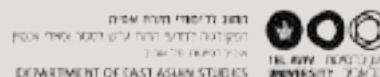




# China

*IN THE MID-MED*

**Connectivity and Security**



Ministero degli Affari Esteri  
e della Cooperazione Internazionale

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The China in the Mid-Med: Connectivity and Security is organized by:



The ChinaMed Project ([www.chinamed.it](http://www.chinamed.it)) is a research platform promoted by the Torino World Affairs Institute, part of the TOChina Hub developed by the University of Torino. The ChinaMed Project offers a fresh analytical response to the shifting geo-economic and security landscape in the wider Mediterranean region. In particular, the primary research aim of the ChinaMed research team is to analyse the deepening interconnections between China and countries in this region, reflecting on their potential impact on regional and global dynamics.



The TOChina Hub is an integrated knowledge hub established to engage China not merely as a field of research, but as an indispensable partner in the education of future generations of cosmopolitan citizens and competent professionals. The University of Torino has developed the TOChina Hub in cooperation with ESCP Europe (Torino campus) and the Torino World Affairs Institute (T.wai) to promote an innovative model of academic cooperation with select Chinese partners. Joint research agendas, dynamic programs for cross-cultural training and students mobility, and fresh channels for relevant people-to-people exchanges have been established with Peking University, Beijing Foreign Studies University, Zhejiang University and Guangdong University of Foreign Studies. The TOChina Hub aims to join the celebrations for the 50th anniversary of the establishment of Italy-China diplomatic relations in 2020 through an ambitious platform that will serve to support life-long learning on China as well as on the transformative dynamics of its Belt and Road Initiative. Supported by two of Italy's largest banking foundations – Compagnia di San Paolo, through its International Affairs program, and Fondazione CRT – as well as by the Torino Chamber of Commerce, the TOChina Hub works to provide theory-informed knowledge, policy-relevant insights and practical know-how on China's morphing identities, socio-economic structures, institutions, and policies.

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## The China in the Mid-Med: Connectivity and Security is organized by:



The Moshe Dayan Center for Middle Eastern and African Studies (MDC) is a non-partisan, interdisciplinary research center that was founded in 1959 and incorporated into Tel Aviv University in 1966. The MDC was established, in part, to bridge the gap between the Israeli intelligence apparatus and academia, and to provide research solutions to contemporary issues that the intelligence services did not have the time or capability to pursue. While it is no longer affiliated with the Directorate of Intelligence, the Moshe Dayan Center continues to play a vital role in safeguarding Israel's future. The MDC operates on its founding principle that in order to properly interpret developments in the Middle East and Africa, one must first have an intimate, "bottom-up" understanding of the cultures, peoples, languages, religions, and history of the region. The MDC regularly publishes both short-form analyses of contemporary developments, as well as long-form essays, books, and monographs. It hosts an eclectic and ambitious program of events and activities, and provides essential support and mentorship to affiliated researchers and graduate students wishing to publish in leading academic journals and presses



The Department of East Asian Studies at Tel Aviv University was founded in 1995. Since then it has grown to become the largest and most diverse faculty of East Asian Studies in Israel. The Department is structurally unique in that it offers in addition to the civilizations of East Asia proper (China, Japan, and Korea) also Indian Studies. The Department offers courses, seminars, and workshops on a wide variety of fields related to the region, and thus opens new perspectives, attitudes, understandings, and horizons for its students and faculty alike, with options for further development in many sectors of academy, society and economy.

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The promoters of “China in the Mid-Med: Connectivity and Security” graciously acknowledge the financial support of the following organizations which made this publication possible:



Fondazione Terzo Pilastro – Internazionale, chaired by Professor Emmanuele F. M. Emanuele, is the natural evolution of Fondazione Terzo Pilastro – Italia e Mediterraneo, as holder of a synthesis of the original strategic forms of assistance that are now implemented on a larger scale and with no territorial constraints: the Third Sector (non-profit organizations, or Third Pillar), and the urgent themes inspired by looking beyond the Mediterranean Region and observing current affairs in the emerging economies in the Middle and Far East, which in the future will play a leading role in our history. The Foundation operates in the fields of health, scientific research, welfare, education and art and culture and acts as a bridge between the various cultures of the East and West and the North and South of the world.



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The Italian Ministry of Foreign Affairs and International Cooperation regularly supports Italian academic institutions and research centers that conduct original research on issues of strategic interest.

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# China in the Mid-Med: Connectivity and Security



In recent years China has become a more central and dominant actor in the international arena at large and in the Middle East and Mediterranean region ("Mid-Med") in particular. China's current flagship project, the Belt and Road Initiative ("BRI"), in many ways, posits the Mid-Med as a focal area and hub. Whether as a medium through which the Belt and Road has to transit; a substantial economic and diplomatic partner; a major source for China's energy; or a geopolitical ground for advancing international interests, the significance of the Mid-Med for China, and the significance of China in the Mid-Med, have grown dramatically.

We see the Middle East and the Mediterranean region (past and present) as closely connected, shaped by dense interactions where China features with increasing prominence. Therefore, we

have addressed the two regions in conjunction, as the "Mid-Med." At the 2019 "China and the Middle East/Mediterranean ("Mid-Med"): Contemporary Perspectives" [conference and workshop](#), the partner institutions promoted the establishment of a long-term research network, dedicated to building capacity and a more robust knowledge base on China's relations with the Mid-Med from two distinct but complementary points of view.

First, we seek to understand how external processes and dynamics influence and shape China's views and approach to its relations with the countries in the "Mid-Med." This outside-in approach was adopted in the [series of webinars](#) held in early June 2020: a group of global leaders from academia and various institutions in Europe, China, the Middle East, and the United

States were invited to discuss and share their insights into the most recent developments in international affairs and their impact on China's role in the "Mid-Med." For example, Efraim Halevy, former Director of Mossad (1998-2002) and Ambassador to the European Union (1996-1998), assessed the state of Sino-American relations and their potential impact on Israel. Romano Prodi (10th President of the European Commission, 1999-2004, and former Italian Prime Minister, 1996-1998 and 2006-2008) and Justin Yifu Lin (former Chief Economist and Senior Vice President of the World Bank, 2008-2012) discussed Europe's position in China's Belt and Road Initiative and the Sino-European relations; and, Deborah Lehr (Vice-Chairman and Executive Director, Paulson Institute) reflected on Sino-Egyptian relations amid global tensions, particularly with respect to how the Covid-19 crisis affects the world.

In the [second segment of the series](#), we focused on the inside-out perspective, analyzing how the countries in the Mid-Med understand China's role and actions in the region, and how they navigate the need for improved connectivity while at the same time safeguarding national security in the context of an increasingly volatile geopolitical landscape. Therefore, we named the six webinars held between July 6th and July 13th, "China in the Mid-Med: Connectivity and Security." The first three of the six brief chapters that consti-

tute this report focus on the local perception of Chinese presence in the Middle East, North Africa, and Southern Europe. They also problematize the notion that China has a coherent regional approach, while at the same time identifying similarities across the states that we discuss. The fourth chapter focuses on how economic interactions with China have become part of the national security debate in Italy and Israel, two countries at the very center of the discussion regarding the delicate balancing act that regional actors are attempting to manage between economic prosperity, national security, and traditional diplomatic ties. The final two chapters analyze how practitioners from the energy and maritime logistic sectors understand the strong and ever-growing ties that exist between China and the Mid-Med in those two crucial economic sectors. We believe that the conversations during these 12 webinar events contribute to an urgent need for a better understanding of "China and the Mid-Med." Our aim is to contribute to a more informed decision-making process in the region, while at the same time creating a more robust and participatory knowledge base on this critical subject. Cooperation between the ChinaMed Project and Tel Aviv University's Department of East Asian Studies and the Moshe Dayan Center (MDC) for Middle Eastern and African Studies is dedicated to these goals.

# Participants - Hosts



## ENRICO FARDELLA - Peking University and ChinaMed Project

Dr. Enrico Fardella is the former Director and now Project Advisor of the ChinaMed Project. Enrico is Associate Professor of the History Department of Peking University (Beijing, China), Global Fellow at the Woodrow Wilson Center for International Scholars, and Director for Area Studies of the ChinaMed Business Program. His research interests range from Chinese foreign policy, to the History of international relations, and the History of contemporary China.



## ORI SELA - Tel Aviv University

Ori Sela is a Researcher and Senior Lecturer in the Department of East Asian Studies at Tel Aviv University, and currently serves as the Department Chair. He specializes in the history of Early-Modern and Modern China, and is particularly interested in the reciprocal relationship between intellectual history and socio-political history at various crossroads in China's past. The transition from China's imperial era into the nation-state building of the twentieth century, along with the crucial roles that history played and continues to play in current affairs, is another facet of his research and teaching. His disciplinary interests revolve around intellectual history, history of science and technology, and military history. Sela received his Ph.D. from Princeton University.



