



The Gulf States and the New Silk Road

by Dr. Mordechai Chaziza

BESA Center Perspectives Paper No. 1,229, July 17, 2019

EXECUTIVE SUMMARY: The rise of the People's Republic of China over the past two decades has significantly changed the global economy. This development represents an opportunity for the Gulf States as they seek to diversify their economies, increase trade, and locate investment opportunities in emerging markets. By promoting China's Belt and Road Initiative, they can boost their own national development plans through access to Beijing's favorable business conditions, expertise, and experience.

The relative decline of US hegemony and power in the Persian Gulf and the emergence of China, which seeks a significant role in the region, are altering regional perceptions of the balance of power. The Gulf States have accordingly begun to seek ways to bolster their ties with Beijing, as well as with other powers, to strengthen their positions in an increasingly vulnerable geopolitical environment. These states [are determined to preserve their strategic alliance](#) with the US but are also seeking to hedge against threats that are emanating from regional crises and power competitions.

China's most significant 21st century diplomatic and economic enterprise is the Belt and Road Initiative (BRI) - the flagship foreign policy effort of President Xi Jinping. It is comprised of two components: the Silk Road Economic Belt (SREB) and the 21st century Maritime Silk Road Initiative (MSRI). The former links Beijing with Central Asia, the Middle East, and Europe on land, while the latter unites the major maritime trade routes of Africa, Europe, and Oceania as well as South and Southeast Asia.

The two schemes are inseparable, and [China's goal is their parallel implementation](#). Each component has the potential to transform the global geopolitical landscape through the construction of interrelated infrastructure projects, including air and seaports, highways, high-speed railways, pipelines, and truck roads.

The [scope](#) of the BRI is vast, covering more than 72 countries along seven corridors. The BRI covers two-thirds of the world's population, 40% of global GNP, and an estimated 75% of known energy reserves. Thus, [this great ambition will require significant resources](#) - technological, human, financial and political - garnered globally if it is to be realized.

As the BRI is intended to run through Asia, Africa, and Europe, it will directly link the East Asian economies to the West Asian and further to the European economies. The [global infrastructure investment needed](#) to support currently expected rates of economic growth is between \$3.3 trillion and \$6.3 trillion annually. The BRI has the potential to establish a new order not only in Eurasia but in the entire international system.

The land and maritime Silk Roads intersect in the Middle East - an area that contains diverse and complex humanitarian, religious, and ethnic elements and in which a major role is played by the energy sector. As an energy-rich zone, the region will play a decisive role in the building of the BRI. It will also be involved in security coordination, economic cooperation, and cultural exchanges under the BRI framework. The Chinese government thus has reason to pay close attention to the Middle East during the construction of the Belt and Road vision.

The Middle East is at the geographical heart of China's BRI. Not only do the three continents of Asia, Africa, and Europe intersect there, but the five seas - the Mediterranean, the Red, the Arabian, the Caspian, and the Black - also converge there. It contains the four maritime strategic channels of the Bosphorus, the Dardanelles, Bab al-Mandeb, and Hormuz.

The Gulf States can be referred to as the core of the region as they are the most influential countries in the Middle East. The advantageous location, the generous endowment of natural resources, and the huge industrialization potential render the Gulf region of [supreme strategic importance](#) to the implementation of the BRI. As Xi said at the 6th Ministerial Conference of the China-Arab States Cooperation Forum in June 2014, the regional countries are "[natural cooperative partners](#) in jointly building the BRI."

The Gulf States are longing for social and economic development and accelerated industrialization to ease domestic conflicts and prevent them from being left behind in the wave of globalization. To this end, they have been actively rolling out ambitious development plans for achieving economic transformation and reducing their over-reliance on oil. These plans include Saudi Arabia's Vision 2030, the UAE's Vision 2021, Oman's Vision 2020, Kuwait's Vision 2035, and Qatar's and Bahrain's respective Vision 2030s. These countries are striving to achieve sustainable development by privatizing and developing non-oil industries. These ambitious regional development

plans and China's BRI vision have converged on a common economic development path, and their strategic synergy will bring new opportunities to both sides.

The Gulf States are critical partners and will play a significant role in the successful implementation of the BRI due to their geostrategic location, huge oil and gas reserves, and fast and steady economic growth with the rapid expansion of the market for consumer and merchandise goods, of which China has plenty. Chinese investment in infrastructure and construction projects under the framework of the BRI is becoming a key theme in diplomatic relations and could create new opportunities for energy and economic partnerships in promising sectors between Chinese and the Gulf States.

The BRI could lead to a historic and dramatic transformation in the Persian Gulf region, a change that could have global, not only regional, significance. However, the Gulf is also rife with ethnic and political conflict, terrorism, and religious fanaticism. Regional turbulence and political rivalry create unpredictable challenges that could derail the realization of the BRI. China will have to weigh the extent to which the initiative empowers its rivals or threatens its relationships with external powers.

Dr. Mordechai Chaziza holds a Ph.D. from Bar-Ilan University and specializes in Chinese foreign and strategic relations.