



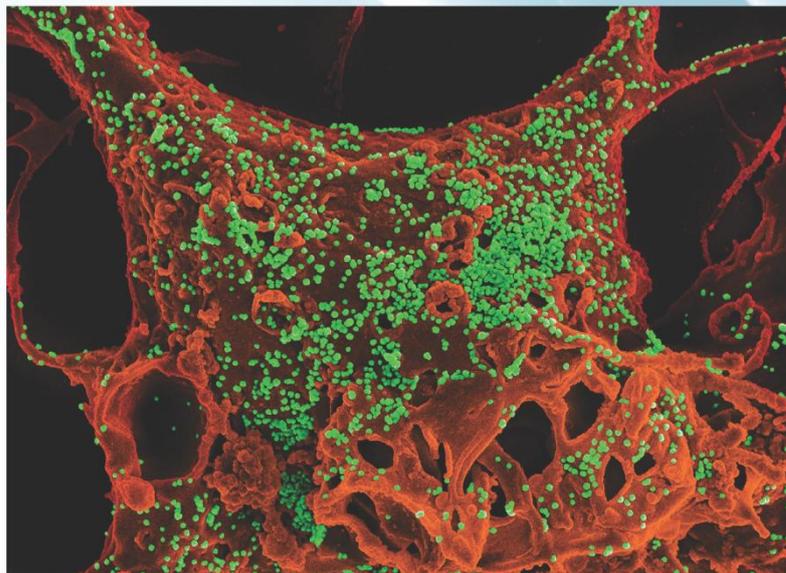
**THE BEGIN-SADAT CENTER
FOR STRATEGIC STUDIES**



**Bar-Ilan
University**

Coronavirus, China, and the Middle East

Mordechai Chaziza



Mideast Security and Policy Studies No. 174

**THE BEGIN-SADAT CENTER FOR STRATEGIC STUDIES
BAR-ILAN UNIVERSITY**

Mideast Security and Policy Studies No. 174

Coronavirus, China, and the Middle East

Mordechai Chaziza

Coronavirus, China, and the Middle East

Mordechai Chaziza

© The Begin-Sadat Center for Strategic Studies
Bar-Ilan University
Ramat Gan 5290002 Israel
Tel: 972-3-5318959

office@besacenter.org

www.besacenter.org

ISSN 0793-1042

June 2020

Cover image: Color-enhanced electron micrograph image of coronavirus by the NIAID Integrated Research Facility, Maryland

The Begin-Sadat (BESA) Center for Strategic Studies

The Begin-Sadat Center for Strategic Studies is an independent, non-partisan think tank conducting policy-relevant research on Middle Eastern and global strategic affairs, particularly as they relate to the national security and foreign policy of Israel and regional peace and stability. It is named in memory of Menachem Begin and Anwar Sadat, whose efforts in pursuing peace laid the cornerstone for conflict resolution in the Middle East.

BESA Perspectives are short pieces on timely and fundamental Israeli, Middle Eastern, and global issues. *Mideast Security and Policy Studies* serve as a forum for publication or republication of research conducted by BESA associates. *Colloquia on Strategy and Diplomacy* summarize the papers delivered at conferences and seminars held by the Center for the academic, military, official, and general publics. In sponsoring these discussions, the BESA Center aims to stimulate public debate on, and consideration of, contending approaches to problems of peace and war in the Middle East. The *Policy Memorandum* series consists of policy-oriented papers. Publication of a work by BESA signifies that it is deemed worthy of public consideration but does not imply endorsement of the author's views or conclusions. A list of recent BESA Center publications can be found at the end of this booklet.

International Advisory Board

Founder of the Center and Chairman of the Advisory Board: Dr. Thomas O. Hecht

Vice Chairman: Mr. Saul Koschitzky

Members: Ms. Marion Hecht, Mr. Robert Hecht, Prof. Riva Heft-Hecht, Mr. Joel Koschitzky, Amb. Yitzhak Levanon, Sen. Joseph I. Lieberman, Mr. Robert K. Lifton, Rt. Hon. Brian Mulroney, Mr. Seymour D. Reich, Mr. Greg Rosshandler, Amb. Zalman Shoval, Amb. Norman Spector, Ms. Drorit Wertheim

International Academic Advisory Board

Prof. Ian Beckett *University of Kent*, Prof. Eliot A. Cohen *Johns Hopkins University*, Prof. Irwin Cotler *McGill University*, Prof. Steven R. David *Johns Hopkins University*, Prof. Lawrence Freedman *King's College*, Prof. Patrick James *University of Southern California*, Dr. Martin Kramer *Shalem College*, Prof. Robert J. Lieber *Georgetown University*, Prof. Michael Mandelbaum *Johns Hopkins University*

Research Staff

BESA Center Director: Prof. Efraim Karsh

Research Associates: Mr. Emil Avdaliani, Dr. Efrat Aviv, Lt. Col. (res.) Dr. Shaul Bartal, Mr. Edwin Black, Dr. Yael Bloch-Elkon, Col. (res.) Dr. Raphael Bouchnik-Chen, Brig. Gen. (res.) Moni Chorev, Dr. Edy Cohen, Dr. James Dorsey, Dr. Gil Feiler, Prof. Jonathan Fox, Prof. Hillel Frisch, Dr. Manfred Gerstenfeld, Prof. Eytan Gilboa, Dr. Gabriel Glickman, Maj. Gen. (res.) Gershon Hachohen, Col. (res.) Aby Har-Even, Dr. Eado Hecht, Dr. Tsilla Hershco, Dr. Doron Itzhakov, Dr. Alex Joffe, Lt. Col. (res.) Dr. Mordechai Kedar, Mr. Yaakov Lappin, Prof. Udi Lebel, Dr. Alon Levkowitz, Prof. Ze'ev Maghen, Dr. Mark Meiorowitz, Ambassador Arye Mekel, Lt. Col. (res.) Dr. Raphael Ofek, Mr. Amir Rapaport, Dr. Asaf Romirowsky, Col. (res.) Dr. Uzi Rubin, Prof. Jonathan Rynhold, Prof. Shmuel Sandler, Dr. Yechiel Shabiy, Dr. Eitan Shamir, Lt. Col. (res.) Dr. Dany Shoham, Prof. Shlomo Shpiro, Prof. Joshua Teitelbaum, Dr. George N. Tzogopoulos, Dr. Jiri Valenta, Dr. Albert Wolf

Program Coordinator: Alona Briner

Publications Editor (English): Judith Levy

Coronavirus, China, and the Middle East

Mordechai Chaziza

EXECUTIVE SUMMARY

The Middle East was already plagued by war, famine, and wholesale death in the form of multiple civil wars when the outbreak of Covid-19, a novel coronavirus, added pestilence to the mix. The pandemic offers a unique prism through which to assess the way China interacts with Middle Eastern states in time of crisis.

