources of arms](#) (PDF). China's trade and regional stability also remains heavily reliant on the [US security presence](#). Both the US and UK have substantial [military forces deployed in the Gulf region](#) for maritime security and counter terrorism purposes, including combatting Islamic State/Daesh.

1 China's international strategy

1.1 General foreign policy

China's rise to become a major economic power is undisputed, but questions remain over what it seeks to do with this power.

Under President Xi Jinping (in post since 2013), China has become more ambitious and assertive in its foreign policy.¹ China has also invested heavily in increasing its military capabilities over the last decade and has plans to transform them further.²

This increased assertiveness was expressed by Xi Jinping in a July 2021 speech for the centenary of the Chinese Communist Party, in which he said: "we will never allow anyone to bully, oppress or subjugate China."³

There continues to be much debate about the goals and objectives underpinning China's foreign policy. A key point of contention is over whether China wants to supplant the United States at the global level, achieve overall parity, or is happy to remain the second most pre-eminent power, with the important proviso that its 'core interests' in Asia are recognised.⁴

There is broad agreement over some of China's foreign policy priorities.

Firstly, that China will continue to uphold its foreign policy principle adhered to for decades of "non-interference in domestic affairs," and so by extension that it will not tolerate criticism by other countries of its domestic politics and policies.

¹ House of Commons Foreign Affairs Committee, [China and the Rules-Based International System](#) (PDF), HC 612, 4 April 2019. All sources accessed 4 August 2022

² In 2017, Xi set two goals to modernise its armed forces -the People's Liberation Army (PLA), he said PLA modernisation should be "basically complete" by 2035, and the PLA transformed into a "world class" military by 2049. See US Office of Secretary of Defense most recent annual report to Congress: [Military and Security Developments Involving the People's Republic of China 2021](#) (PDF)

³ BBC News, [CCP 100: Xi warns China will not be 'oppressed' in anniversary speech](#), 1 July 2021

⁴ For arguments that China seeks to surpass the US and contest its global leadership see, for example, Jake Sullivan & Hal Brands, Carnegie Endowment for International Peace, [China Has Two Paths To Global Domination](#), 22 May 2020

Secondly, that it considers its “One China” policy as inviolable. The policy maintains that mainland China and Taiwan are parts of “one China” whose sovereignty cannot be divided.⁵

Thirdly, that China’s ruling Communist Party has “only one primary goal: the survival of the regime.”⁶ This ambition should on the one hand provide a pragmatic restraint on the pursuit of the regime’s foreign policy goals but on the other has also been interpreted as leading to the suppression of domestic challenges to its authority. This includes in Hong Kong, Taiwan and from its own Uyghur Muslim population, and which has led to increased tensions with the US, UK, and others. China argues these are legitimate actions to secure its foreign policy goals in its immediate neighbourhood and beyond.

1.2

China’s Belt and Road Initiative

Overview

At the end of 2013, shortly after becoming President of China, Xi Jinping launched an ambitious and multifaceted foreign economic policy project, what is now known as the “Belt and Road Initiative” (BRI).

Initially, Xi proposed building two major initiatives, a land-based “Silk Road Economic Belt,” extending from China to Central and South Asia, the Middle East, and Europe, and a sea-based “21st Century Maritime Silk Road,” connecting China to Southeast Asia, the Middle East, Africa, and Europe via major sea lanes.⁷

This became known as the One Belt, One Road initiative in China, and in 2015 Beijing changed the English name to the Belt and Road Initiative.⁸ It is Xi’s signature foreign policy.

Initially focused on Asia, Europe, and Africa, the scope of the BRI has now become global and it currently encompasses over 130 countries, including several in the Middle East (see section 1.3 for more).⁹

While the BRI supports China’s foreign policy and it aims to grow China’s economic and political power abroad, it is primarily a means to build the

⁵ See Commons Library, [Taiwan: Country profile and international relations](#), June 2021, and [Taiwan: Relations with the United States](#), June 2021.

⁶ Quote from Dr Michał Bogusz, Senior Research Fellow at the Centre for Eastern Studies’ China Research Programme, take from the House of Lords International Relations and Defence Committee Report: [The UK and China’s security and trade relationship: A strategic void](#), September 2021, para 71.

⁷ Council on Foreign Relations (CFR), [Countries in China’s Belt and Road Initiative: Who’s In And Who’s Out](#), 24 March 2021.

⁸ Congressional Research Service (CRS), [China’s “One Belt, One Road” Initiative: Economic Issues](#), 22 January 2021.

⁹ CFR, [Countries in China’s Belt and Road Initiative: Who’s In And Who’s Out](#), 24 March 2021.

Chinese domestic state.¹⁰ The BRI does this through creating conditions for China to build a high technology economy, redistribute economic growth within the country, and secure China's trade routes and access to key commodities.¹¹

The BRI seeks to promote overseas China's domestic manufacturing capabilities, for example through the "Digital Silk Road" strand of the BRI. China promotes its information and communications technology supply chain, including hardware, and optical cable and satellite network.¹²

The BRI isn't only about infrastructure and manufacturing: It also:

Emphasises economic policy coordination, trade and investment facilitation, dispute settlement, tourism, student and personnel exchanges, and cooperation in research and development, standards, media, and health.¹³

While there is an overarching brand for these investments and broad policy goals joining them, there isn't always clear policy coordination and connectivity between different strands of the BRI.¹⁴ There also appear to be tensions between different branches of Government, China's military, and its state-owned enterprises as to the direction of the initiative.¹⁵

The scale of the BRI has led some analysts to suggest that it contains "numerous projects that are not fiscally, commercially, socially, or environmentally sustainable."¹⁶

What does the BRI mean for China's foreign and defence policies?

Chinese officials have been keen to challenge the idea that the BRI is a foreign policy tool to increase its influence. In August 2018, Wang Yi, China's foreign minister, said the BRI was "neither a Marshall plan nor a geostrategic concept," adding it was better described as an attempt to "build a community with a shared future for mankind together with other countries around the globe." In the same year President Xi also characterised it as "an economic co-operation initiative, not a geopolitical or military alliance."¹⁷

Since 2000, the US Secretary of Defense has been required to produce an annual report to Congress on military and security developments in the People's Republic of China (PRC). The 2021 report states that the BRI has

¹⁰ The Diplomat, [China's domestic politics are driving the belt and road initiative](#), 29 January 2022.

¹¹ Chatham House, [What is China's Belt and Road Initiative \(BRI\)?](#), 13 September 2021.

¹² CRS, [China's "One Belt, One Road" Initiative: Economic Issues](#), 22 January 2021.

¹³ As above.

¹⁴ Centre for Strategic and International Studies, [China's Belt and Road is full of holes](#), 4 September 2018.

¹⁵ See for example, Jie Yu, Asia Europe Journal, [The BRI: domestic interests, bureaucratic politics and the EU-China relations](#), 28 March 2018; and Min Ye, Journal of East Asian Studies, [Fragmented Motives And Policies: The Belt and Road Initiative in China](#), 12 November 2021

¹⁶ D.R. Russel and B.H. Berger, Asia Society Policy Institute, [Weaponizing the BRI](#), September 2020.

¹⁷ Financial Times, [Beijing insists BRI is no Marshall plan](#), 25 September 2018.

expanded China’s overseas development and security interests, and that “Beijing has signalled this will drive the PRC towards expanding its overseas military footprint to protect those interests.”¹⁸

The report further claims that China’s leaders seem to have recognized that the BRI and other initiatives “have sparked concerns about the PRC’s intentions, leading it to use less inflammatory and more tailored rhetoric without altering the programs’ fundamental goals.”¹⁹

The BRI has primarily been a commercial initiative, something that Chinese officials have emphasised.²⁰ However, China is increasing its own development assistance and in recent policy papers China has put a greater emphasis on its BRI investments as a tool to aid development in recipient countries.²¹

While there may be differing views to the extent to which China’s economic investments align with its military and security objectives its significant investments abroad and the size of its economy have undoubtedly given it much more global influence and in regions such as the Middle East. China is unlikely to allow its interests to be jeopardised. As explained in Section 2, the region is key to China’s economic prosperity, particularly as a source of hydrocarbons such as oil and gas.

1.3

The BRI in the Middle East

Around 139 countries are [reported to have joined the BRI](#).

Who is participating in the region?

Middle Eastern participants include all six Gulf Cooperation Council (GCC) members (Saudi Arabia, Qatar, the United Arab Emirates, Oman, Kuwait, and Bahrain), as well as Egypt and Iran.

However, this does not mean they are hosting BRI projects—they may instead have pledged to cooperate.²²

¹⁸ US Office of Secretary of Defense 2021 annual report to Congress: [Military and Security Developments Involving the People’s Republic of China 2021](#) (PDF), p8.

¹⁹ As above, p8.

²⁰ Center for Global Development, [Examining the Debt Implications of the BRI from a policy perspective](#) (PDF), p24.

²¹ Carnegie Endowment for International Peace, [Chinese development assistance: A new approach or more of the game?](#), 23 March 2021.

²² CFR, [Countries in China’s BRI: Who’s in and who’s out](#), 24 March 2021. Section 1.3. All sources accessed 22 July 2022.