## BRANDON FRIEDMAN - Tel Aviv University

Brandon Friedman, Ph.D., is the Director of Research at the Moshe Dayan Center for Middle East and African Studies at Tel Aviv University. Brandon is also the Managing Editor of the Dayan Center's journal *Bustan: The Middle East Book Review*. His research interests include contemporary Middle East geopolitical and historical analysis, the history of nuclear weapons in the Middle East, and the modern history of Saudi Arabia. Friedman's Ph.D. research focused on the political relations between the rulers of the Persian Gulf littoral during the period of British military withdrawal from the region (1968 to 1971). He reads Arabic and Persian.



## ANDREA GHISELLI - Fudan University and ChinaMed Project

Dr. Andrea Ghiselli is an Assistant Professor at the School of International Relations and Public Affairs of Fudan University. He is also a non-resident Research Fellow with the TOChina Hub's ChinaMed Project. His research focuses on Chinese foreign and security policy making and China's policy toward the Middle East and North Africa.



# Participants - Guest Speakers



## LINA BENABDALLAH - Wake Forest University

Lina Benabdallah is Assistant Professor at Wake Forest University. She is the author of *Shaping the Future of Power: Knowledge Production and Network-Building in China-Africa Relations* (University of Michigan Press, 2020). Her research has appeared in *The Journal of International Relations and Development*, *Third World Quarterly*, *African Studies Quarterly*, *Project on Middle East Political Science*, as well as in public facing outlets such as the *Washington Post's* *Monkey Cage* and *Foreign Policy*. Dr. Benabdallah is also a Johns Hopkins China Africa Research Initiative research associate, a Center for Strategic and International Studies African Program Senior Associate, and a contributing editor for *Africa is a Country*. She earned a Ph.D. in Political Science from the University of Florida in 2017, and has conducted fieldwork in Beijing, Jinhua, Addis Ababa, Nairobi, and Bamako.



## MASSIMO DEANDREIS - SRM and GEI

Massimo Deandreis is General Manager of SRM, an Economic Research Centre related to the Intesa Sanpaolo Banking Group, specialized in the Italian economy, energy issues and maritime economy in a European and Mediterranean perspective. He is also currently President of GEI, the Italian Society of Business Economists, and Professor of Business Management at University of Turin. In Intesa Sanpaolo Banking Group he was previously chief of staff of the President of the Bank from 2008 to 2010. In the past he worked as a researcher at Centro Einaudi in Turin and the European Association of Regional Financial Centres (ACRFRE), collaborating with the OECD. He lived in Brussels for five years working as Head of the Piemonte delegation to the European Union and he has been general director of the Piemonte Regional Chamber of Commerce for eight years.



## FULVIO LINO DE BLASIO - Port System Authority of the Ionian Sea

Fulvio Lino De Blasio is the Secretary General of the Port System Authority of the Ionian Sea since May 2017. Former Director in Ernst & Young Financial Business Advisors (EY), he has more than 20 years of professional experience in strategic advisory managing and implementing complex programs and projects in the field of ports, logistics, transportation, infrastructure, regional development. Senior expert in the field of transport and logistics infrastructure, he supported the Italian Ministry of Infrastructure and Transport working as coordinator of the team in charge of the "Strategies for Transport and Logistics Infrastructures" (2016), the National Guidelines for evaluating the infrastructural projects of all transport modes (2016), the National Strategic Plan for Ports and Logistics (2015). He was also the leader of the team supporting the Managing Authority of the OPs of both the Programming Period 2007-2013 and 2014-2020 and the

team in charge of the Technical assistance to the closure of the Programme Interreg IIB Medocc - (ERDF part funded). He gained international experience working with the Romanian Transport Ministry and the Croatian Infrastructure Ministry. Within the Port Network Authority of the Ionian Sea, he is in charge of the strategic planning, innovation and digitalization, attraction of investment, Special Economic Zone. His main fields of expertise are: infrastructure, transports, ports and logistics, urban development, territorial planning, sustainable development.



### **SHIRA EFRON - Institute for National Security Studies and RAND Corporation**

Dr. Shira Efron is a visiting fellow at the Institute for National Security Studies (INSS), and leads the Israel program at the RAND Corporation. Her research focus is U.S. policy toward the Middle East, including on Israel's evolving ties with China and the Israeli-Arab conflict. Dr. Efron specializes in policy analysis, research, and planning methods that can be applied in a variety of contexts. Her studies on Israel-China, the humanitarian crisis in Gaza, and the costs of the Israeli-Palestinian conflict were featured in Israeli and international media outlets. Before joining INSS and RAND, Dr. Efron was a Middle East analyst at several think tanks in Washington DC including the Center for American Progress and Middle East Institute. She has a Ph.D. and M.Phil. in policy analysis from RAND's Graduate School, an M.A. in international relations/international business from New York University (NYU) and a B.Sc. in biology (major) and computer science (minor) from Tel Aviv University. She is a member of the board of directors of Deborah Forum, which promotes women in the security establishment, and a fellow with Israel Policy Forum.



### **JONATHAN FULTON - Zayed University and Atlantic Council**

Jonathan Fulton is an Assistant Professor of Political Science in the College of Humanities and Social Sciences at Zayed University, in Abu Dhabi, UAE. He is also a senior nonresident fellow at the Atlantic Council. He has written widely on China-Middle East relations for both academic and popular publications. His books include *China's Relations with the Gulf Monarchies*, *External Power and the Gulf Monarchies*, and *Regions in the Belt and Road Initiative*.



### **ANTOINE HALFF - Kayrros and Center on Global Energy Policy, Columbia University**

Antoine Halff serves as chief analyst at the earth-observation platform and energy-data analytics company Kayrros, which he co-founded in 2016. He is also an adjunct senior scholar at Columbia University's Center on Global Energy Policy, whose global oil markets program he established in 2015. He has over 25 years of experience as energy market analyst on Wall Street and in consulting, publishing, academe, government and international organizations. Past positions include chief oil analyst of the International Energy Agency; lead industry economist at the U.S. Energy Information Administration; head of commodities research at Société Générale brokerage unit Newedge; director of the global energy practice at politi-

cal-risk consultancy Eurasia Group and New York bureau chief at the Energy Intelligence Group. President Bill Clinton called his edited book, *Energy Poverty: Global Challenges and Local Solutions* (Oxford: Oxford University Press, November 2014), “a must-read for anyone serious about creating meaningful solutions to end poverty.”



### **LIORA HENDELMAN-BAAVUR - Tel Aviv University**

Dr. Liora Hendelman-Baavur is the director of the Alliance Center for Iranian Studies (ACIS), The Lester and Sally Faculty of Humanities, and teaches at the Department of Middle Eastern and African History at Tel Aviv University. She is co-editor, with David Menashri, of *Iran: Anatomy of Revolution* (2009), editor of *Iran Then and*

*Now: Society, Religion and Politics* (2017) and author of *Creating the Modern Iranian Woman: Popular Culture between Two Revolutions* by Cambridge University Press, 2019.



### **PHILIPPE LE CORRE - Harvard Kennedy School, ESSEC-IRENE, and CY Paris-Cergy University**

Philippe Le Corre is a Research Fellow at the Harvard Kennedy School (Mossavar-Rahmani Center for Business and Government), a Visiting Professor and scholar at ESSEC-IRENE and a Fellow-in-Residence (Institute of Advanced Studies) at CY

Paris-Cergy University, specialized in Chinese and Asian affairs. He is also an Associate IN Research at the John K. Fairbank Center for Chinese Studies at Harvard University and a nonresident Senior Fellow at the Carnegie Endowment for International Peace in Washington, DC. He previously worked as a Fellow at the Brookings Institution and as a Special Adviser for International Affairs to the French Minister of Defense. His research focuses on China's global rise with a special interest in Chinese investment and influence in Europe and Eurasia. His last book is *China's Offensive in Europe* (Brookings Institution Press, 2016). His work has also appeared in *Asia-Europe Journal*, *Carnegie Working Papers'* series, *China Economic Quarterly*, *Perspectives Chinoises*, *Etudes*, and in an edited volume, *Rethinking the Silk Road* (Palgrave-MacMillan, 2018). His recent papers include "The Case for Transatlantic Cooperation in the Indo-Pacific" (co-written with Erik Brattberg), "Kazakhs Wary of Chinese Embrace as BRI Gathers Steam" (National University of Singapore, 2019); "China's Rise as a Geoeconomic Influencer. Four European Case Studies" (Carnegie, 2018); "China's Global Rise. Can the United States and Europe Pursue a Coordinated Strategy?" (Brookings Institution, 2016).