While many countries in the Middle East suspended bilateral air travel, repatriated their citizens from China, and prevented Chinese workers from returning to the region, the same governments also sought to maintain close relations, expressed support for Beijing, and delivered aid to China. The findings show that at least for now, the relationship between China and the Middle Eastern states remains close. However, it may take months to see the full ramifications of the pandemic in the Middle East, so it is too soon to tell how China's interactions with the countries of the region will develop.

Dr. Mordechai Chaziza is senior lecturer at the Department of Politics and Governance and the division of Multidisciplinary Studies in Social Science at Ashkelon Academic College, Israel. His China and the Persian Gulf: The New Silk Road Strategy and Emerging Partnerships was published in 2019. motih1308@gmail.com

Coronavirus, China, and the Middle East

Mordechai Chaziza

Introduction

In December 2019, a mysterious outbreak of infectious disease occurred in the central Chinese city of Wuhan (Hubei Province). Cases soon began to surface in other Chinese cities as well. As this novel coronavirus (冠状病毒, officially designated as COVID-19) moved beyond China's borders, the World Health Organization (WHO) declared it a pandemic (a disease that spreads in multiple countries around the world simultaneously). COVID-19, which is spread through social contact, is now present in 213 other countries and territories around the world.¹

The outbreak has become a major international health crisis, with official figures indicating over 6,156,438 worldwide cases of infection and over 370,000 deaths by the end of May 2020.² However, the actual infection and mortality figures may be far higher due to under-reporting.

In the first months of the outbreak, the Middle East rapidly became the second-most hard-hit region after China. Every Middle Eastern country has had confirmed cases. According to the International Monetary Fund (IMF), vulnerable populations, particularly the poor, are likely to suffer disproportionately as they may have less access to health care and lower savings with which to protect themselves from financial catastrophe.³ Many countries in the region appear to be unprepared to handle a health crisis like COVID-19, and the outbreak could potentially prove catastrophic to millions of people affected by war and refugee crises in places such as Syria, Yemen, and Iraq.⁴ According to UN Refugee Agency (UNHCR) data, around 7.4 million refugees and 9.3 million IDPs (internally displaced persons) are scattered across Turkey, Syria, Jordan, Iran, Iraq, Israel, and Lebanon.⁵

The vast majority of countries in the region, including Iraq, Bahrain, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Egypt, Turkey and the United Arab Emirates (UAE), have closed schools and universities, suspended football leagues, canceled cultural events of world

importance (for example, the Qatar Grand Prix and the Ultra festival in the UAE), and suspended all commercial flights until further notice. Some have imposed bans on citizens traveling to specific countries to stop the spread of coronavirus. Bars and cafes have been shuttered, prayers and traditional religious events have been canceled, and religious sites have been closed (e.g., the al-Aqsa Mosque in Jerusalem, the Church of the Nativity in Bethlehem, and the Shiite Muslim shrine in Karbala, Iraq). There is concern that coronavirus has infiltrated a main pilgrimage route in the Middle East, which could lead the deadly pathogen to infect vulnerable refugee populations. If this occurs, it could cause unprecedented public health crises across the region.⁶

The capacity to contain the virus depends on the strength and effectiveness of the governments and public health systems of the Middle East countries (see Table 1).

Table 1: Government effectiveness scores and credit ratings for key Middle East countries

Country	Government effectiveness	Credit rating
Iran	38	B+
Turkey	54	BB-
Israel	86	+A
Saudi Arabia	65	A
Qatar	75	AA-
UAE	90	AA
Egypt	31	B+
Iraq	9	B-
Lebanon	26	RD (default)
Bahrain	60	BB-
Kuwait	50	AA
Jordan	75	BB-
Oman	60	BB
Palestinian Authority	21	Not rated
Syria	3	Not rated
Yemen	0.5	Not rated

Sources: World Bank, Worldwide governance [indicators](#) (2018); Fitch [ratings](#). (1) = percentile rank (0-100). (2) = AA+ to AA- = high grade; A+ to A- = upper medium grade; BB+ to BB- = non-investment grade speculative; B+ to B- = highly speculative.

According to WHO, most Middle East states rank relatively high among the world's 191 health systems, with a few exceptions, such as Syria, ranked 108th, and Yemen, ranked 120th (see Table 2).

Table 2: Overall health system efficiency in Middle East WHO member states

Country	Rank	Index
Oman	8	0.691
Saudi Arabia	26	0.894
UAE	27	0.886
Israel	28	0.884
Bahrain	42	0.824
Qatar	44	0.812
Kuwait	45	0.810
Egypt	63	0.752
Turkey	70	0.734
Jordan	83	0.698
Lebanon	91	0.664
Iran	93	0.659
Iraq	103	0.637
Syria	108	0.628
Yemen	120	0.587

Sources: Ajay Tandon, Christopher J. L. Murray, Jeremy A. Lauer, and David B. Evan. "[Measuring Overall Health System Performance for 191 Countries](#)," in GPE Discussion Paper Series: No. 30, ELP/GPC/EQC, *The World Health Report 2000*, June 21, 2000.

Some Middle Eastern countries might face particular difficulty in fighting the spread of coronavirus.⁷ Civil wars in Syria and Yemen will almost certainly impede the proper functioning of their health systems. The unilateral US sanctions on Iran may hurt its ability to buy the technology required to produce essential equipment and medicine to contain the spread of the disease.⁸ Its exponential spread could stress the national health systems of both energy-rich countries that have invested in state-of-the-art medical facilities and war-ravaged nations like Syria and Yemen where hospitals have been the targets of devastating airstrikes.⁹

At this writing, coronavirus continues to spread across the Middle East. Official figures indicate over 581,000 cases of infection, 191,741 active cases, and 14,802 reported deaths by the end of May (see Table 3).