BRI economic corridors

The Middle East is central to several of the BRI's "economic corridors:"

- The China-Asia-West Asia corridor goes through Iran and Iraq to reach Turkey and Europe.
- The maritime road via the Suez Canal.
- The China-Pakistan corridor terminates at Gwadar port (Pakistan) on the Arabian sea.²³

While the BRI is presented as an economic initiative, it does have the potential to complement wider strategic objectives. For example, Gulf states are a well-positioned staging post between China and Djibouti (East Africa), where China established a permanent military base in 2017. The base is situated near a US one and is focused on anti-piracy activities.²⁴

BRI investment in the Middle East

There is a no single list of BRI projects or investments. The value of Chinese contracting and investment, as estimated by the American Enterprise Institute, includes the following from 2013 to 2020:

- Iran received an estimated US\$13 billion.
- The GCC received US\$65 billion. This included US\$26 billion in the UAE and US\$20.6 billion in Saudi Arabia.²⁵

Investments include those in renewable energy. For example, the UAE's Mohammed bin Rashid Al Maktoum Solar Park, the largest single solar park in the world, is part-funded by China's Silk Road fund, and Oman has sold a 49% share in its state-owned Electrical company to China.²⁶

In 2017, it was reported China was also to invest up to US\$11 billion in a new industrial centre in Duqm, Oman, as part of the BRI.²⁷

As of 2020, China had invested in 20 ports in the Middle East and North Africa (MENA) region. This includes a 90% stake in the Khalifa port in Abu Dhabi,

²³ OECD, [OECD business and finance outlook 2018](#), 2018, p69

²⁴ Stockholm International Peace Research Institute (SIRPI), [Foreign military presence in the Horn of Africa region](#), April 2019

²⁵ J. Fulton, [China between Iran and the Gulf monarchies](#), Middle East Policy, vol 28, 2021, pp203-16, at p209

²⁶ Arab Gulf States Institute in Washington (AGSIW), [China strengthens its presence in Gulf renewables](#), 10 June 2020

²⁷ Reuters, [Oman counts on Chinese billions to build desert boomtown](#), 5 September 2017

UAE, for a freight station.²⁸ Other reported investments include the Hamad Port in Qatar.²⁹

The BRI: Debt traps?

Both the Commons Foreign Affairs Committee and Head of the UK intelligence agency, MI6, have warned of potential “debt traps” which could put countries into a state of dependency with China.³⁰ In 2019, the [Committee said](#):

There is also a risk that the promise of Chinese investment, or the coercive leverage of indebtedness to China, could encourage countries to join China’s efforts to undermine certain aspects of the rules-based international system, and could weaken [...] alliances and partnerships.³¹

However, while this could be a consequence of Chinese investment and lending to BRI partner countries, this is not necessarily the purpose. China’s BRI investments serve to build its state capacity, and assets that cannot be built or continue to be in service due to their lack of financial viability will be less useful to pursuing this aim.

In the last few years China has had to renegotiate bilateral debt deals, often deferring re-payments, and sometimes excluding interest payments on debts to give short-term relief to its debtors.³²

There is some evidence that China has given more favourable debt terms to close partners such as Pakistan when lending for BRI projects, with others having to pay commercial rates. However, China’s state-backed ‘policy banks’ through which many BRI projects are financed do not disclose the terms of their loans. This also makes it difficult to accurately assess the present value of the debt owed by a country to China.³³

Public perceptions

In 2019, the Pew Research Centre surveyed public perceptions of China in 16 countries, including four in the Middle East and North Africa: Tunisia, Lebanon, Israel, and Turkey.

Public perceptions of Chinese investment, China’s growing economy and economic growth were broadly seen as positive in countries surveyed by Pew. This included three out of four countries in the Middle East/North Africa

²⁸ I. Kardon, [Research & debate—Pier competitor](#), Naval War College Review, vol 74, 2021, pp1-26, at p3, 5

²⁹ Center for Strategic and International Studies, [China in the Gulf: A new partnership with Iran?](#), 15 July 2020

³⁰ BBC News, [MI6 boss warns of China “debt traps and data traps.”](#) 30 November 2021

³¹ Foreign Affairs Committee, [China and the rules-based international system](#), HC 612, 2017-19, 4 April 2019, para 33

³² Rhodium Group, [Seeking Relief: China’s Overseas Debt After COVID-19](#) (PDF), 8 October 2020.

³³ Center for Global Development, [Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective](#) (PDF), p4

region, with around 60-70% of respondents saying these were “good.” Turkey was the exception, with 51% of respondents seeing China’s growing economy as “bad.”

However, there was greater questioning of China’s growing military capabilities. In all four of the countries surveyed the numbers of respondents saying China’s growing military as a “bad thing for my country” outweighed those saying it was good (the closest being Lebanon, at 43% “bad” and 39% “good”).³⁴

1.4 Responses by the UK, NATO and the US

United Kingdom

During the so called “[golden-era](#)” of UK-China relations under the 2015-17 Conservative Government, the UK welcomed China’s global investment strategies, particularly in infrastructure.

In 2015, despite vocal US opposition, the UK Government announced that it would become a founding member of the Beijing-backed Asian Infrastructure Investment Bank.³⁵ The then Prime Minister David Cameron also welcomed the BRI as an opportunity for British companies to gain work.³⁶

Boris Johnson, just as he became Prime Minister, told a Chinese broadcaster in July 2019 that “We are very enthusiastic about the Belt and Road Initiative” and that “we are very interested in what President Xi is doing.”³⁷

Recently, however, the UK has become more critical of China and its domestic and foreign policies. In its 2021 [review of foreign, defence, development, trade and security policy](#), the UK Government described China as being a “systemic competitor” to the UK’s security, prosperity and values.

The Government said it would continue to cooperate on areas such as climate change and trade but raised concerns over China’s increased international assertiveness and engagement, including through the BRI.³⁸

³⁴ Pew Research Centre, [China’s economic growth mostly welcomed in emerging markets, but neighbors wary of its influence](#), 5 December 2019.

³⁵ CNBC, [US accuses UK over China stance](#), 12 March 2015.

³⁶ HM Government, [Joint press conference: David Cameron and President Xi Jinping](#), 21 October 2015. Sources in this section accessed 4 August 2022

³⁷ South China Morning Post, [‘Pro-China’ Boris Johnson ‘enthusiastic’ about belt and road plan](#), 24 July 2019.

³⁸ Cabinet Office, [Global Britain in a competitive age](#), updated 2 July 2021, “Geopolitical and geoeconomics shifts”

Further parliamentary material on UK-China relations

- House of Lords Library, [China: Security challenges to the UK](#), 8 July 2022 and [associated debate](#) in July 2022.
- House of Commons Library, [The UK-China relationship](#), CBP9004, 14 September 2020
- Foreign Affairs Committee, [China and the rules-based international system](#), HC 612, 2017-19, 4 April 2019, and [Government response](#), June 2019
- House of Lords International Relations and Defence Committee, [The UK and China's security and trade relationship: A strategic void](#), HL 62, 2021-22, 10 September 2021 and [Government response](#), November 2021

NATO: China is seeking to create dependencies

At the June 2022 NATO summit in Madrid, NATO Leaders [criticised the actions of the People's Republic of China](#) (PRC) Government overseas, including its attempts to control strategic infrastructure and supply chains:

The PRC employs a broad range of political, economic and military tools to increase its global footprint and project power, while remaining opaque about its strategy, intentions and military build-up. [...]

The PRC seeks to control key technological and industrial sectors, critical infrastructure, and strategic materials and supply chains. It uses its economic leverage to create strategic dependencies and enhance its influence. It strives to subvert the rules-based international order, including in the space, cyber and maritime domains.³⁹

United States

The US has been wary of the BRI for some time but has in recent years increased its efforts to counter China's global influence by creating its own investment programmes with its allies.

Obama Administration

One of President Obama's signature policies in the Asia-Pacific region was signing the Trans-Pacific Partnership (TPP), a free trade agreement that covered 12 states in the region. It excluded China. President Obama said the agreement was an opportunity for the US to write the "rules of trade" rather than China.⁴⁰

³⁹ NATO, [NATO 2022 strategic concept](#), 29 June 2022, para 13

⁴⁰ Washington Post, [President Obama: The TPP would let America, not China, lead the way on global trade](#), 2 May 2016.

President Trump withdrew the US from the TPP in 2017. However, the other participants continued with the agreement which is now known as the [Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#) (CPTPP). Both China and the UK are now seeking to join the CPTPP.

Trump Administration

President Trump's "100 day action plan," a high level agreement with China to settle their disagreements over trade published in May 2017, saw the US agree to recognise the importance of the BRI for the first time, and to send delegates to a BRI conference.⁴¹ However, this action plan was never formally agreed and relations began to deteriorate between the two.

In October 2018, then Vice President Mike Pence accused China of using "debt-trap diplomacy" through the BRI to expand its influence.⁴²

Towards the end of the Trump administration, the US increased its efforts to promote alternatives to Chinese investment.

In 2018, Congress passed the Better Utilization of Investments Leading to Development (BUILD) Act of 2018 to create the U.S. International Development Finance Corporation (DFC) which aims to "facilitate the participation of private sector capital and skills in the economic development of countries with low- or lower-middle-income economies."⁴³

In November 2019, the US, along with Japan and Australia, launched the [Blue Dot Network](#) for infrastructure financing in developing countries.

Since August 2020, the U.S. government has also sanctioned several PRC state firms that build and operate BRI projects through actions that targeted their role in building military infrastructure in the South China Sea.⁴⁴

Biden Administration and the Build Back Better World Initiative

In 2021, President Biden gave further momentum to US efforts to build alternatives to the BRI, when at the June G7 summit he launched his Build Back Better World, or B3W plan, with the goal of creating "a values-driven, high-standard, and transparent infrastructure partnership" to help finance projects in developing countries.⁴⁵

At the 2022 G7 June Summit, President Biden unveiled further details of what is now called the Partnership for Global Infrastructure (PGII). He announced that the U.S. aims to "mobilize \$200 billion for PGII over the next 5 years through grants, Federal financing, and leveraging private sector

⁴¹ The Guardian, [US hails China trade deal as sign relations are 'hitting a new high'](#), 12 May 2017

⁴² Brookings, [Who was Mike Pence really addressing in his speech on China?](#), 4 October 2018.