### **YIGAL MAOR - Administration of Shipping and Ports, State of Israel**

Capt. Yigal Maor is the Director General, Administration of Shipping and Ports (ASP), Ministry of Transport, State of Israel. After serving in the Israeli Merchant Navy in command positions, Capt. Maor served in various senior executive management positions in “ZIM Integrated Shipping Services” head office and as a

member of ZIM's senior management team. In 2009 Capt. Maor was nominated by the Minister of Transport as the Director General – Administration of Shipping and Ports. Capt. Maor holds Master

Mariner FG certificate. Capt. Maor teaches Maritime courses (Economy and Operations) at the University of Haifa in the Faculty of Management – Business Administration department – Shipping and Ports program. In 2008-2009, Capt. Maor was elected and served as councilor in the Haifa city council. Capt. Maor serves as a Director and the Chairman of the board in the Israeli Marine Training and Education Authority.



### **MICHAL MEIDAN - China Energy Program, Oxford Institute for Energy Studies**

Dr. Michal Meidan is Director of the China Energy Program at the Oxford Institute for Energy Studies. Before joining OIES in July 2019, she headed cross-commodity China research at Energy Aspects. Prior to that, she headed China Matters, an independent research consultancy providing analysis on the politics of energy in China. Michal also held senior analytical roles at Eurasia Group in New York and London, and at Asia Centre-Sciences Po, Paris. She taught undergraduate courses on China's political economy at the Hebrew University in Jerusalem and has authored numerous academic articles. Michal also regularly provides comments for a wide variety of media outlets and is featured as a speaker at industry conferences.



### **ERIC OLANDER - China Africa Project**

Eric Olander is a journalist with more than 30 years of experience reporting, producing, and managing newsrooms for some of the world's leading editorial organizations including CNN, FRANCE 24, and the BBC World Service among others. He has an extensive background working in newsrooms and doing content production in the U.S., Europe, Africa, and Asia. China, though, has been the central focus of Eric's professional career. He first went to China in 1989 and spent more than a decade of combined time living, studying, and working there. Eric is fluent in both French and Mandarin Chinese. He received his undergraduate degree in East African history from the University of California at Berkeley and a Master's of International Public Affairs with a focus on Chinese foreign policy from the University of Hong Kong.



### **MARCO PIREDDA - ENI**

Dr. Marco Piredda is a senior manager of Eni - the Italian global energy company - where he works in the public affairs and international relations. He earned a BA degree with honors in Political Science at the LUISS University of Rome and holds a Ph.D. in Constitutional Law and a MA degree in Administrative Law from the University of Bologna. Before becoming a civil servant, he conducted academic and research activities on Public Law and Government at Rome-Luiss University, the University of Bremen and other academic institutions. He has also studied at the London Business School (UK), the London School of Economics (UK) and the National School of Administration (IT). Marco worked for 6 years for the Italian Government, in the Financial and Banking Directorate of the Italian Department of Treasury, as Director of the Unit in charge of Legal International Cooperation; in this assignment he

managed several EU-funded projects on economic regulation, mainly with eastern European countries such as the Czech Republic, Slovakia, Bulgaria, Lithuania, Cyprus as well as with Russia and Turkey. He joined Eni in 2008 to work in the External Relations and Communication Department. Then he worked in the Legal and Regulatory Affairs Department and in the Public Affairs Department, focusing on government relations and energy sector legislation, in Italy and worldwide: as head of Eni's legislative office, he has covered several regulatory dossiers, including economic and financial sanctions. In 2017 he was assigned the position of Head of Analyses and international relations for the development of Eni's oil and gas businesses, which includes the responsibility for international legislative affairs and relations with Government authorities. In June 2019 he was appointed Head of Political Scenarios and Institutional Support for Business Development in the MENA, Americas and Asia Pacific.



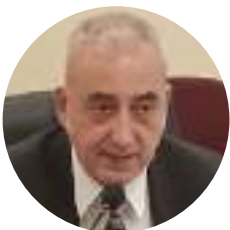
### LUCREZIA POGGETTI - MERICS

Lucrezia Poggetti is an Analyst in the Foreign Relations program at the Mercator Institute for China Studies (MERICS) in Berlin. Her research focuses on EU-China relations, including China's public diplomacy, sub-regional diplomacy and influence activities in Europe as well as Italy-China relations. Prior to joining MERICS, she worked on Chinese domestic politics at the Delegation of the European Union to China. Poggetti holds a Master's degree in Chinese Studies from the School of Oriental and African Studies (SOAS) and studied Chinese in Beijing and Hangzhou.



### MARIA REPNIKOVA - Georgia State University

Maria Repnikova is an Assistant Professor of Global Communication at Georgia State University. She is a scholar of China's political communication, including critical journalism, propaganda, and most recently China's soft power campaigns in Africa. Dr. Repnikova is the author of *Media Politics in China: Improvising Power Under Authoritarianism* (Cambridge University Press 2017), which was awarded the best book of the year prize by the International Journal of Press and Politics in 2019. Her articles have appeared in *New Media & Society*, *Journalism*, *China Quarterly*, and *Comparative Politics* amongst other venues. She has also written widely for international media, including *The New York Times*, *Wall Street Journal*, and *Foreign Policy*, amongst others. Dr. Repnikova holds a doctorate in Politics from Oxford University, where she was a Rhodes Scholar. She is now working on a book on China's soft power in Africa, with a focus on Ethiopia, and will be joining the Wilson Center as a Wilson Fellow in 2020-21.



### PLAMEN TONCHEV - Institute of International Economic Relations

Mr Plamen Tonchev has been Head of Asia Unit at the Institute of International Economic Relations (IIER), Greece, since 1998. As an IIER representative, Plamen is a founding member of the European Think-tank Network on China (ETNC). In addition, he sits on the EU Chapter of the Council for Security Cooperation in the Asia Pacific (EU CSCAP)



committee and the Asia-Europe Sustainable Connectivity (AESCON) Scientific Committee. Mr Tonchev has published books on Japan, India and Pakistan, as well as articles in academic journals on political/economic co-operation between Europe and Asia.



### **LETIZIA ZINGONI - Policy Sonar and Tufts University**

Letizia Zingoni is the co-founder of Policy Sonar, a Rome-based strategic consultancy specializing in political risk, non-market strategies and scenario analysis. Moreover, Letizia has significant boardroom experience with highly innovative companies, municipal owned companies and port terminals. Earlier in her career, Letizia worked with the procurement arm of the Italian Ministry of Finance, as well as in equity research with US and domestic investors. Since, 2018, Letizia has been an affiliate research fellow at SovereignNet Centre at the Fletcher School of Law and Diplomacy of Tufts University in Boston, US. Letizia graduated in business from Bocconi University and holds a Ph.D. in political science from LUISS University. Her Ph.D. research dealt with national security implications of Chinese foreign direct investments. Letizia is fluent in Italian, English and Mandarin Chinese.

## **Participants - Assistants**



### **ANDREA BARBIERI**

Andrea Barbieri is a Master student in International Affairs at the Graduate Institute of International and Development Studies (IHEID). His research interests include China's foreign policy, political psychology, and international history.



### **VALERIA GARBUI**

Valeria Garbui is a Master student in Languages and Cultures of Asia and Mediterranean Africa at Ca' Foscari University of Venice, with a major in Persian Language and Culture. Her research focuses on the relations between China, Middle-Eastern countries and Iran.



### **MARIA GRAZIA ERIKA GIUFFRIDA**

Maria Grazia Erika Giuffrida is a Master student in Modern China Studies at the Albert-Ludwigs-Universität Freiburg (Germany). Her research interests cover Chinese political language, China's foreign policy and contemporary issues, with a specific focus on migration.

# Connectivity and Security in the Middle East

In conversation with:

**MARIA REPNIKOVA** (*Georgia State University*)

**LIORA HENDELMAN-BAAVUR** (*Tel Aviv University*)

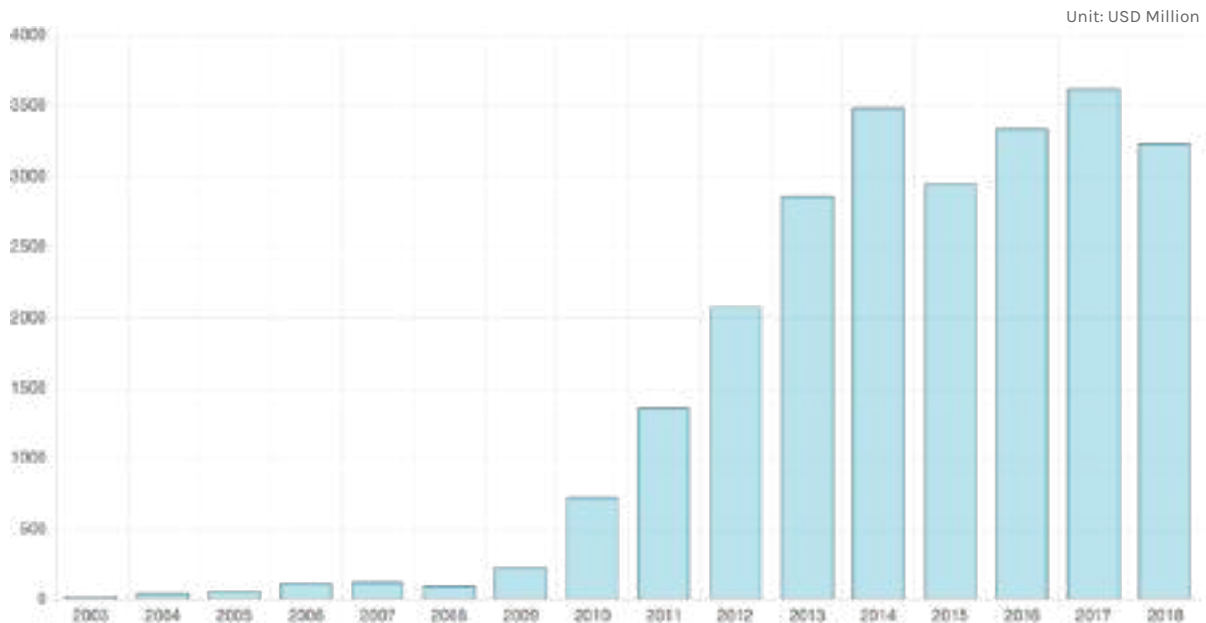
**JONATHAN FULTON** (*Zayed University and Atlantic Council*)