Table 3: Coronavirus in the Middle East

Country	Cases	Recovered	Deaths	Active
Turkey	163,103	126,984	4,515	31,604
Iran	148,950	116,827	7,734	24,389
Saudi Arabia	83,384	58,883	480	24,021
Qatar	55,262	25,839	36	29,387
UAE	33,896	17,546	262	16,088
Kuwait	26,192	10,156	205	15,831
Egypt	23,449	5,693	913	16,843
Israel	17,012	14,811	284	1,917
Bahrain	10,793	5,826	17	4,950
Oman	10,423	2,396	42	7,985
Iraq	6,179	3,110	195	2,874
Lebanon	1,191	708	26	457
Jordan	734	507	9	218
Palestinian Territories	447	368	3	76
Yemen	310	13	77	220
Syria	122	43	4	75
TOTAL	581,447	389,706	14,802	191,741

Source: Worldometers, May 31, 2020.

Compared to America, Europe, or Africa, the numbers of cases of infection and reported deaths in the Middle East are significantly lower, though the real figures are likely to be higher as there is no reliable reporting from most of its countries because of conflict, official denial, or both. During Ramadan (April 23-May 23), many countries relaxed their measures, which further strained capacities. This resulted in a dramatic increase in vectors of contagion, particularly in Saudi Arabia, Turkey, and the UAE.¹⁰

The UAE was the first Middle Eastern country to report a coronavirus-positive case, but the most significant numbers of infections and fatalities have been in Turkey, followed by Iran and Saudi Arabia.¹¹ Turkey has the tenth-highest number of reported COVID-19 cases in the world after the US, Spain, Russia, Britain, Italy, Brazil, France, Germany, and India, and the highest number in the Middle East (163,103 cases of infection, 31,604 active cases, and 4,515 deaths as of May 31). Turkey, which is located on the transit point between Asia and Europe, recorded its first official case on March 11, 2020, after which the virus spread rapidly.¹²

In twelfth place is Iran. The Islamic Republic was a significant source of imported cases in other countries in the area, such as Iraq, Afghanistan, and Pakistan, among others (148,950 cases of infection, 24,389 active cases, and 7,734 deaths). There is serious concern that the true number of infections in Iran is much higher than the number of confirmed cases reported by the government, which is struggling to contain and manage the pandemic. The seriousness of the coronavirus situation in Iran raised fears across the region—in Lebanon, Turkey, Iraq, Kuwait, Bahrain, Saudi Arabia, and other

countries—that the virus could be brought to their countries by Shiite pilgrims traveling to or from Iran.¹³

This study will examine the impact of the COVID-19 pandemic on the Middle East and assess whether it will affect China's relationships with the region. Is the ongoing outbreak functioning as a stress fracture in those relationships? What should China do to maintain close relations with countries in the region? The COVID-19 pandemic offers a unique prism through which to assess the ways in which China interacts with Middle Eastern countries in time of crisis.

The pandemic's impact on the Middle East

Owing to its geographical location and centrality to Eurasian trade networks, the Middle East has historically been a conduit for the spread of disease. The COVID-19 pandemic is the second coronavirus outbreak to affect the Middle East region. (Coronaviruses are a large family of viruses that include the common cold, Severe Acute Respiratory Syndrome [SARS], and Middle East Respiratory Syndrome [MERS-CoV]). The MERS virus was first reported in Saudi Arabia in 2012 (more than 2,000 cases) and has since spread to several other countries in the Arabian Peninsula. It has also appeared in the US. More than 800 people have died from the MERS virus.¹⁴

One reason why the Middle East is uniquely at risk of an outbreak of a pandemic is the constant, routine mass migration of people from one country to another, whether for religious, economic, or safety reasons. Every year, Muslims travel by the millions to the holy cities of Mecca and Medina for the *hajj* and *umra* pilgrimages, while Shiite Muslims in particular make pilgrimages to holy shrines in Iraq and Iran. Qom, a major pilgrim destination, is one of the epicenters of the outbreak in Iran. Thousands of pilgrims from other countries with Shiite Muslim populations may have been exposed to the virus in that city before the outbreak was detected and made public.¹⁵

Moreover, the region is also home to millions of expatriate workers who frequently travel to and from their home countries. These extensive economic links create additional opportunities for a pandemic to spread. Given that Dubai and Abu Dhabi are both global financial centers and major hubs for international travel, it is no surprise that the coronavirus pandemic arrived early in the UAE (a family of four Chinese tourists in the Emirates were the first cases in the Mideast)¹⁶. In 2019, the number of foreign visitors to Dubai increased 5.1% to 16.7 million, helped by a 15.5% rise in the number of Chinese tourists (989,000).¹⁷

According to the WHO-World Bank joint report, the estimated total cost of a global influenza pandemic is 2.2-4.8% of global GDP (\$3 trillion).¹⁸ The novel coronavirus has had a significant impact on Middle East economies that are already struggling with severe economic strain, political instability, and conflict. Cascading crises are feeding

into one another, creating an interconnected web of catastrophe. These countries are not facing one crisis; they are facing two or three simultaneously.¹⁹

Governments around the Middle East are trying to contain COVID-19 with measures aimed at limiting human contact as much as possible. The main fear is the explosion of critical cases to a level that could overwhelm local healthcare systems. While measures seem to be working to varying degrees in each country, the damage they are causing to the countries' economies has yet to be measured. Middle Eastern governments have to tread a fine line between fighting the pandemic effectively while at the same time making sure their economies do not collapse. The outbreak is having a major impact on the oil and gas industries, the civil war and refugee crises, the travel and tourism industry, the BRI, and the capital markets.

Oil and gas industries

The coronavirus pandemic is dramatically affecting one of the Middle East's most critical industries: oil. Many nations in the region rely heavily on oil and gas revenues, so a decline in the prices of petroleum-related products is expected to be the most significant economic channel through which the effects of the pandemic are felt. In recent years, the depletion of foreign currency reserves and uncertainty about future oil prices forced Gulf oil producers to adopt restraint in their economic policy, which has entailed streamlining and cost-cutting measures. Various government agencies were instructed to cut spending on new projects and return unused budget allocations to the Ministry of Finance. The Gulf States are increasingly seeking to escape their profound dependence on oil revenues through streamlining, diversification of revenue sources, and adoption of the principles of a modern economy.