⁴³ Brookings, [How the BUILD Act advances development](#), 10 July 2018.

⁴⁴ CRS, [China's "One Belt, One Road" Initiative: Economic Issues](#), 22 January 2021.

⁴⁵ VOA, ['Build Back Better World': Biden's Counter to China's Belt and Road](#), 4 November 2021.

investments”, and that together with G7 partners, “we aim to mobilize \$600 billion by 2027 in global infrastructure investments.”⁴⁶

The emphasis on values in these initiatives by the Biden Administration, including that recipients “share our democratic values,”⁴⁷ may prove difficult to square with the goal of countering Chinese influence. For some recipients of Chinese investment, it is precisely the fact that China is not taking democratic norms into account when it chooses where to invest, that makes it an attractive investment partner.

⁴⁶ The White House, [FACT SHEET: President Biden and G7 Leaders Formally Launch the Partnership for Global Infrastructure and Investment](#), 26 June 2022.

⁴⁷ VOA, ['Build Back Better World': Biden's Counter to China's Belt and Road](#), 4 November 2021.

2 China as a trade partner to the region

2.1 China's trade with the Gulf and Iran

In 2021, China exported US\$95.7 billion of goods to GCC states and Iran and imported US\$152.0 billion.⁴⁸

Combined, these seven states accounted for 2.8% of all of China's goods exports and 5.7% of China's goods imports globally.

The below table shows that China's export trade with these seven countries was heavily concentrated in the UAE, Saudi Arabia, and Oman.

China, trade with GCC states and Iran, 2021				
Goods only				
	Exports		Imports	
	\$ billions	% total	\$ billions	% total
Bahrain	1.4	1.4%	0.4	0.3%
Iran	8.3	8.7%	6.5	4.3%
Kuwait	4.4	4.6%	17.8	11.7%
Oman	3.6	3.7%	28.6	18.8%
Qatar	4.0	4.1%	13.2	8.7%
Saudi Arabia	30.3	31.7%	57.0	37.5%
United Arab Emirates	43.8	45.8%	28.6	18.8%
Total	95.7	100.0%	152.0	100.0%

Source: [UN Conference on Trade and Development](#)

The importance of Gulf oil imports to China

Most of China's imports from Saudi Arabia, Oman and the UAE are accounted for by petroleum and petroleum products. In 2021, China imported:

- US\$44.3 billion from Saudi Arabia (78% of its goods imports from Saudi Arabia).
- US\$22.6 billion from Oman (79% of China's goods imports from Oman).

⁴⁸ All text in this section sourced from [UNCTAD](#), 29 July 2022

- US\$18.0 billion from the UAE (63% of its goods imports from the UAE).

Globally, these are some of the largest sources of China's petroleum and petroleum product imports, constituting 29% of China's imports in 2019:

- Saudi Arabia was China's single largest source, accounting for 15%.
- Oman was the China's 4th largest source, accounting for 7%.
- The UAE was China's 7th largest source, accounting for 6%.

2.2 How important is China as a trade partner?

In 2021, the total value of China's bilateral trade with GCC states and Iran was US\$248 billion: This was around four times greater than the total value of US bilateral trade with GCC countries and Iran.

In 2021, trade between the UK and the GCC was £33 billion (US\$40.4 billion). One third (£11 billion) was with Saudi Arabia.⁴⁹

GCC states and Iran, bilateral trade in goods					
\$ billions, 2021 (exports + imports)					
	China	India	EU	Japan	USA
Bahrain	1.8	1.5	2.7	1.7	2.2
Iran	14.8	1.7	5.7	0.1	0.04
Kuwait	22.1	7.8	6.3	8.1	4.1
Oman	32.2	7.4	3.8	2.6	3.4
Qatar	17.2	13.0	14.7	12.6	4.5
Saudi Arabia	87.3	35.9	52.3	32.0	25.1
UAE	72.4	68.5	44.2	34.2	23.3
Total	247.7	135.7	129.7	91.2	62.6

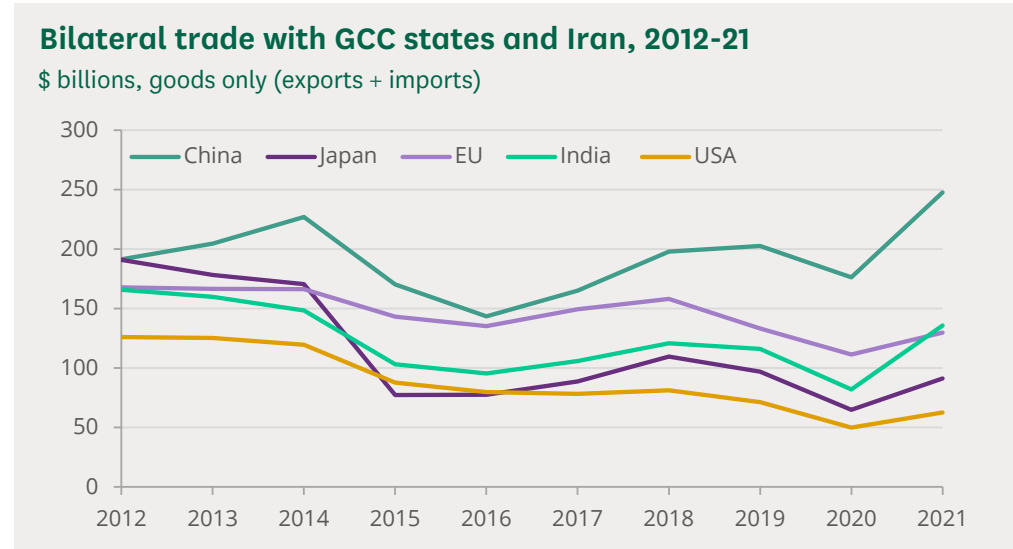
Source: [UNCTAD](#)

China has the highest bilateral trade of this group

The chart below shows the value total of China's bilateral trade in goods with the GCC states and Iran between 2012 and 2021, compared to Japan, India, the European Union (EU), and the United States.

⁴⁹ Reuters, [Britain launches free trade talks with Gulf countries](#), 22 June 2022.

Note the US has imposed economic sanctions on Iran since its revolution in 1979. This has impeded trade. Some sanctions were lifted by the US and allies following the nuclear agreement with Iran in 2015.⁵⁰



Source: [UNCTAD](#)

Overall, the value of Chinese trade with the GCC states and Iran has increased over the last decade. The value of GCC states and Iran's trade with Japan, the EU, India, and the US have generally declined.

China's trade has increased in cash terms

In cash terms, the combined value of China's bilateral trade in goods with GCC states and Iran have increased by 29% between 2012 and 2021 and by 40% between 2020 and 2021. The value of Chinese exports to these seven states grew by 21% between 2020 and 2021, while the value of Chinese imports from these states grew by 57%.

EU, Japan, India and United States saw the value of their trade fall

Between 2012 and 2021 the value of Japan's bilateral trade in goods with GCC states and Iran fell by 52%, the EU's fell by 18%, India's fell by 19% and the US fell by 50%, though all saw a marked increase in the value of trade with GCC countries and Iran between 2020 and 2021.

This is due to a combination of trade values being markedly low in 2020, owing to disruptions to international trade caused by the coronavirus pandemic and a fall in demand for oil owing to restrictions on mobility, travel and transportation and a sharp fall in the price of oil.

Recovery in 2020 and 2021

In general, trade between GCC countries and Iran and Japan, the EU, India and the US saw large increases between 2020 and 2021, owing to a combination of recovering economic activity and rising oil prices. In cash terms, the value of Japan's bilateral trade in goods with GCC states and Iran grew by 41% between 2020 and 2021, India's grew by 66%, the EU's grew by 16% and the US' by 26%.

⁵⁰ Congressional Research Service, [Iran sanctions](#), RS20871, updated 2 February 2022, Appendix A

3

China's engagement with GCC states

This section provides a snapshot of Chinese influence and engagement with the Gulf Cooperation Council (GCC), with a focus on Saudi Arabia and the United Arab Emirates (UAE), its two largest economies. Other GCC members Bahrain, Kuwait, Oman, and Qatar are discussed briefly.

Note these countries are not without agency (Saudi Arabia is member of the G20 group of leading economies) and they have developed relationships with each other as well as the United States, Russia, and other powers.

3.1

Oil and petroleum

For statistics on Gulf-China oil trade, see above, section 2

The Strait of Hormuz, at the mouth of the Persian/Arabian Gulf between Oman and Iran is the world's most important oil transit route. In 2018 around 21% of global petroleum consumption passed through it.⁵¹

China's demand for oil has grown in recent decades, and the Middle East is becoming an increasingly important source. In 2020, 47% of China's crude oil came from Middle Eastern suppliers, including Saudi Arabia (16%) and Iraq (10%).⁵² This compared to 38% in 2016.⁵³

China's growing reliance on the region contrasts with the United States, which has been importing less. In 2001, the US imported 2.76 million barrels a day, but this fell to 0.69 million in 2021.⁵⁴

However, China's reliance on the Gulf may be changing. Since Russia's invasion of Ukraine in February 2022, China is importing more Russian oil as European and North American countries seek to diversify away from it.⁵⁵

China also imports Iranian oil, despite sanctions. The Biden Administration has not enforced the sanctions on Chinese companies but has raised the issue with China's Government.⁵⁶

⁵¹ US Energy Information Administration, [The Strait of Hormuz is the world's most important transit chokepoint](#), 20 June 2019. All sources in section 3.1 accessed 21 July 2022.