## Mainly Economic Ties

The countries in the Middle East and Red Sea region, such as Ethiopia, the Gulf countries, and Iran, look at China as an important partner in economic terms, but lack a real engagement with China at the social and cultural levels. In Ethiopia, perceptions of China at the elite level are contradictory, as noted by Maria Repnikova. While official media reports usually paint a positive picture of China with hardly any negative coverage, the perception of China at the popular level is more contested and critical. This duality

contributes to building a mixed reaction at the policy level. On the one hand, there is a focus on the economic advantages that cooperation with China can bring, while, on the other hand, there are doubts concerning the viability of the Chinese governance model in Ethiopia and the benefits of Chinese presence in the country. At the social level, there is a lack of space to engage with China in a critical way due to the absence of adequate coverage in the media and the shortage of scholars and experts that can help to build a deeper understanding of China and push the discussion beyond stereotypes.

Chinese direct investment (stock) in Iran



Source: ChinaMed's elaboration of data from the PRC Ministry of Commerce

Liora Hendelman-Baavur pointed out that Iranian perceptions of China, too, are contradictory. On the one side, there is a need to strengthen economic partnership with Beijing. On the other, there are voices calling for prudence in bilateral relations. Expanding ties with China would be particularly beneficial for the conservative elements of the regime, such as the Islamic Revolution Guard Corps (IRGC), which have been more proactive in pushing forward the relationship between the two countries. In contrast, the reformist camp has been more cautious in its approach to China, as relations with Europe and the West are preferred. However, US maximum pressure and, especially, the Trump administration's withdrawal from the Joint Comprehensive Plan of Action (JCPOA) contributed to the perception of China as a fundamental partner, even though Iran is disproportionately dependent on Chinese investment, and the relationship between the two countries is, therefore, asymmetrical.

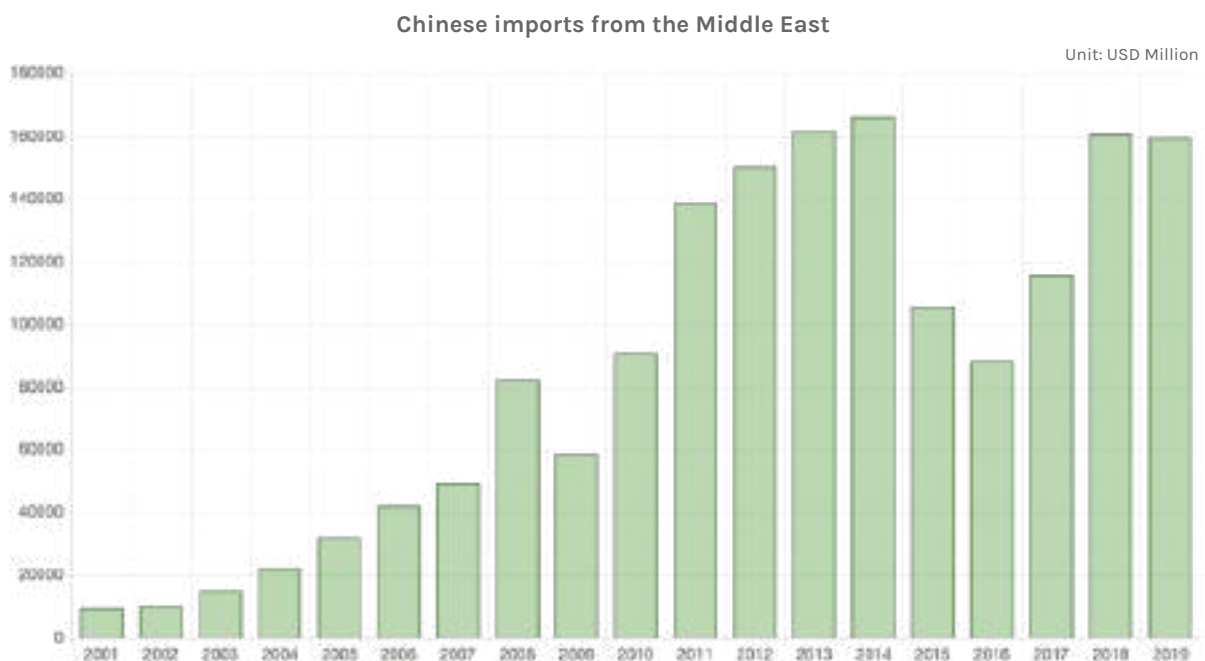
Economic relations also play a pivotal role in the relations between China and the members of the

Gulf Cooperation Council (GCC). Projects such as Saudi Vision 2030 and Kuwait's 2035 Vision align well with China's Belt and Road Initiative, argued Jonathan Fulton. While US interest in the region has weakened and Gulf countries "look East", the Covid-19 crisis has accelerated these trends. This is because the US and Europe did not provide effective leadership in dealing with the pandemic, especially in comparison with China.

However, interest in China is mostly business-oriented, engagement at the cultural level is still weak. China and Gulf countries have recently started to take steps to address this gap, through participation in book fairs and the establishment of joint language training centers in China and the Gulf.

## Present and Past Narratives

The idea of self-reliance is one of the main components of China's narrative in the Middle East and Red Sea region. China recommends that its partners adopt a flexible approach to using for-



Source: ChinaMed's elaboration of data from UNCTAD



eign investment and economic cooperation in order to develop their industrial capabilities. This idea, together with the often-highlighted fact that Communist China does not have a colonial past, plays an important role in the relations between China and East Africa. Although China is still seen as an important economic partner, recent events in Guangzhou and other Chinese cities, where African citizens were [mistreated](#), have somehow undermined this narrative.

China-GCC relations have been more overtly interest-driven and less ideological. In comparison with US engagement with the region, which is often framed as a value-based approach, China's pragmatism and its model of economic growth without political openness have actually been very attractive for GCC countries. In Iran's case, the attractiveness of relations with China is, naturally, also augmented by Beijing's emphasis on mutual respect and non-interference in other countries' domestic affairs. The narrative of China and Iran being "two ancient civilizations" is also aimed at reinforcing such a collaboration from a cultural point of view, as can also be seen elsewhere.

## Local Approaches to Thorny Issues

Regional views on the Hong Kong national security law are quite similar, as most countries sided with China. Iran and all GCC countries

except Qatar were among the group of states [supporting](#) the law. Repnikova highlighted the fact that Ethiopia did not sign the support statement but it did not oppose it. On the Xinjiang issue, the debate in the Gulf and Iran has tended to frame it as an ideological issue. For Gulf countries, Fulton pointed out, one of the biggest concerns relates to political Islam and its ideology. Beijing's similar framing of the issue as an ideological threat, therefore, contributed to the absence of criticism toward China. Furthermore, Uighurs are seen as Turkic people and, because of this, there is less sympathy toward them in the Arab world and Iran. Meanwhile, Iranian conservatives claim that the West is trying to discredit China's image by overstating the oppression in Xinjiang.

On the whole, Ethiopia, Gulf countries and Iran share some dynamics in their relationship with China. First, all attach more importance to the economic ties with Beijing, rather than focusing on historical commonalities. Then, from a cultural perspective, China still needs to refine its soft power approach to African and Middle Eastern countries, but small steps to increase mutual cultural understanding have been taken. Lastly, countries in the region also have a quite cohesive approach to China's separatism issues, by siding with China and upholding the Chinese official narrative on security issues.