The main difficulty in converting and diversifying the oil-based Gulf economies is that the political and social stability of those countries is directly related to the high standard of living of their citizens, which is supported by oil money.²⁰ Economic or social instability in the Gulf States could influence or even threaten regional stability.

Oil is a leading export product of the Gulf producers, and oil prices have declined sharply since COVID-19 appeared in China. The price of Brent oil plummeted from \$68.9 a barrel on January 1 to \$22.7 a barrel on 31 March. Crude oil futures for May 2020 tumbled to \$20.4 a barrel in anticipation of the negative impact of the pandemic on oil demand.²¹ Other factors might have contributed to this drop, including the oil price war launched by Saudi Arabia with Russia that has cratered prices, threatening economies across the region.²² However, coronavirus was probably the most important factor, mainly because of the significant drop in demand from China as authorities shuttered production facilities as part of their efforts to contain the spread of the virus. The recovery of oil prices will depend on how successfully China and other countries control the spread of the virus, the effects of which are now global.

The pandemic-related curbing of China's voracious hunger for oil has left Middle East producers with too much produced crude. According to Bloomberg, Chinese oil demand has dropped by about 3 million barrels per day (20% of total consumption) as coronavirus squeezes the local economy.²³ The Chinese energy market's response to the health crisis is highly reactionary, given that it is not yet clear how deadly the disease will be or what the long-term impacts will be on the Chinese economy and commodities. Currently, almost half of China's oil imports are sourced from the Middle East, principally from the Persian Gulf. In 2019, roughly half (44.8%) of Chinese imported crude oil originated from nine Middle Eastern countries, ranging from \$386 million from Egypt up to \$40 billion for Saudi Arabia.²⁴

Energy, centering on the crude oil and petrochemical industries, is at the heart of the growing links between China and the Persian Gulf. The strength of the relationship between the People's Republic and the region depends on energy (though it extends to other commodities). China is highly dependent upon oil and gas imports, principally from the Persian Gulf and Africa, which are carried mainly by tanker over sea lanes of communication (SLOCs) and run through maritime chokepoints. Beijing's dependence on crude oil imports from the Persian Gulf has been increasing gradually since 1993, when it became a net importer of oil.²⁵

China buys up around one-fifth of its energy demand, making it a major customer for Gulf oil producers. Saudi Arabia is a particularly large supplier (16.8% of China's total imported crude oil), with imports from the Gulf oil producers reaching 44.2% in 2019.²⁶ According to Reuters, China bought approximately 1.67 million barrels per day (83.32 million tons of crude oil) from Saudi Arabia in 2019.²⁷ In November 2019, Saudi Aramco signed crude oil sales agreements for 2020 with five Chinese customers, increasing total volume by 151,000 barrels per day compared to its 2019 supply contracts.²⁸

According to the IMF 2020 report, Gulf economies that fail to diversify could see approximately \$2.5 trillion in accumulated wealth crumble away within 15 years as global oil demand drops.²⁹ For this reason, all the Gulf Cooperation Council (GCC) countries have embarked upon development programs to promote sustainable economic diversification. They are looking to diversify or entirely rebuild their economies, increase trade, attract more foreign direct investment, and increase their global market presence for alternative sources of revenue in the wake of low oil prices.

However, the success of their vision will depend to a great extent on revenue from energy exports to build their post-energy sectors, and lower oil prices in recent years strain those efforts.³⁰ The Gulf states are primarily reliant on energy revenue to drive their economies, with 85-90% of federal budget revenues coming from energy exports. According to the US Energy Information Administration (EIA), most Gulf energy crude oil exports are sold to East Asia.³¹

According to the International Energy Agency's (IEA) latest oil market forecast, global oil demand is expected to decline in 2020 as the impact of COVID-19 spreads around the world, constricting travel and broader economic activity. The IEA expects global demand for oil to fall by 435,000 barrels per day year-on-year in the first quarter of 2020—the first quarterly contraction in more than a decade. Global demand for all of 2020 is expected to fall by 365,000 barrels per day, which would be the worst performance since 2011.³² Moreover, the outbreak of a novel coronavirus prompted OPEC in March 2020 to consider an additional cut in oil production of 1.5 million barrels per day until the end of the year as an emergency measure on top of the 1.7 million barrels per day already pledged.³³ On April 12, OPEC, Russia, and other oil-producing states agreed to cut production by nearly 10 million barrels per day, a record. The group agreed to gradually decrease the curbs in production through April 2022.

Obviously, China plays an important and growing role in the global economy, so any setbacks in its economic activity and growth are likely to cause significant negative spillover into the global economy. Fear and uncertainty about the spread of the virus are likely to hurt investment decisions in China and in other countries, which will lower oil prices further. According to the Oil Market Report for February 2020 (IEA), global oil demand has been hard hit by the novel coronavirus and the widespread shutdown of China's economy. Beijing's oil demand in 2019 accounts for 13.7 million barrels per day (14% of global demand) compared to 5.7 million barrels per day in 2003. Its growth in oil demand currently accounts for more than 75% of the global growth in demand.³⁴

The COVID-19 outbreak is also affecting liquefied natural gas (LNG) demand. The Middle East is a key source of China's LNG, and Qatar—the world's largest supplier of LNG—is one of China's biggest suppliers.³⁵ According to Independent Commodity Intelligence Service (ICIS) estimates, there has been a 2.9 million ton drop in China's LNG demand so far in 2020. ICIS forecasts that total China LNG demand for 2020 will be 65.5 million tons, with 2021 imports expected to rise to 71.8 million tons. ICIS notes that the spread of the virus will have a significant negative impact on the industrial, power generation, transport, and commercial sectors in China.³⁶

Civil wars and refugee crises

While many countries in the Middle East are unprepared to handle health crises to varying degrees, the COVID-19 pandemic has the potential to be truly catastrophic to the millions of people in the region affected by war and refugee crises in places such as Syria (122 cases of infection, 75 active cases, and four reported deaths); Yemen (310 cases of infection, 220 active cases, and 77 reported deaths); and Iraq (6,179 cases of infection, 2,874 active cases, and 195 reported deaths). Among the many challenges faced by countries in the region, the protection of refugees is particularly difficult. This is because they are likely to suffer from two contagions: coronavirus and misinformation about coronavirus.