⁵² US Department of Defense, [Military and security developments involving the People's Republic of China](#) (PRC), 2021, p164

⁵³ US Department of Defense, [Military and security developments involving the PRC](#), 2017, p43 (PDF)

⁵⁴ US Energy Administration, [Oil and petroleum products explained: Oil and petroleum imports](#)

⁵⁵ AGSIW, [Evolving Chinese demand for Gulf oil and gas](#), 20 July 2022

⁵⁶ Reuters, [China buys more Iranian oil now than it did before sanctions, data shows](#), 2 March 2022

3.2

Trade agreements

GCC-China

In 2004, the GCC and China proposed a trade agreement. Progress stalled in the late 2000s and 2010s. One reason was the internal tensions within the GCC that saw Qatar subject to a trade blockade by several GCC members, including Saudi Arabia. This was resolved in 2021.

In January 2022 China said they wanted to “accelerate” negotiations.⁵⁷

China is not the only state engaged in negotiations—India, Japan, the EU and the UK are also seeking agreements with the GCC.⁵⁸ Bahrain and Oman already have existing free trade agreements with the United States.⁵⁹

Further reading on China-Gulf economic relationships

- Atlantic Council, [Strengthening ties: China and the GCC](#), 2022. Outlines prospects for a Gulf-China trade agreement.
- The Arab Gulf States Institute in Washington (AGSIW), [Growing China-Gulf economic relations have limits](#), 2022. Strikes a cautious note on the region’s dependence on China, highlighting the importance of other Asian economies and the varying importance of China in individual economies.

3.3

China-Gulf cooperation agreements

Strategic partnerships

China has agreed high-level strategic partnerships with all Gulf states other than Bahrain.

There are multiple types of diplomatic partnerships but the two strongest that China seeks are “strategic partnerships” and a higher “comprehensive strategic partnership.” The agreements vary in content but neither represent an alliance. Instead, they signal a level of cooperation and provide a mechanism to strengthen ties in political, economic, cultural, trade and

⁵⁷ Middle East Eye, [China and Gulf states pledge to “inject new impetus” into talks on free trade agreement](#), 15 January 2022. All sources in section 3.2 and 3.3 accessed 22 July 2022.

⁵⁸ World Trade Organization, [Trade policy review: Kingdom of Bahrain](#), November 2021, para 2.27

⁵⁹ Office of the US Trade Representative, [Free trade agreements](#)

security spheres. For example, the UAE-China agreement cites strengthening the BRI and greater security and trade cooperation as examples of its aims.⁶⁰

Strategic partnership agreements between China and the Gulf states

Country	Type	Year of agreement	Country	Type	Year of agreement
Bahrain	N/A	N/A	Oman	Strategic	2018
Iran	Comprehensive	2016	Qatar	Strategic	2014
Iraq	Strategic	2015	Saudi Arabia	Comprehensive	2016
Kuwait	Strategic	2018	UAE	Comprehensive	2018

Source: J. Fulton, [Strangers to strategic partners: Thirty years of Sino-Saudi relations](#), August 2020, p3

A comprehensive partnership is seen as the highest possible level of agreement with China. Analysts consider it unlikely that many states will be accorded this level of partnership as it is generally for those states with significant international economic or political roles.⁶¹

Bahrain has a friendly cooperative partnership: the lowest level of relations.⁶²

China uses partnerships to balance its interests. In 2016 it signed agreements with both Iran and Saudi Arabia, two countries typically in conflict with each other.⁶³

3.4

Defence relationships

China has committed to deepen cooperation with GCC states on arms and military exercises to maintain peace and security.⁶⁴ However, the militarisation of China-Gulf relationships is relatively undeveloped compared to those they have with Russia or the United States.⁶⁵

⁶⁰ Ministry of Foreign Affairs of People's Republic of China, [China, UAE agree to lift ties to comprehensive strategic partnership](#), 21 July 2018.

⁶¹ The Project on Middle East Political Science, [Shifting global politics in the Middle East](#), March 2019, pp33, 36 (PDF)

⁶² M. Chaziza, [China-Bahrain relations in the age of the BRI](#), Strategic Assessment, vol 23, 2020, pp68-83, at p70

⁶³ Atlantic Council, [Iran isn't the only Middle Eastern country in a unique partnership with Iran](#), July 2020

⁶⁴ State Council of the People's Republic of China, [China's Arab policy paper](#), 2016, para 5.2. All sources in section 3.4 accessed 19 July 2022.

⁶⁵ Middle East Institute, [Strategic manoeuvring: The Gulf states amid US-China tensions](#), 20 January 2022, chapter 4

Arms imports

Middle Eastern states are importing a growing number of arms, with the total growing by 25% from 2011-15 to 2016-20.⁶⁶

Despite this growth, from 2010 to 2020 China provided less than 2% of GCC country arms imports. The figure is behind states such as the US, France, the UK and Russia. Section 7.2 puts this figure in context.⁶⁷

Most Chinese imports have been unmanned aerial vehicles (“drones”). China has become more dominant in this market due to US sales restrictions. US restrictions intend to prevent drones falling into hostile hands, being used to suppress civil unrest, or challenging of Israel’s regional military dominance.⁶⁸

UAE arms purchases

According to the Stockholm International Peace Research Institute (SIPRI), the UAE has purchased around US\$166 million in arms from China from 2010 to 2021. This was less than 2% of America’s US\$7.3 billion.⁶⁹

Notable Chinese imports include ordering 12 training and light combat aircraft, the L15 in 2022. This follows the UAE’s decision to pause talks on purchasing US F-35 fighters in 2021. This is reportedly linked to US concerns about the UAE’s use of Huawei communications (see section 3.5).⁷⁰

The UAE is still maintaining a diversity of suppliers. In the same month as purchasing the L15, it purchased South Korean and Israeli missiles.⁷¹

Nonetheless, this represented a step up from previously reported purchases from China by the UAE, which had been drones and missiles to arm them.⁷²

Saudi Arabian arms purchases

SIPRI values Saudi Arabian arms imports from China at US\$245 million between 2010 to 2020. This represents 1% of America’s US\$19 billion.⁷³

Notable Chinese imports have been drones, with first reported purchases in 2014.⁷⁴ The two countries have also agreed to manufacture military drones at a factory in Saudi Arabia.⁷⁵

⁶⁶ Stockholm International Peace Research Institute, [International arms transfers level off after years of sharp growth](#), March 2021.

⁶⁷ International Institute for Strategic Studies (IISS), [Relations between China and the Gulf States](#), Strategic Comments, 21 December 2021

⁶⁸ Royal United Service Institute, [Armed drones in the Middle East: Context](#)

⁶⁹ SIPRI, [Arms exports to the UAE: TIV tables](#), 2010-2021

⁷⁰ Washington Institute, [Unpacking the UAE F-35 negotiations](#), 15 February 2022

⁷¹ Al-Jazeera, [UAE arms deals: What weapons is the Gulf state buying and why?](#), 9 February 2022

⁷² Defence News, [China’s surprising drone sales in the Middle East](#), 23 April 2021

⁷³ SIPRI, [Arms exports to Saudi Arabia: TIV tables](#), 2010-2021

⁷⁴ Defence News, [China’s surprising drone sales in the Middle East](#), 23 April 2021

⁷⁵ Middle East Eye, [China’s Saudi drone factory compensates for US ban](#), 30 March 2017

The news-agency CNN has reported that Saudi Arabia is building ballistic missiles with Chinese support. This builds on three decades of missile sales from China.⁷⁶

Qatari arms purchases

Qatar's imports from China are valued at US\$118 million from 2020 to 2021, compared to US\$4.2 billion from the United States and US\$2.3 billion from France.⁷⁷

China has provided Qatar with short-range ballistic missiles. There are no reported sales of drones or fighter aircraft.⁷⁸

Other Gulf states

According to the SIPRI database, neither Oman nor Kuwait imported Chinese arms from 2010 to 2021. Bahrain imported US\$4 million in 2016, making China the joint-10th largest supplier to the country.⁷⁹

Defence cooperation

Formal military exercises and agreements have been limited:

- **Saudi Arabia:** In 2019 it held a joint naval drill with China to address maritime piracy and terrorism.⁸⁰ This followed anti-terrorism drills in 2016.⁸¹ In 2022, the two countries pledged to further expand their military cooperation.⁸²
- **UAE:** In 2017, China pledged to increase military cooperation.⁸³ However, the UAE's act was balanced with a renewal of its defence agreement with the US in the same month.⁸⁴
- **Oman:** In 2022, they pledged greater military cooperation. No details have been provided.⁸⁵ This follows an agreement with the US and a memorandum of understanding with Iran. This suggests Oman is seeking to balance regional powers.⁸⁶

⁷⁶ IISS, [Saudi Arabia's ballistic-missile programme: An overview](#), 27 August 2021

⁷⁷ SIPRI, [Arms exports to Qatar: TIV tables](#), 2010-2021

⁷⁸ French Institute of International Relations, [Qatar and the US-China rivalry: The dilemmas of a Gulf monarchy](#), 9 November 2021, pp3, 7

⁷⁹ SIPRI, [Arms exports: TIV tables](#)

⁸⁰ Reuters, [China, Saudi Arabia launch joint naval exercise—media](#), 20 November 2019

⁸¹ Reuters, [China holds first anti-terror drills with Saudi Arabia](#), 27 October 2016

⁸² Middle East Eye, [Saudi Arabia, China agree to boost military cooperation](#), 27 January 2022

⁸³ The State Council of the People's Republic of China, [China, UAE pledge to advance military cooperation](#), 18 May 2022

⁸⁴ Reuters, [US, UAE strike new defence accord on US force levels in Emirates](#), 16 May 2017

⁸⁵ Middle East Eye, [China's defence minister visits Oman as Beijing eyes foothold in Arabian Sea](#), 29 April 2022

⁸⁶ AGSIW, [US secures access to Oman's crowded ports](#), 6 May 2019

- **Qatar:** Formal defence agreements are limited to a counter-terrorism agreement signed in 2017.⁸⁷
- There are no reports of agreements with **Bahrain or Kuwait**.