### Suggested Readings

- Jonathan Fulton, "China-UAE Relations in the Belt and Road Era," *The Journal of Arabian Studies*, Vol. 9, No. 2 (2019), pp. 253-268.
- Jonathan Fulton, *China's Relations with the Gulf Monarchies* (New York, NY: Routledge, 2019).
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# Connectivity and Security in Southern Europe

In conversation with:

**PLAMEN TONCHEV** (*Institute of International Economic Relations*)

**LUCREZIA POGGETTI** (*MERICCS*)

**PHILIPPE LE CORRE** (*Harvard Kennedy School, ESSEC-IRENE, and CY Paris-Cergy University*)

## Evolving Southern European Approaches to China

The latest change of government in Italy and growing Sino-US antagonism have affected the debate on Sino-Italian relations on several different issues. Under the Gentiloni government (2016-2018), Italy pursued a two-pronged approach by seeking closer cooperation with China through its participation in the first Belt and Road Summit in May 2017, while remaining close to its traditional European partners. With the first Conte government (2018-2019), a radical

shift took place toward a more China-friendly policy, as Italy became the first G7 country to sign a Memorandum of Understanding with China on the Belt and Road Initiative (BRI) in March 2019. According to Lucrezia Poggetti, the approach of the Italian government was based on the wrong assumption that closer political ties with Beijing would translate into economic opportunities. In reality, Italy's trade deficit with China has widened. Yet China is now considered not just an economic player, but also a geopolitical actor whose actions have implications at the security, political and ideological level. In



Source: ChinaMed's elaboration of data from UNCTAD

this regard, Sino-American tensions have been the catalyst for the Italian debate on China, prompting reconsideration about different aspects of Sino-Italian cooperation.

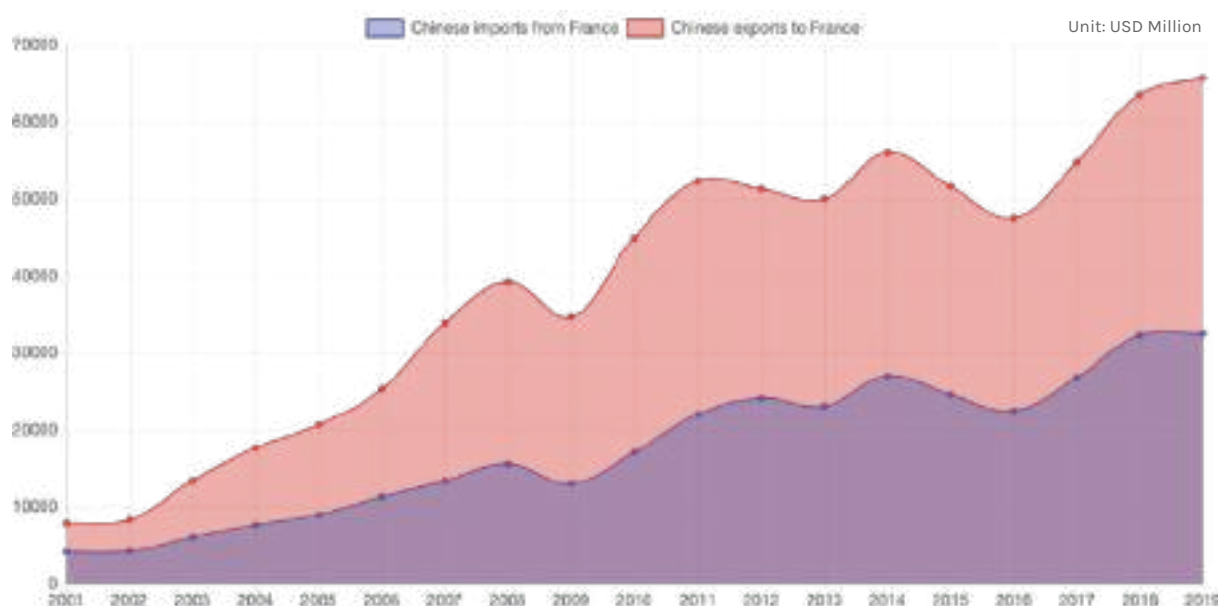
In Greece, it was the decade-long economic slump, which also led to a political crisis, that determined Athens' foreign policy and fueled an anti-EU mood in Greece. Following a populist wave and the election in January 2015 of the government led by Alexis Tsipras, China began being seen as a possible counterweight to the EU and as a savior of the Greek economy. Against this background, Athens made some high-profile political gestures that raised some eyebrows in the West, and contributed to the perception of Greece as China's stronghold in Europe. Among these displays of political alignment, Greece **blocked** a joint EU statement calling on China to respect the UN Convention on the Law of the Sea (UNCLOS) over a case brought by the Philippines, though Greece has always invoked the UNCLOS in its disputes with Turkey in the Aegean Sea, as noted by Plamen Tonchev.

Philippe Le Corre described the Sino-French relationship as a long-standing one that is now starting to fade away. This is influenced by the trade imbalance between the two countries and the feeling that Chinese companies unfairly benefit from state aid, thus hurting the French economy. France, alongside Germany and Italy has been at the forefront of the creation of EU investment-screening regulation, which will become fully operational in October 2020.

## Economic Opportunities and Security Concerns

Overall, since the launch of the BRI, the general perception is that the main debate has shifted from emphasizing economic connectivity to taking security into greater consideration. In Italy, the debate on the 5G telecommunications network has been developed independently from American pressure, as national cybersecurity concerns have been on the Italian agenda before Sino-US tensions started to grow, Poggetti noted. Conversely, on space cooperation, Italy seems to align more with the US. After

France's trade deficit with China



Source: ChinaMed's elaboration of data from UNCTAD

having signed a MOU on space cooperation in March 2019, Italy decided to [join](#) NASA's Artemis program in October 2019, and [withdrew](#) from cooperation with China on the development of the Tiangong-3 Chinese space station. Greece is not taking part in the discussion on the 5G network, as it still lags behind and would rather watch the debate develop in key European countries.

## The Impact of Covid-19

On a public opinion level, the pandemic has changed the perception of China. As pointed out by Le Corre, in a [recent poll](#) by the Tony Blair Institute, 60 percent of the French see the Chinese government in a negative light, and their opinion of the Chinese government has worsened during the pandemic. Up to 44 percent of the respondents hold the Chinese government responsible for the severity of the pandemic. China's Paris embassy tweets [criticizing](#) France's handling of the virus did not help in improving bilateral relations.

In Italy, the picture is more complicated. According to a [poll](#) by the Istituto Affari Internazionali and Laboratorio Analisi Politiche e Sociali, 77 percent of the respondents think that the medical supplies China sent to Italy were a gesture of solidarity, though Italy actually [paid](#) for the supplies. Yet, the Italian public still considers China negatively in terms of responsibility for the pandemic. In Greece, long considered a pro-China country, 44 percent of respondents to an [opinion survey](#) blamed China for the spread of the virus.

Despite the stress the pandemic exerted on the global supply chain, the three experts agreed that China will remain vital for European companies. Rather than looking at decoupling, market diversification is likely to become a critical part of European strategy to improve the resilience of the economy in the future. As Tonchev stated, "the more diversified the markets, the greater the resilience."

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# Connectivity and Security in North Africa

In conversation with:

**ERIC OLANDER** (*China Africa Project*)

**LINA BENABDALLAH** (*Wake Forest University*)

## Perception of China in North Africa: Elites vs the Masses

Sino-North African relations show stable ties between political and economic elites. For some countries, such as Algeria and Egypt, the relations date back to the beginning of the decolonization process. The attitude toward the People's Republic of China (PRC) has remained positive despite shocks like the recent global health crisis. Compared to the other countries in North Africa, Egypt, under President Abdel Fattah al-Sisi, strengthened its ties with China. Al-Sisi shares similar view to the Chinese on

sovereignty issues, religious extremism, and the influence of religion on politics. Over the last three years, al-Sisi has endorsed the position of the PRC over a number of issues, including the policies of the Chinese government in the Xinjiang Uyghur Autonomous Region (XUAR). Egypt is not alone. Recently, other countries that participated in the China Arab State Cooperation Forum of July 6 appeared to embrace Chinese values and the principle of non-interference in other countries' domestic affairs.

Both speakers agreed that while the elites have an overall positive perception of China, the gen-



Source: ChinaMed's elaboration of data from the National Bureau of Statistics of China.