Several factors make refugees vulnerable to the outbreak. First, they tend to live in areas with high population density, including refugee camps and ethnic enclaves in large cities. Not only do they reside in these high-density areas, but they are often in economically precarious situations that prevent them from staying home. As a result, for both demographic and economic reasons, refugees typically cannot engage in social distancing measures. In addition, refugee camps often suffer severe shortages of water, sanitation, and hygiene (WASH) infrastructure, so actions like frequent hand-washing are difficult if not impossible to perform.³⁷

The failed states that contain dense refugee enclaves also have a high risk of massive coronavirus outbreaks. As noted, the virus can spread rapidly in the confines of displaced person camps, and refugees on the move are difficult to keep track of. This makes the spread of the virus impossible to contain or monitor. At this writing, there are over 6.2 million internally displaced people in Syria (including 2.5 million children)³⁸ and 4 million in Yemen (the worst humanitarian crisis worldwide). Millions more refugees from these war zones are scattered in other countries throughout the region.³⁹

The governments of these countries are particularly ill-equipped to handle health crises or epidemics as the conflicts they are experiencing have severely weakened their health systems. Even as they face complex emergencies, they are burdened with weak health systems, weak infrastructures, and weak capacity to respond in comparison to the wealthy Arab Gulf countries. International health and refugee organizations are aware of the dangers and are trying to prevent disaster, but their efforts may not be enough.⁴⁰

In northwestern Syria, the recently intensified fighting in Syria's Idlib and Aleppo provinces has forced as many as 948,000 people, mostly women and children, from their homes since early December 2019.⁴¹ Many of these internally displaced people are living in acutely precarious circumstances with inadequate shelter (if any), limited supplies of food and medicine, and increasingly inadequate health facilities. Although Syria had only 122 reported COVID-19 infections by the end of May 2020 (a highly dubious figure according to health experts), the already poor health of this population and their lack of access to health care puts them at higher risk of becoming seriously ill or dying from the virus.⁴²

The travel and tourism industry

According to the World Travel and Tourism Council (WTTC), the coronavirus pandemic could cut 50 million jobs worldwide in the travel and tourism industry. The Asian continent is expected to be the worst affected (around 30 million of these job losses would be in Asia, seven million in Europe, five million in the Americas, and the rest in other continents). Once the outbreak is over, it could take up to 10 months for the tourism industry to recover to its normal levels (airlines and cruise ships are currently more affected than hotels). The travel and tourism industry currently accounts for 10% of global GDP.⁴³

The sharp decline in travel and tourism caused by the COVID-19 pandemic threatens Middle Eastern countries in several ways. It exposes the weakness of their reliance on fees as a source of government revenue, and as the Gulf region is a major transit hub for passengers connecting from Europe to Asia, canceled or limited flights have a severe local impact. Dubai, for example, which is home to the world's busiest airport for international travel, relies heavily on tourism and aviation. In 2019, Dubai attracted 16.7 million tourists and set a target of 20 million tourists for 2020.⁴⁴ The coronavirus outbreak and subsequent travel restrictions are dampening those figures at just the time when the country is striving to reduce oil dependency. Dubai had also hoped to attract 11 million foreign visitors to attend Expo 2020 (the total expenditure for which approaches around \$9 billion), but that event has been canceled as a preventive measure.⁴⁵

Saudi Arabia is the second-biggest tourist destination in the Middle East. Over 17.7 million people visited in 2018, a figure forecast to increase to 23.3 million in 2023. The travel and tourism sector is expected to contribute \$70.9 billion in total to the country's GDP.⁴⁶ Although there has been growth in the leisure tourism sector, most tourism in Saudi Arabia continues to involve religious pilgrimages.⁴⁷ The religious tourism sector has flourished in line with increasing demand to join the *hajj*, the most important religious event of the year in the Muslim world. This should help Saudi Arabia offset its recent losses in oil revenue.

However, since the outbreak of the coronavirus pandemic, the kingdom has taken the unprecedented step of suspending visas for visits to Islam's holiest sites (e.g., the Prophet's mosque in Medina) for the *umra* pilgrimage. This raises questions about the *hajj*. Saudi Arabia has also suspended visas for tourists from countries affected by the virus as fears of the pandemic deepen. Further, according to the SPA news agency, the kingdom has imposed a temporary ban not only on visitors but also on locals and residents performing the *umra* over virus fears.⁴⁸ In Bahrain, in the wake of the coronavirus outbreak, a decision was made to cancel the Formula One Bahrain Grand Prix, a blow to the Gulf State's vital tourism sector.⁴⁹

The ongoing spread of COVID-19 has forced Turkey to close its borders and ground all outgoing and incoming flights, which has affected the country's vital tourism industry. In 2019, the number of tourists visiting Turkey increased by 13.7% to reach a record 51.8 million people. The country had set the goal of hosting 75 million visitors by 2023. According to the Turkish Statistical Institute (TUIK), the country was likely to earn \$34.5 billion from tourism alone, marking a historic milestone. Before the pandemic, Turkish cities were teeming with both locals and tourists. Now, most squares and historical and natural tourist sites are almost completely deserted.⁵⁰

Turkey was hit by the coronavirus pandemic at a time when its economy was already suffering from a weak currency, a high budget deficit, high inflation, a fragile financial system, and a dwindling central bank reserve. Given the major share the tourism sector contributes to the Turkish economy (in 2019, Turkey was the sixth-most visited country

in the world), Ankara's pandemic-created economic woes are only set to increase as summer comes unless the crisis is soon contained.⁵¹

In recent years, Egypt's tourism industry—a key to the country's economy—had shown signs of recovery after the 2011 revolution, the 2013 coup, and the 2015 downing of a Russian airliner by the Islamic State group, all of which took their toll on visitor arrivals. Though still far off the 14.7 million recorded in 2010, Egypt welcomed 11.3 million arrivals in 2018 compared with just 5.3 million in 2016.⁵² Tourism revenues in Egypt jumped by more than 28% to reach about \$12.2 billion in fiscal year 2018-19 compared to \$9.8 billion in fiscal year 2017-18.⁵³ According to the Central Bank of Egypt (CBE), the tourism industry was the country's third source of national income after remittances from Egyptians abroad, which ranked first (\$26.4 billion), followed by non-oil exports (\$17.1 billion).⁵⁴

The Egyptian government's preventive safety measures, set up in response to the coronavirus outbreak, have led to a sharp decline in the tourism industry. Egypt is now losing an estimated \$1 billion per month in lost tourist revenue.⁵⁵