Reports of an UAE military base denied, 2021

In 2021, it was reported that construction was halted on a Chinese port near Abu Dhabi, UAE, following “intense US pressure.”

These were reported likely to be Chinese military facilities, but the UAE said it “never had an agreement” for hosting a military base.⁸⁸

Analysis for the Middle East Institute suggests it may have been “military-relevant,” such as an intelligence base, rather than a full-military one.⁸⁹

3.5

Technology: Huawei

Huawei is a Chinese company that develops and administers communications equipment, including the development of 5G wireless networks.

Both the Trump and Biden Administrations considered Huawei to be a security risk, with the company open to being exploited by China’s Government and therefore posing a threat to the US’ ability to share intelligence and military technology with its allies. China and Huawei have denied these claims.⁹⁰

Several Gulf states reportedly have agreements to use the Huawei technology company to launch and build their 5G telecoms infrastructure. This includes Bahrain, Saudi Arabia, the UAE, and Kuwait.⁹¹

News agencies report that the Biden Administration has asked the UAE to remove Huawei from its networks by 2025.⁹² Following President Biden’s visit to the region in July 2022, it was announced Saudi Arabia will invest in “US-led” technology to develop 5G and 6G networks.⁹³

⁸⁷ Gulf Time, [Qatar, China sign security pact to combat terrorism and extremism](#), 27 November 2017

⁸⁸ CNN, [Construction halted on secret project at Chinese port in UAE after pressure from US, officials say](#), 19 November 2021

⁸⁹ Middle East Institute, [China’s “Pearl”: The UAE amid great power-rivalry](#), 30 November 2021

⁹⁰ Reuters, [US flags Huawei 5G network security concerns to Gulf allies](#), 12 September 2019. All sources in section 3.5 accessed 28 July 2022.

⁹¹ Middle East Institute, [The Huawei wars and the 5G revolution in the Gulf](#), 30 July 2019; Foreign Policy, [Influence without entanglement in the Middle East](#), 25 February 2021

⁹² Bloomberg, [Biden prods UAE to dump Huawei, sowing doubts on key F-35 sale](#), 11 June 2021

⁹³ Politico, [Will the Saudis help the US beat Huawei?](#), 18 July 2022

Further reading on China-Gulf relations

Technology in the GCC

- Middle East Institute, [China-GCC digital economic cooperation in the age of strategic rivalry](#), June 2022. Describes technology cooperation between Gulf states and China, in addition to Huawei.
- Washington Institute, [The rise of Chinese \[Artificial Intelligence\] in the Gulf: A renewal of China's "Serbia model."](#) October 2020. Argues that China will use technology to leverage influence in other fields.

Saudi Arabia

- DW, [Saudi Arabia and China: New best friends?](#), March 2022. Short overview of relations.
- J. Fulton, [Thirty years of Sino-Saudi relations](#), 2018 (PDF). Overview of ties, including economic and security, and details of their strategic partnership.

UAE

- Middle East Institute, [China's "pearl:" The UAE amid great-power rivalry](#), November 2021. Assesses the challenge facing the UAE in balancing the BRI with its security engagement with the US.

Qatar

- French Institute of International Relations, [Qatar and the US-China rivalry: The dilemmas of a Gulf monarchy](#), November 2021. Argues Qatar remains in the US orbit, despite increasing Qatar-China trade.

Bahrain

- M. Chaziza, [China-Bahrain relations in the age of the BRI](#), Strategic Assessment, vol 23, 2020, pp68-83. Argues trade is likely to strengthen.

Kuwait

- M. Chaziza, [China's strategic partnership with Kuwait: New opportunities for the BRI](#), [Contemporary Review of the Middle East](#), vol 7, 2020, pp 501-19. Highlights policy coordination on trade but stresses challenges such as the less central role of the Gulf to the BRI and lack of Chinese private sector investment in Kuwait.

4 Why are Gulf states diversifying their alliances?

4.1 Questioning US commitment to the region

“Pivot” to Asia

Successive US Administrations have sought to “pivot” to the Asia-Pacific region to compete with China. This has created concern amongst US allies in the Middle East that US security is less reliable.⁹⁴

US engagement remains substantial

However, as described in section 7.1, US security interests and engagement remain substantial despite changing US Administrations—notably in arm sales, combatting Islamic State/Daesh, and US military bases in the Gulf.

Several analysts have therefore argued the changing nature of US engagement with the region is being misconceived as disengagement. Nonetheless, this is not without consequences for how the region is reacting.⁹⁵

The 2015 Iranian nuclear agreement

The UK was one of the instigators of the process that led to the Joint Comprehensive Plan of Action (JCPOA) nuclear deal with Iran in 2015. Together with Iran, China, France, Germany, Russia and the US, the deal sought to limit Iran’s nuclear enrichment programme.

In 2018 the US withdrew from the JCPOA, arguing it had failed to curtail Iran. However, the International Atomic Energy Agency (IAEA) confirmed Iran was complying with the agreement at the time of the US withdrawal.⁹⁶

The 2015 agreement did not [include broader measures against Iranian foreign policy](#), such as its support for groups in Lebanon, Iraq or Yemen. The Gulf states were critical of this decision, seeing Iran’s actions as a threat to their interests and regional stability.

⁹⁴ Middle East Institute, [The US “pivot” to the Asia-Pacific and US Middle East policy](#), 15 March 2013. All sources in this section accessed 25 July 2022.

⁹⁵ Atlantic Council, [US withdrawal from the Middle east: Perceptions and reality](#), 10 October 2019

⁹⁶ US Institute for Peace, [Iran and the IAEA](#), 17 August 2021

Both Iran and the US agreed to negotiate a new agreement following Biden's inauguration as President in January 2021. The talks have reportedly been in their final stage for several months (as of August 2022).

Gulf states have called for the deal, if re-established, to be widened, to address their concerns over Iran's support for proxy groups in the Middle East, threats to maritime traffic in the Persian/Arabian Gulf, and Iran's ballistic missile program.⁹⁷

Russia, China and the JCPOA

President Biden started negotiations on reviving the agreement in 2021, following President Trump's withdrawal in 2018.⁹⁸

Both Russia and China backed the agreement in 2015 and have supported its reestablishment in order to see sanctions lifted against Iran and to avoid any regional fallout that may come from Iran developing nuclear weapons.⁹⁹

Russia's position is publicly more complex: In March 2022 Russia reportedly called for its trade with Iran not to be subject to the new sanctions imposed against it following its invasion of Ukraine. Russia denied this. As of August 2022, negotiations are reportedly in their final states.¹⁰⁰

Decisions under the Trump Administration

In 2020, President Trump announced plans to [scale down US troops in Iraq and Afghanistan](#). This was partly in response to US forces transitioning to the mentoring of Iraqi forces, and away from combat roles.¹⁰¹ In December 2021, the US formally ended its combat role in Iraq, shifting to an advisory position.¹⁰²

Following talks with the Taliban, in 2020 the US [also agreed withdraw all its forces from Afghanistan by May 2021](#), on the condition the Taliban did not host groups wishing to threaten the US or its allies. Following his inauguration in January 2021, President Biden moved this date to September 2021.¹⁰³

The Trump Administration also supported new regional alliances against Iran, encouraging Gulf states to organise their own security in the first instance. In

⁹⁷ Commons Library, [Iran's influence in the Middle East](#), CBP9503, section 3

⁹⁸ Council on Foreign Relations, [What is the Iran nuclear deal?](#), updated 20 July 2022. All sources accessed 27 July 2022

⁹⁹ Ministry of Foreign Affairs of the PRC, [Remarks by Ambassador Zhang Jun at the UN Security Council briefing on the Iranian nuclear issue](#), 30 June 2022

¹⁰⁰ Commons Library, [Iran: One year into Ebrahim Raisi's presidency](#), 17 August 2022

¹⁰¹ Al-Monitor, [US to reduce troops in Iraq, but not Syria, official says](#), 17 November 2020

¹⁰² Al-Jazeera, [US-led combat mission in Iraq ends, shifting to advisory role](#), 9 December 2021

¹⁰³ Commons Library, [Withdrawal of military forces in Afghanistan and its implications for peace](#),

2020, both the UAE and Bahrain normalised diplomatic relations with Israel. This could develop into a wider defence framework.¹⁰⁴

Decisions under the Biden Administration

President Biden has sought to [disengage from “forever wars” in the Middle East](#).¹⁰⁵ and initially sought to re-set relations with Saudi Arabia.