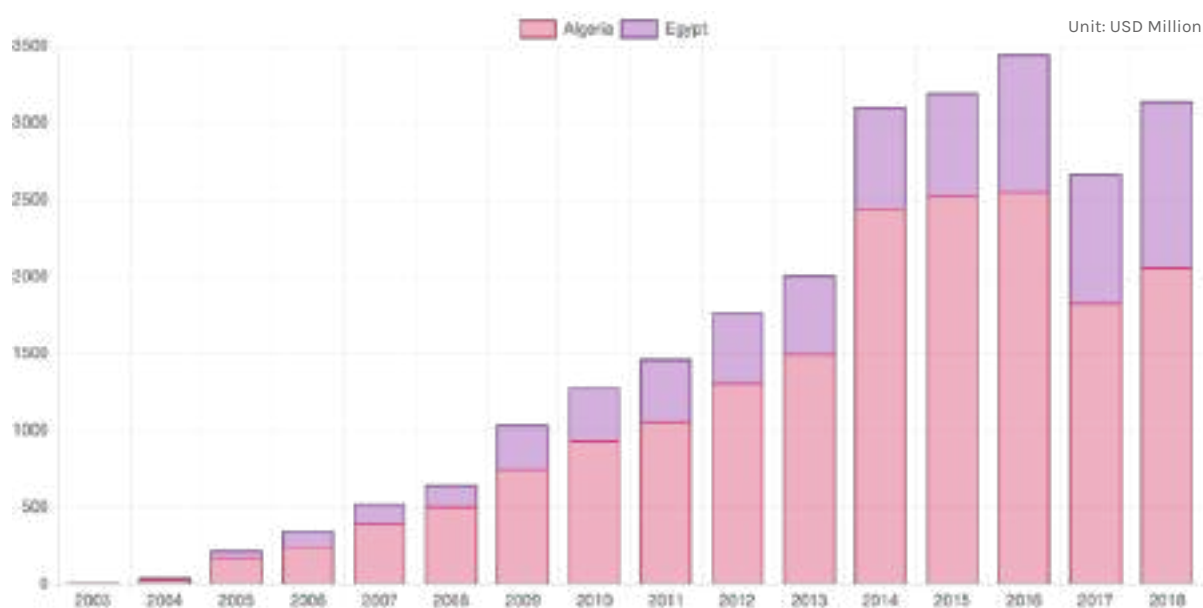
eral public in North African countries has a rather limited knowledge of China. Many do not have a clear attitude toward China, but they do not perceive China as a neo-colonialist power despite the large-scale investments and the uneven trade balance between the PRC and countries in the region. Since exchanges at the grassroots level are scarce, the majority of the people have no or very little experience of interaction with China. Hence, popular perception of China is formed through the narrative proposed by the local media, which is often tightly controlled by the government. Overall, compared to Sub-Saharan Africa, the conversation and the debate in the media on China and the Chinese presence lacks substance. Most material circulating on social media comes from European or Western news agencies or newspapers, very few local actors engage in the production of local knowledge on China. However, it is important to highlight that diverse opinions on Chinese policies and politics emerge on social media in North Africa. For instance, the Uyghur issue in the XUAR has received a great deal of attention, as has the presence of communities of Chinese

laborers in North Africa.

## Sino-North African Networks

The relations between North Africa and China are likely to increase in the coming years. Benabdallah argued that, compared to the United States or the European Union, China started investing in human capital in Africa late, but it is catching up to its competitors and laying the foundation for a dense network of Sino-North African political and economic ties. In the last twenty years, several officials from North African countries received short- or long-term professional training in China. They acquired technical knowledge and built social networks among each other and with their Chinese counterparts that will be valuable, for both their countries and China, in the future. For instance, the North African students who have graduated from Chinese universities in recent years may hold strategic positions in their respective countries in 10 years, thereby turning China's human investment into political capital.

Chinese direct investment (stock) in Algeria and Egypt



Source: ChinaMed's elaboration of data from the PRC Ministry of Commerce



Olander focused on the Chinese network built through its presence in North Africa. Just as North African elites are beginning to understand China better, likewise Chinese officials and economic actors are doing the same with their counterparts. For instance, in contrast to how China operated in decades past, Chinese state-owned companies' (SOEs) engineers moved to the countries in which they have to operate, and they learned the language, and adapted to the local culture. Mr. Olander argues that this evolution helps to bridge the cultural gap between China and its partners; it also helps the SOEs to develop useful business relations.

## China's Appeal to North African Countries

Chinese institutions are perceived as providing loans and development projects without political strings attached. China does not force its partners to reform their social and political systems. Aside from financial investments, North African countries' interest in China resides in the transfer of policies and technologies which favors both economic development and, importantly, political stability. Furthermore, Western countries or organizations offer very little by way of competition with China, and hence is it often the case that African countries have but one option—China.

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# The security dimension of China's FDI in the Mid-Med: Israel and Italy

In conversation with:

**SHIRA EFRON** (*Institute for National Security Studies and RAND Corporation*)

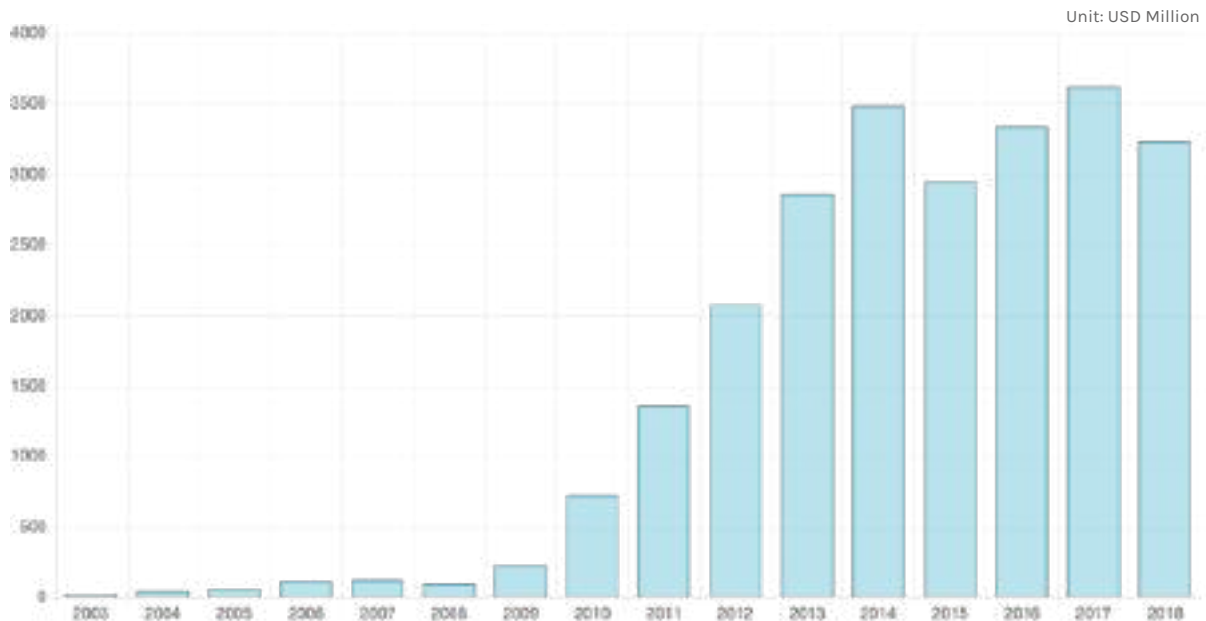
**LETIZIA ZINGONI** (*Policy Sonar and Tufts University*)

## Israel and Chinese FDI

Shira Efron argued that Israel is a unique case in the wider Mediterranean region, since in Israel, China has been involved in several ways: Chinese companies invested in and bought significant shares in [companies](#); have taken part in major [infrastructure projects](#); and invested in high-tech sectors of the economy, such as robotics and biotechnology. Most importantly, the sectors in which China has been investing are relevant to Israel's national security. Such an investment trend with national security implications might become—and some argue has already become—problematic. This is further

amplified by two other factors. First, according to Efron, Israeli authorities do not have clear picture of the size and variety of Chinese presence in the country; Israel does not monitor China's investment patterns in Israel, despite the fact that some Chinese investors are state owned companies with ties to the Chinese People's Liberation Army, or other Chinese government agencies. If these companies gain access to important information and infrastructure, or they are put in the position to manage strategic infrastructure, Israel's national security could be at risk. The second factor is that the line between civilian and military technology is extremely blurred in areas of research related to

Chinese direct investment (stock) in Israel



Source: ChinaMed's elaboration of data from the PRC Ministry of Commerce



artificial intelligence, machine learning, cyber-security, and the like. It is difficult to tell if and how a technology acquired by a Chinese company through the partnership with an Israeli one will be used to boost China's or other countries' military capabilities.

Against this background, Efron stated her concerns regarding how Israeli policymakers deal with these kinds of issues. Often, government officials that are in charge of dealing with Chinese companies and investors have little knowledge of the Chinese market, the Chinese company's corporate behavior, as well as the connections between some of these enterprises and government or, eventually, military institutions in China.

Recently the Israeli government began implementing a mechanism [to screen foreign investments in Israeli infrastructure](#) bids and strategic technologies. Efron pointed out that this initiative represents a small step forward to protect Israeli national security interests. Yet, the government needs to do more because the powers of that screening mechanism are limited in significant ways. In particular, it does not oversee investments in sensitive technological sectors that should be considered of importance for Israel's national security interests. It goes almost without saying, that in the context of enhanced Sino-American rivalry, Israel's ties with China are challenged by geostrategic factors beyond Israel's specific concerns.

## Italy's Controversial Position on Chinese FDI

Letizia Zingoni shared her research findings on the national security implications of Chinese foreign direct investments in the Italian case. The analysis focused on Chinese [investments](#) in

Italy between 2006 and 2016, and was based on the understanding that a country's perception of and reaction to threats to its national security via foreign investments depends on the relations with the country of origin of the foreign investor, as well as the approach to economic cooperation of the host country. The specifics of the direct investments, in particular the type of sectors at which investments were targeted, were also of relevance to the security question. Zingoni pointed out how Italian politicians treated Chinese operations in Italy in different, and at times contradictory, ways. On the one hand, some acquisitions made by Chinese firms caused national security concerns among the Italian political class. On the other hand, other investments were praised and supported by local and national politicians.