According to the UN World Tourism Organization (UNWTO), 1.5 billion tourists visited foreign countries in 2019. This represents a 4% increase over the previous year—the same figure forecast for 2020, confirming tourism as a leading and resilient economic sector, especially given current uncertainties. The Middle East emerged as the fastest-growing region for international tourism arrivals in 2019, growing at almost double the global average (more than 8%). While growth in the Asia-Pacific region slowed down, it still showed above-average growth, with international arrivals up 5%.⁵⁶

China has been the world's leading source of international tourists since 2012. According to the National Bureau of Statistics, 2019 saw around 169.2 million outbound trips from China (a rise of 4.5% from 2018).⁵⁷ Chinese tourists, the world's largest spenders, accounted for \$277 billion of international tourism spending, or 16% of the world's total \$1.7 trillion. In the 2020s, this number is expected to double as passport ownership in China increases from the current 10% of the population to a projected 20%.⁵⁸ The China Outbound Tourism Research Institute is projecting a +7% year-on-year increase in outbound trips from mainland China in 2020 (a total of 181 million trips).

The majority of international, especially intercontinental, travel by Chinese is done for non-leisure (i.e., business) purposes. It is expected that after the coronavirus crisis has passed, most of these postponed international trips will be taken.⁵⁹

The ban on group trips and package bookings caused by the pandemic outbreak has had, and will continue to have, a dramatic impact on dozens of destinations around the world. Two likely effects will specifically affect Chinese travelers to the Middle East. First, many Middle Eastern countries are now imposing travel restrictions on Chinese travelers and have suspended their China flights.⁶⁰ As noted, Saudi Arabia has

suspended the entry of pilgrims to its holy sites, further reducing tourism to the region.⁶¹ According to Census and Economic Information Center data, across the Middle East, 2.4 million Chinese visitors traveled to the region last year, comprising 2.7% of the region's total of 91 million tourists. In the UAE, which has the highest volume of Chinese tourists anywhere in the Middle East, one in every 16 visitors to the country is from China, or 6% of its total tourism.⁶²

Second, the economic slowdown in China implies fewer tourists traveling anywhere abroad, including the Middle East. The Tourism Economics company downgraded its 2020 forecast for Chinese departures because of coronavirus. According to their estimates, if the outbreak lasts longer and is more severe than the 2003 SARS crisis, it could lead to 25 million fewer outbound trips by Chinese travelers this year (wiping out \$73 billion in spending).

The global airline industry is also facing substantial financial losses and its first traffic decline in more than a decade because of the pandemic. The International Air Transport Authority warned that COVID-19 could reduce global traffic by 4.7% and cost airlines more than \$29 billion. Tourism Economics forecasts that China's outbound and domestic travel markets will not fully recover until about 2023.⁶³

The absence of Chinese travelers will be felt most dramatically across East Asia and the Asia-Pacific, which depend heavily on Chinese tourism, while parts of Europe and the Americas will also feel the pressure. The effect of China's economic slowdown on tourist arrivals to the Middle East is expected to be more limited. Only 2.4 million Chinese visitors traveled to the region out of 150 million Chinese tourists. However, the loss of a significant income source like the Chinese tourism market, even if only temporary, can cause pain to Middle Eastern economies.

The Belt and Road Initiative (BRI)

China's most significant 21st century diplomatic and economic activity is the launching of the new Silk Road project, dubbed the Belt and Road Initiative (BRI). The BRI, a sprawling framework of trade and commercial ties between China and various world regions, is the flagship foreign policy of the Xi administration. The BRI seeks to open up new markets and secure global supply chains to help generate sustained Chinese economic growth and thereby contribute to social stability at home.⁶⁴

The BRI, the most ambitious geo-economic vision in recent history, has both a maritime and a land-based component. The maritime element is the Maritime Silk Road Initiative (MSRI), and the land-based equivalent is the Silk Road Economic Belt (SREB). The different sub-branches of the SREB (a series of land-based infrastructure projects including roads, railways, and pipelines) and the MSRI (made up of ports and coastal development) would create a multinational network connecting China to Europe and Africa via the Middle East. This is intended to facilitate trade, improve access to foreign

energy resources, and give China access to new markets. The two schemes are inseparable, and Beijing wants to implement them in parallel.⁶⁵

The scope of the BRI is broad, covering more than 72 countries along six economic corridors. The BRI's six main economic corridors include the New Eurasian Land Bridge; the China-Central Asia-West Asia Economic Corridor; the China-Pakistan Economic Corridor; the Bangladesh-China-Myanmar Economic Corridor; the China-Mongolia-Russia Economic Corridor, and the China-Indochina Peninsula Economic Corridor. The BRI covers two-thirds of the world's population, 40% of global GNP, and an estimated 75% of known energy reserves.⁶⁶ The total cost of the initiative is not clear, but according to some estimates, \$8 trillion will be invested.⁶⁷

In the last decade, Beijing has become increasingly involved in the Middle East, especially the Persian Gulf. Almost all states in the region are looking to China as a promising market and a provider of investment and finance without the political conditions regarding democracy and human rights that Western countries and institutions tend to insist on. China has, of course, been economically active in the Middle East, especially the Persian Gulf, for more than three decades, but its engagement has increased substantially along with its economic growth and its more assertive position in the global economy.

The economic relationships between China and the Middle Eastern nations have strengthened, including finance and investment, to complement the increasingly robust trade component. Not surprisingly, interests have consequently become more complex. Chinese leaders increasingly see the Middle East as strategically important, and Middle Eastern politicians look eastward more and more as they contemplate their long-term interests. The BRI is creating more opportunities for cooperation, and the China-Middle East nexus is becoming an essential geopolitical axis in understanding Eurasian international affairs.