Prior to taking office in 2021, President Biden [said Saudi Arabia would be treated as a “pariah state”](#) over its human rights record.¹⁰⁶ Steps included:

- Withdrawing US support for the Saudi-led offensive in Yemen’s conflict.¹⁰⁷
- Pausing arms sales to both the UAE and Saudi Arabia in January 2021. Arms sales to the UAE have resumed, and some sales have been agreed with Saudi Arabia.¹⁰⁸ These include upgrades to their air defences to address threats from Yemen—see below.¹⁰⁹
- Refusing to designate the Houthi group in Yemen as a terrorist organisation. The Saudi-led coalition are engaged against the Houthis in support of the internationally recognised Yemen government. The Houthis have been blamed for several missile attacks in Saudi Arabia and the UAE. The US Treasury has, however, placed sanctions against networks funding the Houthis.¹¹⁰

4.2

Diversifying Gulf economies

Most Gulf states are economically reliant on oil. This makes their public revenues vulnerable to changes in oil prices, and over the long-term threatens their economic sustainability. Their governments have therefore set aims to diversify their energy sources and their economies to support their public revenues and economic development.¹¹¹

In 2021, the World Bank estimated that the Middle East and North Africa (MENA) region requires US\$100 million annually to maintain and build new infrastructure, including energy and transport.¹¹² China’s BRI can therefore

¹⁰⁴ European Council on Foreign Relations, [Bide and seek: The dangers of US support for a Gulf-Israeli defence pact](#), 13 July 2022

¹⁰⁵ White House, [Interim national security strategic guidance](#), 3 March 2021

¹⁰⁶ France 24, [After cosy ties with Trump, Saudi Arabia faces Biden “pariah” pledge](#), 10 November 2020

¹⁰⁷ Al-Monitor, [Biden to end US support for offensive operations in Yemen](#), 4 February 2021

¹⁰⁸ Reuters, [Biden administration proceeding with US\\$23 billion weapon sales to UAE](#), 14 April 2021, Al-Jazeera, [Biden administration approves \\$640m weapon sale to Saudi Arabia](#), 4 November 2021

¹⁰⁹ Al-Monitor, [US approves \\$4.2 billion F-16 sale to Jordan, air defence systems to the Gulf](#), 4 February 2022

¹¹⁰ Commons Library, [The Gulf in 2021](#), updated August 2021

¹¹¹ Brookings Institute, [Economic diversification in the Gulf: Time to redouble efforts](#), January 2021

¹¹² OECD, [MENA investment policy perspectives](#), March 2021, chapter 9

play an important role in addressing this gap and help Gulf states meet their economic objectives.

In 2021, the G7 announced the Build Back Better World (B3W) partnership as a response to the BRI. This is aimed at helping to meet the US\$40 trillion infrastructure needed in low-and middle-income countries. It was relaunched as the Partnership for Global Infrastructure and Investment in 2022.¹¹³

4.3

Less criticism of human rights

China's "non-interference"

China is considered less critical of a lack of political and human rights reforms than the US, UK, and the EU. Notably, China seeks to maintain a policy of "non-interference" in a country's internal affairs and has criticised international disapproval of its own human rights record.¹¹⁴

China was, for example, one of 21 states, including Russia, Bahrain, and India, that successfully voted against renewing the mandate of the UN Eminent Experts on Yemen in 2021. The Group collected and reported information on human rights concerns in Yemen's conflict.¹¹⁵

Pauses in US arms sales due to human rights concerns

Both the Trump and Biden Administrations have paused arms sales to the region because of human rights concerns. As stated above, in January 2021 Biden paused such sales to the UAE and Saudi Arabia.

For Trump, in 2017 the US paused US\$195 million in military aid to Egypt, citing a lack of progress on political reforms. These were released the following year when the US judged sufficient progress had been made.¹¹⁶ Trump also vetoed a bipartisan effort to block Saudi arms sales in 2019 on the same grounds.¹¹⁷

Death of Jamal Khashoggi

Jamal Khashoggi was a Saudi journalist who was murdered in the Saudi consulate in Istanbul in 2018. He had lived in the US, where he had written critical pieces on the Crown Prince Mohamed bin Salman.

¹¹³ White House, [President Biden and G7 leaders formally launch the partnership for global infrastructure and investment](#), 26 June 2022

¹¹⁴ Brookings Institute, [China's long game on human rights at the UN](#), September 2018

¹¹⁵ Reuters, [UN ends Yemen war crimes probe in defeat for Western states](#), 8 October 2021

¹¹⁶ Reuters, [US lifts restrictions on \\$195 million in military aid for Egypt: Official](#), 25 July 2018

¹¹⁷ AP, [Trump vetoes congressional effort to block Saudi arms sales](#), 25 July 2019

Saudi officials have denied responsibility, arguing that he was killed by “rogue” agents sent to persuade him to return to Saudi Arabia.¹¹⁸

In February 2021, the Biden Administration published an intelligence report finding the Saudi Crown Prince approved 2018 murder of Khashoggi.¹¹⁹

This has been a point of tension in US-Saudi relations. In his July 2022 visit to the region, President Biden said he told the Crown Prince that he “was responsible” for Khashoggi’s death. This was Biden’s first meeting with the Crown Prince since taking office. The meeting represents an attempt to move beyond the issue in the wake of Russia’s invasion of Ukraine.¹²⁰

¹¹⁸ BBC News, [Jamal Khashoggi: All you need to know about Saudi journalist’s death](#), 24 January 2021

¹¹⁹ US State Department, [Accountability for the murder of Jamal Khashoggi](#), 26 February 2021

¹²⁰ AP News, [Biden’s Saudi visit aims to balance rights, oil, security](#), 16 July 2022

5

Iran's ties with China and Russia

5.1

Iran-China relations

Shanghai Cooperation Organization (SCO)

The SCO is an inter-governmental organisation established in 2001. Russia and China are its leading members, but it includes other Asian members, such as India and Pakistan.

Iran became a full member in 2021. This suggests it is looking to Asia for new markets and strategic allies to address the sanctions imposed by the US and its allies, or to provide greater leverage in negotiations. It had been an observer since 2005.

For more, see Middle East Institute, [What will SCO membership mean for Iran?](#), September 2021.

Comprehensive strategic partnership, 2021

Following five years of negotiations, China and Iran signed a 25-year Comprehensive strategic partnership in March 2021. This is seen as a broad aspirational framework, and reflective of Iran's desire to "look to the East."

However, material progress on any commitments is believed to be limited. This is primarily because of continuing US sanctions against Iran, which will remain until a nuclear agreement is signed, and China's policy to balance its relations between the Gulf and Iran.¹²¹ As stated above, China also intends for a free trade agreement with the GCC in 2022.

Trade

Since the mid-2000s, China-Iran trade has increased, from around US\$2.5 billion in 2004 to US\$14 billion in 2018.

However, when sanctions were lifted against Iran following the 2016 nuclear agreement, trade between the two began to fall. Other Chinese investment,

¹²¹ AGSIW, [Implementing the China-Iran comprehensive strategic partnership: Not so fast](#), 12 April 2022. Iran sources accessed 27 July 2022.

as part of the BRI, is also reported to have fallen over this period following the re-imposition of US sanctions in 2018.¹²²

Arms sales

China's security relationship with Iran has a longer history than with many Gulf states. Following the Iranian revolution of 1979, which saw Iran diplomatically isolated from the US, China and Russia became more important for Iran's military. However, sanctions have limited sales.

According to the SIPRI, Iran purchased US\$168 million of arms from China from 2010 to 2019, behind Russia at US\$511 million.¹²³ Chinese-imports include both anti-air and anti-ship missiles and armoured personnel carriers.¹²⁴

The UN embargo on arms exports to Iran expired in 2020—something that China said the US had no right to ask for an extension on, given US withdrawal from the JCPOA.¹²⁵

Military exercises

From 2010 to 2019, China conducted three joint military drills with Iran, primarily related to naval exercises to maintain maritime security.¹²⁶

Pledges to cooperate more have been made: In April 2022 the two countries agreed to expand bilateral cooperation on training and joint military drills.¹²⁷

Further reading on Iran-China relations

- Wilson Center, [Last among equals: The China-Iran partnership in a regional context](#), September 2020. Argues China's desire to balance relations with the Gulf limits the depth of its relationship with Iran.
- German Institute for International and Security Affairs, [China's path to geopolitics](#), February 2022. Narrates China-Iran relations and considers the potential for greater security, cyberspace, and BRI cooperation
- US-China Economic and Security Review Commission, [China-Iran relations: A limited but enduring strategic partnership](#), June 2021. Argues sanctions constrain Iran-China relations but there is a long-standing and established military relationship.

¹²² Wilson Center, [Last among equals: The China-Iran partnership in a regional context](#), September 2020, pp4-14

¹²³ SIPRI, [Arms exports to Iran: TIV tables, 2010-2021](#)

¹²⁴ Wilson Center, [Last among equals: The China-Iran partnership in a regional context](#), September 2020, p17

¹²⁵ Reuters, [China's rejects planned US moves at UN on Iran sanctions](#), 14 May 2020

¹²⁶ Wilson Center, [Last among equals: The China-Iran partnership in a regional context](#), September 2020, p17

¹²⁷ Middle East Institute, ["Not business as usual:" the Chinese military's visit to Iran](#), 16 May 2022

5.2

Iran-Russia ties

Cooperation agreements

Russia and Iran signed an economic cooperation agreement in 2001. In 2022, a draft 20-year cooperation agreement was proposed, with the aim of furthering trade and anti-terrorism cooperation.¹²⁸

Invasion of Ukraine, 2022

Iran's Government has said the war in Ukraine is "rooted in NATO."¹²⁹ US intelligence has also stated that Iran is considering providing armed drones to Russia for use in Ukraine.¹³⁰

In July 2022, President Putin visited Iran for talks with Supreme Leader Ayatollah Ali Khamenei. Both pledged greater security cooperation.¹³¹

Trade and economic relationship

Trade between Iran and Russia is limited: Trade with Russia accounts for 4% of Iran's imports and 2% of its exports.¹³² The level of Russian investments and trade will remain low while Iran is subject to sanctions.

Oil and gas have been an area of cooperation: In July 2022, the Russian oil company Gazprom pledged US\$40 billion to [develop further Iranian gas and oil fields](#).¹³³ A similar pledge for US\$30 billion was [made in 2017](#).¹³⁴

However, the war in Ukraine, which has seen Russia join Iran as being subject to economic sanctions, has seen them both compete to sell their oil. This has seen Russia undercut Iran in the oil market.¹³⁵

Arms sales and military cooperation

As stated above, the UN embargo on arms sales to Iran expired in 2020. Russia has supplied Iran with weapons since the 1980s, including anti-aircraft missiles, submarines, tanks, and helicopters.