Such a contrasting approach, Zingoni noticed, was due to the sector and the strategic importance of the company that was acquired, or invested in, by Chinese enterprises. An interesting case in this respect is China's State Grid Corporation investment in Cassa Depositi e Prestiti (CDP) Reti, that has the mission of supporting the development of Italy's strategic infrastructure in the gas and energy sector. In 2014, State Grid Corporation of China [bought](#) 35 percent of CDP Reti for €2.1 billion. That year, the Five Star Movement and Forza Italia, then both part of the opposition in the Parliament, questioned the government with regard to this deal. Both parties claimed the investment threatened Italy's national interests and its political position vis-à-vis the United States and the European Union.

On the contrary, other investments coming from China did not arouse the same concerns. In 2015, China National Chemical paid €7.1 billion to [buy](#) a controlling stake in the chemical giant

Pirelli. This investment was praised and favored by some politicians. The Italian government was informed of the deal and [did not interfere](#) or oppose ChemChina's investment. The same year other Chinese institutions bought minority shares in other Italian energy companies. The People's Bank of China [bought](#) 2.071 percent of the utility group Enel and 2.102 percent of the oil and gas group Eni. Shanghai Electric bought a 40 percent stake in Ansaldo Energia, the Italian power equipment maker. Other Chinese companies acquired stakes in Italian counterparts operating in the sport, food, and biomedical sectors. Thus, Chinese investments in Italy were the [highest](#) in Europe in 2015.

Against this background, calls for strengthening the legislative tools to ensure that foreign investments do not harm Italian national security have grown stronger. Although the Italian government has indeed moved to boost its tools to oversee and, eventually, block foreign acquisitions, Zingoni pointed out that Italy's position remains uncertain. On the one hand, security concerns will remain a potent driver of the policymaking process vis-à-vis foreign investors,

especially non-European ones. On the other hand, however, smooth and open trade and investment relations between China and Europe are beneficial to the Italian economy. At the moment, it is difficult to tell what the future holds.

All in all, while the cases of Israel and Italy are certainly different in many ways, it seems both also face similar challenges when it comes to China's FDI: The economic benefits are clear, but the security dimension looms above it. In both cases it seems politicians and decision makers are still far from equipped to understand the broader context for China's FDI. And in both, criteria for assessing such FDIs and thereby reducing potential national security issues and maximizing opportunities are underdeveloped. Lastly, both Italy and Israel face significant US pressure to minimize their collaboration with China in areas with a possible security dimension, the repercussions of which remain to be seen.

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# China's Infrastructure and Logistics in the Mid-Med: Between Connectivity and Security

In conversation with:

**MASSIMO DEANDREIS** (*SRM and GEI*)

**FULVIO LINO DE BLASIO** (*Port System Authority of the Ionian Sea*)

**YIGAL MAOR** (*Administration of Shipping and Ports, State of Israel*)

## China's Growing Presence in the Wider Mediterranean

Data on maritime trade covering the last ten years show a significant increase in China's presence and container activity in Mediterranean ports. According to Massimo Deandreis, the two main reasons for the increase are the opening of the new Suez Canal in 2015 and Chinese economic activities related to the launch of the Belt and Road Initiative since 2013. Today, we can see a series of Chinese-related projects and operations in most of the important ports of the Mediterranean, including Port Said in the Eastern Mediterranean and North Africa, and the main ports of Southern Europe, such as the Piraeus, Trieste and Valencia. Chinese companies are also operating in major ports in Northern Europe (Rotterdam), and en-route to America. Overall, though, the Mediterranean market share grew at the expense of Northern Europe: from 2010 to 2019, the market share of Mediterranean ports grew by 4 per-cent whereas during that same period Northern European routes decreased by 5 percent.

The Port of Taranto is an example of such increased activities in the Mediterranean. Until the 2008 financial crisis, the port was one of the major Italian ports; however, during the early 2010s it was

sidelined and required substantial renovations. Public investment of some €500 million since 2012 enabled the port to regain significance, and thus also attract foreign investors like [Yilport Holding](#). In 2019, Yilport—a Turkish company— has been awarded a 49-year concession for the poli-sectoral wharf of the port of Taranto; and in late 2019 it launched a partnership with China's giant COSCO, thus bringing Chinese engagement to Taranto as well. According to Fulvio Lino De Blasio, what characterizes the Chinese approach to the partnership with Yilport in Taranto, is their focus on long-term planning; the need to gain deep knowledge of the Italian legal framework and the peculiar situation of Taranto; and the interest in going beyond the maritime sphere and connecting it with inland routes into Italy and Europe. It is important to mention, however, that Italian security services are [looking](#) into if and how the presence of a Chinese company could undermine the security of the NATO infrastructure there.

The Chinese presence is likewise evident in Israel's ports in the last few years. Sections of Israel's two major ports—Haifa and Ashdod—were under international bids for various types of development, in order to meet the

needs of the increasing cargo traffic to/from Israel and the related international commercial activities. In both ports, Chinese companies won the bids. In the case of the Port of Haifa, Shanghai International Port Group ([SIPG](#)), won a 25-year concession to operate approximately 15 percent of the container-related facilities in the port. In Ashdod, Pan-Mediterranean Engineering Company (PMEC) has won bids to build one private terminal and renovate another, without any further operating concessions. Capt. Yigal Maor claims these types of Chinese investments demonstrate the two main trends in the Chinese presence in the region. First, the Eastern Mediterranean ports play a strategic role in the maritime connections between Asia and Europe, as stepping stones toward the logistic networks of Eastern Europe via the Port of Piraeus. Second, these ports offer important opportunities for investments in the container business. Furthermore, Capt. Maor suggested that the Port of Haifa is in a particularly strategic position because of its future potential for [railway links](#) to Jordan and Saudi Arabia, with the potential for further access

also to the Gulf, yet this is still more prospective than real.

## The Mediterranean Region in the Post-Covid-19 Era

Deandreis pointed out that the Covid-19 pandemic and the consequent slowdown of the global economy have had a major impact on the region. He reported that in the first quarter of 2020 the port of Rotterdam had a throughput decline of 4.7 percent and Shanghai 8.5 percent. Although the throughput of the Port of Suez increased by 7.5 percent in the same period, this positive performance is mostly due to the movement of tankers and dry bulk carriers within the region, thereby indicating a significant decrease of the manufacturing activities in Asia and Europe.

It is also important to emphasize an interesting, though seemingly temporary, change in the maritime trade routes in the pre- and the

Sino-European trade and the centrality of the Mediterranean in maritime transportation in 2019



Source: SRM

post-pandemic periods. Before, the Asia-Europe route via the Suez Canal, which overlapped with the ideal route of China's Belt and Road Initiative, was the fulcrum of global maritime transportation. Now, we can see an increase of container traffic past the Cape of Good Hope. That is a longer route but, due to current low oil prices, it has become cheaper than the one going through the Suez Canal. This phenomenon may have future implications, pending oil price and geopolitical concerns, and it is important to keep tracking developments in this regard. Similarly, there has also been an increase in the traffic along the Northern Sea Route, with COSCO as the most active shipping company there. It must be noted, though, that the Northern Sea Route, its advantages notwithstanding, presents several serious environmental, legal, and global-competition challenges. Therefore, its feasibility and reliability must be further [studied](#).

Overall, the speakers agreed that improving logistical efficiency is crucial to overcoming the current crisis. In this regard, the combination of Chinese expertise and the logistical capacity of the ports in the wider Mediterranean region could enhance efficiency of maritime transportation in the region (and then overland transportation), although, as Deandreis pointed out, the growing politicization of Chinese presence in Mediterranean infrastructure may present political challenges. Nonetheless, Maor emphasized that currently Chinese companies in these fields face very little competition, if at all. Hence, much of the rhetoric concerning switching operations from Chinese companies to other companies has no basis in reality.