The Middle East region brings together the land and maritime Silk Road in a unique geographical location with diverse and complex humanitarian, religious, and ethnic factors. As an energy-rich zone, it plays a decisive role in the building of the BRI. The region also plays a prominent role in security coordination, economic cooperation, and cultural exchanges under the BRI framework. The Chinese government is therefore paying attention to the role of the Middle East in the construction of its BRI vision.⁶⁸

The Middle East is situated at the heart of the BRI: not only do the three continents of Asia, Africa, and Europe meet there, but the Mediterranean Sea, the Red Sea, the Arabian Sea, the Caspian Sea, and the Black Sea also converge there. It is adjacent to the four maritime strategic channels of the Bosphorus, the Dardanelles, Bab al-Mandeb, and the Hormuz. The Gulf countries can be referred to as the core of the region as they are the most influential countries in the Middle East. The Gulf's advantageous location,

unique endowment of natural resources, and vast industrialization potential make it of supreme strategic importance to the implementation of the BRI.⁶⁹

The BRI framework could indeed explain the outbreak of the novel coronavirus in the Middle East, as China now has a greater physical presence in the region as it develops and constructs BRI infrastructure and multiplies its energy, investment, and cultural exchanges with the region. For example, because of Western sanctions, the Islamic Republic turned to Chinese workers to construct infrastructure in the area that ultimately served as the Middle Eastern vector of the disease. The first cases of the virus in the region were traced to the holy city of Qom, 140 km south of Tehran and home to 1.2 million people. Qom receives business travelers and Islamic pilgrims from all over the globe and has the highest number of Shiite Muslim clerical students in the world (hundreds of whom are Chinese nationals). A Chinese company has been constructing a solar power plant in Qom. According to an Iranian Health Ministry official, the source of the virus was probably Chinese nationals who work in Qom and had recently traveled to China.⁷⁰

In Israel, Beijing has in recent years become the dominant force in the construction industry. In November 2016, five Chinese construction giants won Israeli government tenders to build and manage residential housing construction projects.⁷¹ In January 2017, after years of fruitless negotiations, Israel and China signed a final agreement that paved the way toward bringing 20,000 Chinese professional construction workers to Israel in the coming years.⁷²

During the first six months of the agreement, some 6,000 workers were expected to arrive in Israel. By March 2020, 3,500 of them had arrived, with another 700 commissioned by contractors and expected to arrive. The Israeli cabinet, motivated by coronavirus concerns, has approved extending the visas of 1,700 Chinese construction workers in order to retain them rather than replace them with new workers from China. As a result of the pandemic, 1,000 Chinese workers who were to have arrived in Israel starting in February 2020 will be unable to come. The Israeli Population and Immigration Authority has approved the residence status of 2,200 long-employed Chinese workers, most of whom have been in Israel for over 12 years.⁷³

The Levant region is of vital importance to Beijing's ambitious Silk Road strategy. The region, a subset of the Middle East, is geographically situated at the very heart of the proposed BRI, with routes connecting Asia to Africa, Europe, and the Mediterranean. The Levant offers an alternative route through the Suez Canal to the Mediterranean Sea through the China-Central Asia-West Asia economic corridor.⁷⁴

The BRI has become the main focus of strategic and economic engagement between Beijing and countries in the Persian Gulf region. The Gulf countries are key partners and play significant roles in the successful implementation of the BRI due to their geostrategic location, vast reserves of oil and gas, and fast and steady economic growth.

The Gulf also represents a rapid expansion of the market for consumer and merchandise goods, of which China has plenty.⁷⁵

In the GCC countries, the monarchies have begun applying stringent measures to contain the spread of the coronavirus pandemic. These countries can rely on their healthcare systems, which are some of the most efficient in the region and are freely and easily accessible to all citizens. As such, the GCC will likely be able to manage COVID-19 from a healthcare perspective, in light of the stringent social distancing measures they have applied throughout the crisis. With that said, there remains a high risk of contagion in these countries' communities of foreign laborers, many of whom lack access to healthcare and live in conditions in which social distancing is not an option.

The great fear is that COVID-19 will continue to spread in the Middle East and cause BRI infrastructure projects to come to a halt. Beijing has repatriated citizens working in Iran due to the spread of the virus, a measure it could apply to any severely afflicted BRI host country in the Middle East.⁷⁶ Most countries in the region have placed entry restrictions on Chinese citizens or individuals traveling from China. The longer Chinese workers are unable to return to projects overseas, the longer BRI projects will languish, and some may be abandoned altogether.⁷⁷

BRI projects are also predominantly reliant on Chinese rather than local materials and supplies, and the coronavirus outbreak has hampered China's manufacturing supply chains.⁷⁸ At present, almost half of China's oil imports are sourced from the Middle East, principally from the Persian Gulf.⁷⁹ The pandemic has compromised the global supply chains that keep BRI projects moving forward, limiting the goods flowing out of China to the point that Beijing ran a trade deficit during the first two months of the year.⁸⁰ China's shuttered factories not only need workers to be released from quarantine to resume normal output but also restored supplies of raw materials, adequate stores of protective gear for workers, and active truckers and shipping ports to deliver goods abroad.⁸¹ The virus has also disrupted the global shipping industry to the point that more tonnage of container ships was idled around the world in February than during the worst moments of the 2008 financial crisis.⁸²

Restrictive travel bans, port closures, canceled flights, and blocked roads have prevented Chinese workers from returning to BRI worksites abroad, while the shutdown of Chinese factories that supply machinery and raw materials for BRI projects has hindered projects from moving forward. These and other disruptions are causing delays, missed deadlines, and increased costs of infrastructure construction—damage local economies will find difficult to absorb.

COVID-19 will not be fatal to the implementation of BRI projects, but its fast and lethal spread will cause Middle Eastern governments to rethink the risks attached to ever more integration and economic dependence on China's infrastructure-based development strategy.

Capital markets

The coronavirus outbreak has depressed global financial markets and had severe implications for trade, supply chains, and economies globally. In the Middle East, the virus threatens to undercut local economies that are already battling a downturn and struggling to wean themselves from their decades-old addiction to energy revenues. On March 2, the regional stock market experienced a dizzying drop as panic over coronavirus surged across the region. In Saudi Arabia, the stock market (the region's largest and one of the world's top 10 equity markets) closed down 3.7% to its lowest level in 18 months. The energy giant Saudi Aramco (the world's biggest listed company) dropped 2.1% to 32.65 riyals (\$8.7), its worst performance since listing its record-breaking IPO. On the Kuwaiti exchange, the All-Share Index fell 10%, triggering its automatic closure. The Dubai Financial Market dipped 4.5% and the market in Abu Dhabi was down 3.6% at the close of trading. Bahrain's stock market ended 3.4% down and the Muscat Securities Market in Oman finished down 1.2% on a dismal day for the GCC bloc.⁸³

The COVID-19 pandemic could lead to reduced borrowing and lending, which would affect banks with a bearing on corporate and personal finance in Dubai and the Middle East. In the past, the Middle East has shown resilience, demonstrating an ability to weather outbreaks (as in the case of MERS in 2012), but the region is now facing new challenges as it attempts to cope with the outbreak of coronavirus. The growing anticipation of a cyclical economic downturn accelerated by the impact of the pandemic has worsened credit quality and limited funding, placing higher pressure on the liquidity of financial institutions, particularly banks.⁸⁴

According to the *Financial Times*, China has received a wave of debt relief requests from BRI countries hit by the coronavirus (Iran, Egypt, and UAE in the Middle East). Beijing is considering several responses, including the suspension of interest payments on loans, but it warned against any expectation that it will simply write off countries' debts.