¹²⁸ Royal United Services Institute, [Friends with benefits: Iran and Russia after the Ukraine invasion](#), 22 July 2022.

¹²⁹ Al-Jazeera, ["Rooted in NATO:" Iran responds to Russia's Ukraine attack](#), 24 February 2022. Sources accessed 27 July 2022

¹³⁰ Al-Monitor, [Pentagon warns Iran not to aid Russia's war against Ukraine](#), 20 July 2022

¹³¹ Al-Jazeera, [NATO would have eventually started Ukraine war: Khamenei to Putin](#), 19 July 2022

¹³² Atlantic Council, [Iran won't break with Russia over Ukraine. Here's why](#), 30 March 2022

¹³³ Reuters, [Iran and Russia's Gazprom sign primary deal for energy cooperation](#), 19 July 2022

¹³⁴ FT, [Russia and Iran sign \\$30bn energy agreements](#), 1 November 2017. Accessible via Nexis news on the Commons Library catalogue.

¹³⁵ Middle East Eye, [Iran sees no benefit from Ukraine war as Russia undercuts it in steel and oil](#), 25 June 2022

US intelligence believes that Iran is seeking to make further purchases, including fighter-jets and missile defence systems. However, Russia has previously declined requests for offensive weapons. This is likely to reflect Russia's wish to balance relations with the Gulf and Israel. Iran's weakened economy has also been a limiting factor.¹³⁶

Further reading on Iran-Russia relations

- French Institute of International Relations, [The Russia-Iran partnership in a multipolar world](#), March 2022. Argues that in Syria cooperation is particularly strong (see below, section 6.2) though notes historic tensions.
- Atlantic Council, [As the world shuns Russia over its invasion of Ukraine, Iran strengthens its ties with Moscow](#), March 2022.

¹³⁶ Atlantic Council, [Is Iran going on a shopping spree in Moscow?](#), 10 November 2021

6 Is an Iran-China-Russia axis developing?

6.1 Russia-China ties

Russia and China have a long and complex history, that has seen periods of close cooperation, but also high tensions. Over the last several years the two countries have significantly strengthened ties.

February 2022 statement to increase cooperation

In a joint statement published on 4 February 2022, China and Russia pledged their support for one another and set out their shared foreign policy visions, declaring a “new era” in the global order.

The statement declared that “friendship between the two States has no limits,” and that “there are no ‘forbidden’ areas of cooperation.” They also said their strengthening of bilateral strategic cooperation was:

Neither aimed against third countries nor affected by the changing international environment and circumstantial changes in third countries.¹³⁷

While the two countries have deepened ties, they have their own interests and are not aligned on all matters of foreign policy.¹³⁸ The most significant factor that has drawn the two nations together over the last several years is the deterioration in their respective relations with the US. Both countries also believe that the US is now weakened economically and that its behaviour poses a security threat to their own interests.

Russia’s invasion of Ukraine

Russia’s invasion of Ukraine has exposed the limits of its ties with China and the transactional nature of the relationship.

The invasion sits awkwardly with one of the central planks of China’s foreign policy, that of non-interference in other states. It is also raising global food and energy prices at a time when the Chinese economy is still struggling to respond to Covid-19 related challenges, and Chinese companies have

¹³⁷ Russian Government, [Joint statement of the Russian Federation and the People’s Republic of China](#), 4 February 2022. All sources accessed 4 August 2022.

¹³⁸ European Council on Foreign Relations, [It’s complicated: Russia’s tricky relationship with China](#), 17 December 2021

reportedly cut back investments in Russia, wary of being hit with European and US sanctions.¹³⁹

In June 2022 a US Government spokesperson said there was no evidence that China was providing military material to Moscow.¹⁴⁰

However, Chinese officials have refused to condemn Putin for the war and have blamed the United States and NATO for provoking Russia.¹⁴¹

According to Russia's Federal Customs Service, trade between the two countries increased between 2021 and 2022, an increase of 35.2% year-on-year, and trade turnover continued its increase in the first quarter of 2022.¹⁴²

Some analysts believe that despite the awkwardness that Russia's invasion of Ukraine has caused China, the longer-term dynamics still point to ties deepening between the two nations.¹⁴³

Diverging use of military power in foreign policy

A significant limiting factor for Russia-China ties are their different approaches to foreign policy. China is far more cautious in its general outlook, particularly outside its immediate neighbourhood, favouring wielding its influence through its economic clout, and by deepening cultural links through for example its Confucius Institutes (there are 24 of these institutes in the Middle East and North Africa region and Arab League Nations).¹⁴⁴

China has shown little appetite for military interventions outside its borders (though it has clashed with its neighbours over those borders).

Russia is comfortable with direct military interventions, and also indirectly through the funding of proxy groups and mercenaries, including in the Middle East region, most significantly in Syria as detailed in section 6.2. China has almost no military presence in the region, beyond a People's Liberation Army Naval Base in Djibouti.¹⁴⁵

¹³⁹ Peterson Institute for International Economics, [China is too tied to the global economy to risk helping Russia](#), 15 March 2022.

¹⁴⁰ CNBC, [U.S. to send fresh military, humanitarian aid to Ukraine: Xi tells Putin he wants to see a settlement](#), 16 June 2022,

¹⁴¹ The U.S.-China Economic and Security Review Commission, [China's Position on Russia's Invasion of Ukraine](#), accessed 4 August 2022.

¹⁴² Interfax, Russia, China trade turnover could reach \$165-\$170 bln in 2022 - Russian Economic Development Ministry, 28 July 2022.

¹⁴³ Center for Strategic and International Studies, [Best and Bosom Friends: Why China-Russia Ties Will Deepen after Russia's War on Ukraine](#), 22 June 2022.

¹⁴⁴ Atlantic Council, [The China-Russia relationship as a force multiplier](#), 2022 (PDF), Table 13.

¹⁴⁵ The Diplomat, <https://thediplomat.com/2018/12/chinas-djibouti-base-a-one-year-update/>, 4 December 2018.

Further reading on China-Russia relations

- Council on Foreign Relations, [China and Russia: Exploring ties between the two authoritarian powers](#), updated June 2022
- Atlantic Council, [The China-Russia relationship as a force multiplier](#), 2022. Summary of Chinese and Russian engagement with Middle Eastern states.

6.2

Engagement between Iran, China and Russia

Military cooperation

In 2019, Iran, Russia and China held a trilateral naval exercise for the first time. A total of three joint exercises took place to January 2022.¹⁴⁶

Diplomatic and security cooperation over Syria

Iran and Russia provide economic and military [support to President Bashar al-Assad](#) in Syria's civil war. Although they share an ally, there is competition: Iran is more likely to support a weakened state allowing for room for the militia groups it has backed, while Russia seeks a capable central state.¹⁴⁷

While it has not intervened militarily, China, like Russia, has provided diplomatic support at the UN Security Council in support of Assad and economic aid for reconstruction.¹⁴⁸ Before 2011, China never vetoed a UN Security Council Resolution on the Middle East. From 2011 to 2020, it used its veto nine times, including eight times on Syria.¹⁴⁹

Syria's [joining of the BRI in 2022](#) suggests that China's broad goal is to gain more leverage in the country.¹⁵⁰

Unlikely to constitute an alliance

Despite Russian and Chinese vetoes in defence of Assad at the UN, arms sales, and engagement with Iran despite international sanctions, researchers have argued that while there are overlapping interests, there is not an alliance between the three states:

¹⁴⁶ Reuters, [Trilateral naval drills between China, Russia and Iran start on Friday](#), 20 January 2022

¹⁴⁷ Middle East Institute, [Russia, Iran and the competition to shape Syria's future](#), 12 September 2019

¹⁴⁸ East Asia Forum, [China's vetoes during the Syrian conflict](#), 28 February 2020

¹⁴⁹ Washington Institute, [China and the US in the Middle East: Between dependency and rivalry](#), 10 September 2020

¹⁵⁰ Voice of America, [China's "Belt and road" risk in Syria may reap big rewards](#), 27 January 2022

- One divergence is that China has preferred to engage less directly in security affairs, unlike Russia and Iran. China's relationships are primarily economic, while Russia's is dominated by security.
- Both Russia and China are sometimes interested in seeking diplomatic status rather than replacing the US entirely as a security-partner to the region: This could involve acting as "neutral" powers compared to the US or developing other multilateral mechanisms (like the SCO).¹⁵¹
- To both China and Russia, the Middle East is an important region, but for neither is it their primary concern. Iran has been described as "last among equals" in China's relations with the Middle East, with China reluctant to deepen its commitments in Iran at the cost of its relations with Gulf nations.¹⁵²
- China and Russia have sought to balance their relations with Iran with other regional powers, including Israel and the Gulf states. They are therefore unlikely to privilege relations with Iran over these, given the importance of the Gulf as trading partners.

Further reading on China-Russia-Iran relations

- The Diplomat, [China-Iran-Russia triangle: Alternative world order?](#), 2022. Short overview of relations between the three.
- N. Grajeswski, [An illussionary entente: The myth of a Russia-China-Iran "axis."](#) Asian Affairs, vol 53, 2022, pp164-83. Argues coordination between the three is limited.