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# China's Energy Interests in the Mid-Med

In conversation with:

**MICHAL MEIDAN** (*China Energy Programme, Oxford Institute for Energy Studies*)

**MARCO PIREDDA** (*ENI*)

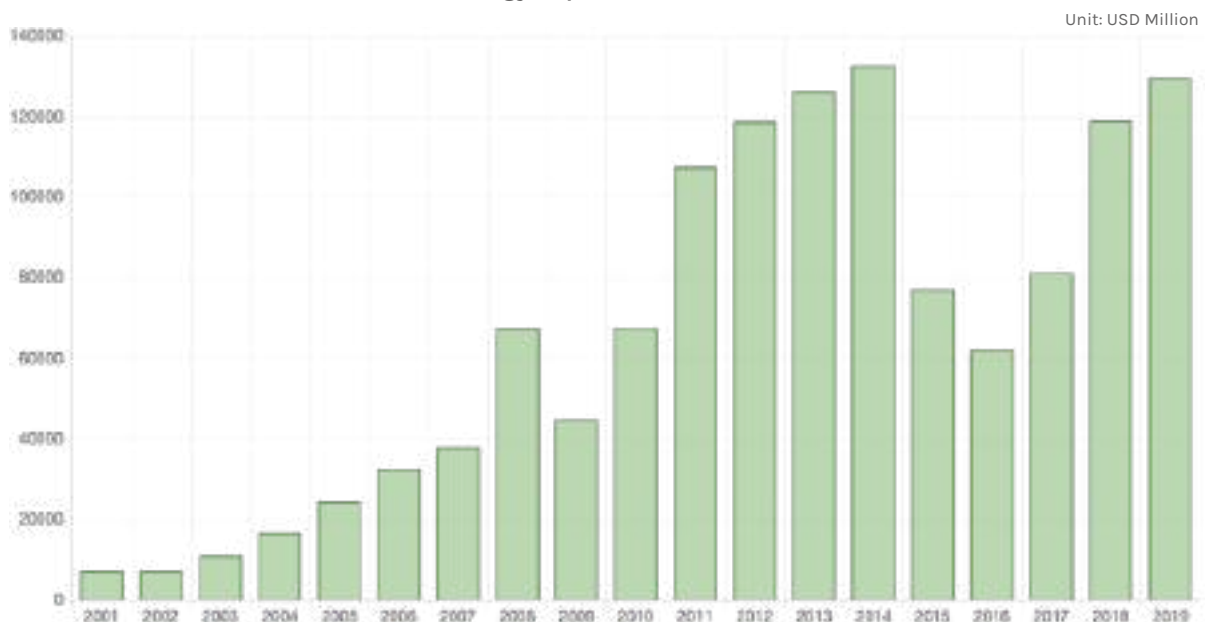
**ANTOINE HALFF** (*Kayrros and Center on Global Energy Policy, Columbia University*)

## China, the Energy Market, and Covid-19

Covid-19 has had a major impact on the energy market at large and, even if the low oil prices return to historical levels, it still has had significant long-term effects. Marco Piredda suggested that Covid-19 may push Chinese NOCs to review their priorities by increasing their domestic production and cutting some of their projects abroad. As stated by Antoine Halff, three major players, namely the United States, Russia, and Saudi Arabia, will increasingly dominate the market from the supply side, while China will

continue to increase its market share on the demand side. Interestingly, Halff also noted that, while the market has been rebalancing over the last few weeks, China is capitalizing on stocking crude oil and boosting its domestic production, thereby becoming not only the world's biggest importer of crude oil, but also one of the major producers. In this regard, Michal Meidan highlighted the Chinese economy's resilience during the shutdown and its ability to recover quickly. She also pointed out that China is likely to remain an indispensable actor in the global supply chain, despite the clash with the United

Chinese energy imports from the Middle East



Source: ChinaMed's elaboration of data from UNCTAD



States, thereby also preserving its role in the energy market.

## Energy in China's Approach to the Middle East

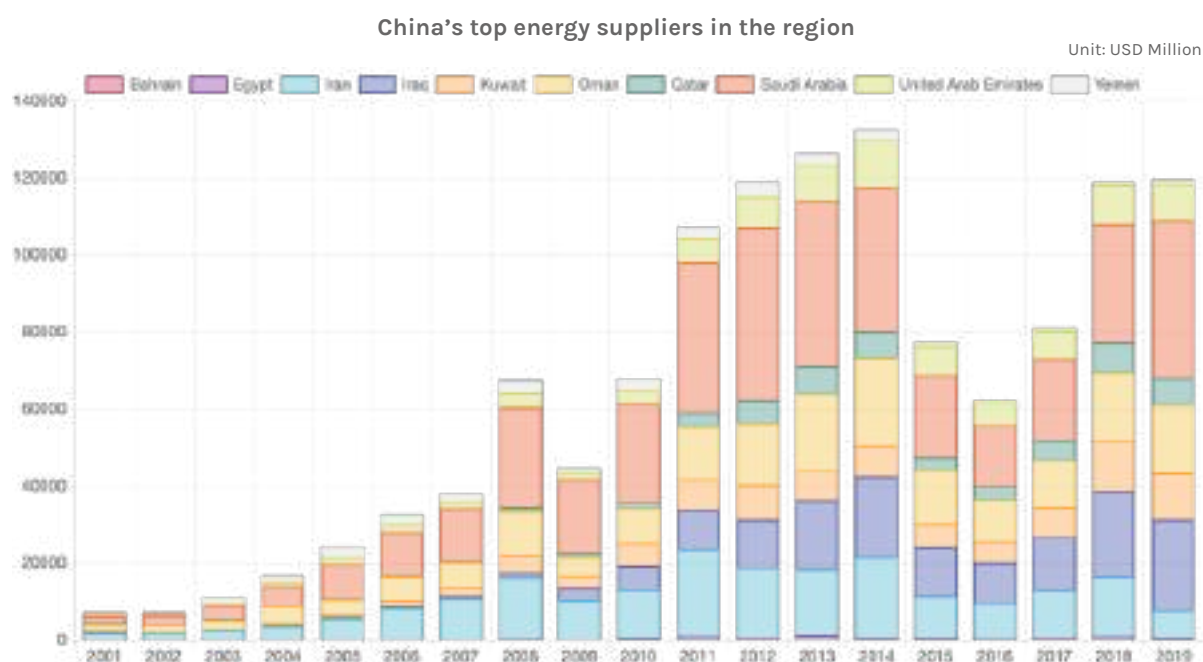
The Chinese approach to the Middle East is generally characterized by the need to achieve energy security. This is why, Meidan pointed out, China's government and state-owned companies are working to complete the nationalization of the Chinese supply chain, insulating them from US influence and sanctions.

At the same time, China managed to decrease its energy dependence on the Middle East. Today, less than 50 percent of Chinese energy imports come from the region, which means China is relatively protected from shocks due to instability in the region. Moreover, both Meidan and Piredda argued that we should not look at energy as the main goal of China's economic relations with Middle Eastern countries. Instead, it should be seen as the springboard for the diversification of

China's economic presence in the region, especially in the Gulf and in Egypt, where Chinese companies are playing an important role in the construction of different kinds of infrastructure.

## Iraq, Iran, and Saudi Arabia

Iraq, too, is a very interesting case. As Piredda noted, Iraq is China's third major supplier of imported oil and, as figures on recent Chinese investment show, there is potential for the expansion of relations between the two countries, also in sectors other than oil and gas, such as power, water, and infrastructure. However, Iraq also presents many challenges, both internal, such as political instability and security risks, as well as external, due to the complex regional network of relations. The Chinese pragmatic approach in Iraq exemplifies China's ability to play an important economic role in the region, while downplaying politics, in order to avoid the conflicting interests of Iran, Israel, Saudi Arabia, United States, and other regional/global players.



Source: ChinaMed's elaboration of data from UNCTAD

While some have speculated that energy interests might motivate China to expand its military presence in the region, Meidan argued that today Chinese officials consider the Middle East an interesting observation ground for studying the rivalry among superpowers and innovations in warfare. China is not willing to intervene militarily or spend significant diplomatic capital in the region. Thus, for example, on the one hand, China sees Iran as an important regional actor—given the size of Iran’s potential market, its energy resources, its cultural heritage as an ancient civilization, and its geopolitical role as a bridge between Central and Southern Asia and the Middle East. Yet, it cannot afford to have its companies targeted by American sanctions and excluded from the American market, and so China to a great extent still does not invest its military/diplomatic capital in Iran.

Saudi Arabia is one of the world’s largest oil producers and exporters, and it works closely with Chinese independent and state-owned refineries and has consolidated its position as China’s most important energy partner in the region. According to Halff, the Covid-19 crisis even accelerated this trend: Saudi Arabia has not only increased its share of the Chinese energy market, but has also made gains in terms of negotiating power as it engaged in a price war with Russia, thereby contributing to the transforma-

tion of the international energy governance regime with a gradual marginalization of OPEC and the IEA.

## Beyond Oil and the Middle East

Against this background, it is worth mentioning the renewable energy sector in China and its role in the country’s energy transition. Although it is estimated that China will rely heavily on oil and hydrocarbons until 2030, the renewable energy sector is of strategic importance because it could give China the tools to finally de-couple from United States and set international standards in this industry. At present, China is the biggest exporter of renewable energy products, providing it with an extremely competitive position in the market and relevant supply chains. It remains to be seen whether China will be able to also bring true innovation to this field. Yet, given the huge size of domestic demand, China’s productive capability and competitive prices, China will surely be able to successfully commercialize the latest technologies, especially in lower-income countries. Therefore, in the long run, the characteristics of China’s engagement with the Middle East (and to some extent Africa) will change as well.

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