¹⁵¹ Atlantic Council, [The China-Russia relationship as a force mutiplier](#), 2022, p16

¹⁵² Wilson Center, [Last among equals: Iran-China relations](#), September 2020

7 How significant is Chinese engagement to US-Gulf relations?

China analysts have primarily argued that China is cultivating ties across the region but without challenging the dominant security umbrella and status quo primarily supported by the United States and its allies.¹⁵³

7.1 The US/UK/EU security umbrella remains

US and UK military bases

The US has a significant military presence in the Gulf, with bases in Kuwait, Saudi Arabia, Oman, the UAE, Bahrain, and Qatar. As of January 2021, US forces included 13,500 troops in Kuwait, and 5,000 in Bahrain.¹⁵⁴

The UK also has military forces deployed in the Gulf, with personnel in Oman, Bahrain, Saudi Arabia, the UAE, Qatar, and Kuwait.¹⁵⁵

European allies have also stepped into supplement US forces. For example, following the withdrawal of US Patriot Missiles in Saudi Arabia, Greece signed an agreement to loan the same system to the Kingdom in 2021.¹⁵⁶

The US and allied presence are associated with maintaining maritime security in the Gulf, global access to trade and energy resources, and counter-terrorism activities.

Security agreements are in place with the US and UK

All Gulf states are part of the Global coalition to defeat [Daesh/Islamic State](#).

The United States have several security agreements with Gulf states, committing the country to the region over the medium-term:

¹⁵³ For example, Jonathan Fulton, [China between Iran and the Gulf monarchies](#), Middle East Policy, vol 28, December 2021, pp203-16, at p208

¹⁵⁴ US Institute for Peace, [Iran primer: US military deployments around Iran](#), updated 3 November 2021. All sources in this section accessed 21 July 2022

¹⁵⁵ Commons Library, [The Gulf in 2021](#), section 3.2

¹⁵⁶ Al-Monitor, [Greece loan Patriot missile units to Saudi Arabia](#), 21 April 2021

- **UAE:** In 2019, the two signed a defence cooperation framework, which will last 15 years.¹⁵⁷
- **Qatar:** In 2022, Biden announced Qatar would be designated a major non-NATO ally. This enables Qatar to purchase certain US arms and defence research cooperation with the US. The two countries also have an existing defence cooperation agreement.¹⁵⁸
- **Saudi Arabia:** There has been a US military training mission in the country since the 1950s.¹⁵⁹
- **Kuwait:** A defence cooperation agreement was signed in 1991, following the US-led expulsion of Iraqi forces in the first Gulf War. In 2004, the country was designated a major non-NATO ally.¹⁶⁰
- **Bahrain:** A defence cooperation agreement has been in place since 1991. In 2002 the country was designated a major non-NATO ally.¹⁶¹
- **Oman:** Has facility-access agreements with the US which allows American forces access to certain facilities, such as ports.¹⁶²

The UK also has strong security ties. This includes:

- **UAE:** Developing the capacity of UAE forces and on defence industries.¹⁶³
- **Qatar:** Two UK-Qatar joint squadrons and defence partnerships.¹⁶⁴
- **Saudi Arabia:** A 2017 defence and security cooperation agreement to promote cooperation on defence, intelligence, and counterterrorism.¹⁶⁵
- **Kuwait:** The UK has long-advised Kuwaiti armed forces.¹⁶⁶
- **Bahrain:** A 2014 defence agreement to improve existing onshore facilities at Mina Salman Port, where Royal Navy forces are based.¹⁶⁷

¹⁵⁷ Congressional Research Service (CRS), [The UAE: Issues for US policy](#), updated 10 May 2022, p18 (PDF)

¹⁵⁸ CRS, [Qatar: Governance, security and US policy](#), updated April 2022 (PDF), pp12-13

¹⁵⁹ CRS, [Saudi Arabia: Background and US relations](#), updated October 2021 (PDF), pp25-6

¹⁶⁰ CRS, [Kuwait: Governance, security and US policy](#), updated May 2021 (PDF), p8

¹⁶¹ CRS, [Bahrain: Issues for US policy](#), updated March 2022 (PDF), p11

¹⁶² AGSIW, [US secures access to Oman's crowded ports](#), 6 May 2019

¹⁶³ Number Ten, [UK-UAE joint communiqué: A partnership for the future](#), 16 September 2021

¹⁶⁴ Ministry of Defence (MOD), [UK and Qatar expand defence partnership](#), 1 April 2021; MOD, [UK and Qatar commit to a stronger defence partnership](#), 14 October 2020

¹⁶⁵ MOD [New agreement strengthens Saudi Arabia defence relationship](#), 5 September 2017

¹⁶⁶ MOD, [Defence Secretary reaffirms strong ties with Kuwait](#), 21 September 2016

¹⁶⁷ Foreign & Commonwealth Office, [UK and Bahrain sign landmark defence agreement](#), 5 December 2014

- **Oman:** A 2016 memorandum of understanding to build a base near Al Duqm port to station British naval forces.¹⁶⁸

In contrast, analysts argue China's militarisation of its Gulf relationships remains at its early stages.¹⁶⁹

7.2

US and Europe remain dominant in arms sales

Compared to the US, France, Russia and the UK, China has also been a far less significant supplier of arms to the Middle East historically.

Analysis suggest that US sales have limited the extent purchasers have turned to other states such as Russia and China—they are, for example, dependent on US maintenance, ammunition, and spare parts. From 2000 to 2019:

- The US supplied around 45% of imported arms to the Middle East and North Africa. Their value has fallen slightly since the peak in 2018, of US\$6 billion.
- Russia provided the second highest proportion, at 19%.
- China was the sixth largest supplier, at 2.5%. Sales peaked in 2016.
- China was behind France (11%), the UK (6%) and Germany (4%).¹⁷⁰

During this period, China provided less than 3% of the value of arms sold to Egypt, and 2% to Qatar. It was the tenth largest supplier to both Saudi Arabia (where the US represented 60% of sales and the UK 18%) and the UAE (where France was second, at 26% of sales to the US with 56%).¹⁷¹

This means that although states are seeking to diversify their arms supplies away from the US, they look to European states and Russia as well as China.

7.3

Some US-Gulf tensions are improving

Biden visit to Gulf, 2022 and its outcomes

As stated above, section 4, President Biden initially sought to re-set US relations with the Gulf states, in particular Saudi Arabia.

¹⁶⁸ MOD, [Defence Secretary strengthen ties between UK and Oman](#), 28 August 2017

¹⁶⁹ Middle East Institute, [Strategic manoeuvring: The Gulf states amid Us-China tensions](#), 20 January 2022

¹⁷⁰ CRS, [Arms sales in the Middle East](#), updated November 2020 (PDF) pp3, 7

¹⁷¹ As above, pp16, 21, 23, 25

His first visit to the region in July 2022 and meeting with Saudi Crown Prince Mohamed Bin Salman therefore marked an attempt at renewing relations.

The issue of Khashoggi was raised, but the focus was on the Gulf security.¹⁷² The Crown Prince has since visited Greece and France (the UK Prime Minister, Boris Johnson, visited the Kingdom earlier in 2022). This suggests a degree of improvement in relations with the US and its allies.¹⁷³

Shared engagement with Israel offers opportunities

The UAE and Bahrain began normalising relations with Israel in 2020. This brought three key US partners together. This creates opportunities for further cooperation that may enhance US regional goals. The four countries, for example, engaged in a joint naval drill in late 2021.¹⁷⁴

In his visit to Israel in 2022, Biden signed the Jerusalem Declaration, in which the US commits to help deepen ties between Israel and its regional partners.¹⁷⁵

7.4

China-Iran relations complicate those with the Gulf

“Balancing” relations between Iran, Israel and the Gulf states is an important part of China’s approach to the region. In 2016, China signed a strategic comprehensive partnership with both Saudi Arabia and Iran. In 2019, it conducted military exercises with both countries.

However, maintaining a balance is not without its challenges.

Criticism of Iran’s regional activities

The US, European countries and the Gulf states share concerns about Iranian activities in other Middle Eastern states—such as support for the Houthi Group in Yemen, Shia Militias in Iraq, and Hezbollah in Lebanon.

Iran is considered by UK and its allies to be destabilising to the region. Many of the groups it supports are considered terrorist organisations or have arms embargoes in place against them.

While there are some regional attempts at dialogue to bridge Gulf-Iran divisions, such as accepting Assad as Syrian President (who has been backed by Iran throughout the country’s civil war), ultimately Gulf states are hostile

¹⁷² US Institute for Peace, [Five Takeaways from Biden’s visit to the Middle East](#), 21 July 2022

¹⁷³ France 24, [Saudi prince visits Greece then heads to France in first EU trip since Khashoggi killing](#), 26 July 2022

¹⁷⁴ Reuters, [UAE, Bahrain, Israel and US forces in joint naval drill](#), 11 November 2021

¹⁷⁵ White House, [The Jerusalem US-Israel strategic partnership joint declaration](#), 14 July 2022

towards Iran's nuclear program. For more on this issue, see the Library briefing, [Iran's influence in the Middle East](#), CBP9504.

If talks to restore the nuclear agreement with Iran fail, this is likely to result in Bahrain and the UAE strengthening defence cooperation with Israel, as well as raising regional tensions. Both Iran and Gulf states may therefore demand more from China.¹⁷⁶

US policy towards the Gulf: Where next?

- Middle East Institute, [US-Gulf relations at the crossroads](#), April 2022. Notes the alternatives to the US (Russia, China) and less central role of Gulf oil for the US. Argues the region needs more robust security guarantees to reassure US partners.
- Middle East Institute, [Strategic manoeuvring: The Gulf States amid US-China tensions](#), January 2022. Explores US concerns about China's technological and military influence in the region.
- Atlantic Council, [China is trying to create a wedge between the US and Gulf allies: Washington should take note](#), January 2022. Argues China is seeking a more pro-defence relationship with the Gulf.
- Quincy Institute for Responsible Statecraft, [China and the Persian Gulf in the aftermath of US withdrawal](#) [of Afghanistan], September 2021. Argues China is unlikely to fill the vacuum and appears unlikely to apply hard military power.

¹⁷⁶ Middle East Institute, [China and the Middle East: Heading into choppy waters](#), 16 June 2022

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