Most of the 138 nations that have officially joined the BRI are developing countries, many of which have the lowest credit ratings in the world. The RWR Advisory, a Washington-based consulting firm, has estimated that loans announced by Chinese financial institutions to BRI projects since 2013 total \$461 billion. This sum makes the initiative the world's largest development program by far.⁸⁵

The Sino-Middle Eastern relationship

The post-Cold War order has provided China, a rising power, with a unique strategic opportunity to develop power and influence in the Middle East without facing overt challenges from the US. Balancing against Washington during the unipolar era would not advance Beijing's interests, but at the same time, neither would bandwagoning or neutrality, neither of which is consistent with Chinese ambitions. Neither is dynamic balancing.⁸⁶ Instead, Beijing has taken advantage of the relative stability provided by US

dominance to develop strong ties with strategically important states in the Middle East (e.g., Iran, Egypt, Turkey, UAE, and Saudi Arabia). These relations have been built mostly on economic foundations, but as they become increasingly multifaceted, there is a corresponding growth of strategic considerations.

Beijing has had to build a regional presence that does not alienate the US or any Middle Eastern states while pursuing its interests. Chinese diplomacy has provided the space to methodically build economic relations while the US security umbrella provides a low-cost entry to the region. Economic ties have become increasingly multifaceted and sophisticated, beginning with trade but now also incorporating finance and investment. Relationships with Middle Eastern states have progressed beyond the economic to include political and security objectives, but in a way that has consistently allowed China the flexibility to be everyone's friend in the competitive regional environment.⁸⁷

Since 2013, Beijing has gradually constructed a multidimensional global partnership network that involves great powers, neighboring countries, developing countries, and regional organizations. These layered partnerships are interlinked and mutually reinforcing. China's involvement in the Middle East is a crucial component of its global partnership network. These relationships, spread across the eastern Mediterranean, the Gulf, and the Red Sea, fall into four broad categories in line with their importance. The first involves comprehensive strategic partnerships with Egypt, Iran, Saudi Arabia, and the UAE. The second includes an innovative, comprehensive partnership with Israel and a strategic cooperative relationship with Turkey (the latter being inferior to a strategic partnership). The third covers strategic partnerships with several mid-sized countries: Iraq, Jordan, Kuwait, Oman, and Qatar. The fourth involves a relationship with smaller states: Bahrain, Lebanon, Syria, and Yemen.

Governments in the Middle East generally welcome partnerships with Beijing because they say it treats them as equals rather than as junior partners or colonial proxies. Through its policy of non-interference in other states' internal affairs, nonalignment, and refusal to engage in proxy wars, Beijing has stayed on good terms with conflicting parties (for example, Iran and Saudi Arabia). It has managed to accomplish this because its partnerships do not harm or provoke third parties.⁸⁸

In the wake of the Arab uprisings and civil wars, Middle Eastern countries have been pressed to rebuild their economies or boost economic growth to maintain social stability. To this end, they have been actively rolling out plans for long-term development and rehabilitation, the impetus for which will be provided by comprehensive and upgraded Chinese engagement. There is thus a common interest for both Beijing and the Middle Eastern countries to integrate and synergize the new Silk Road strategy with major initiatives and reforms for national rejuvenation (e.g., Saudi Arabia's, Qatar's, and Bahrain's respective Vision 2030s; UAE's Vision 2021, Jordan's Vision 2025, Oman's Vision 2020; Kuwait's Vision 2035; and Egypt's Vision 2030 and Suez Canal Corridor Development Project).⁸⁹

According to an internal Chinese report, Beijing faces a rising wave of US-led global hostility in the wake of the coronavirus outbreak that could tip Sino-US relations into confrontation (relations were already difficult before the crisis began, and it has made them worse). The report concluded that global anti-China sentiment is at its highest since the 1989 Tiananmen Square crackdown. As a result of this rise in hostility, Beijing will need to be prepared for the worst-case scenario of an armed confrontation between the two global powers.⁹⁰

As COVID-19 continues to spread across the Middle East, the key question is how the pandemic will affect relations between China and countries in the region. President Donald Trump posted a tweet on March 16, 2020 calling coronavirus the “Chinese virus,”⁹¹ and two days later defended the term during a press conference (“because it comes from China”).⁹² (After a week, he decided to pull back from associating the pandemic with China.)⁹³ In the Middle East, the response of local governments to the spreading virus was completely different. Though they introduced measures to restrict travel between the region and China, they also demonstrated surprising solidarity with Beijing.

In the early days of the outbreak, the Gulf States publicly expressed support for and delivered aid to Beijing. Several countries in the Middle East, particularly Saudi Arabia, Qatar, and the UAE, have delivered a massive amount of aid to China. Qatar Airways delivered five cargo freighters carrying 300 tons of medical supplies to Beijing, while the Saudis signed six contracts in early February to deliver medical supplies and devices to China.⁹⁴ Some Gulf States have made symbolic gestures of solidarity with the Chinese struggle with coronavirus. For example, Iran projected China’s national flag and words of support onto its famous Azadi Tower, while Dubai’s iconic Burj Khalifa was lit up in solidarity, displaying the Chinese flag as well as the phrase, “Let’s go Wuhan!” in Chinese. The Chinese government has expressed thanks to its counterparts in the Gulf for these expressions of support.⁹⁵

In Israel, Magen David Adom (Israel’s national EMS organization and largest humanitarian organization) contributed 2,000 masks and 200 full protection kits (special suits, masks, glasses, shoes, and head covers) to help prevent the spread of coronavirus in China. Also, the humanitarian organization IsraAID sent a shipment of emergency medical supplies and protective gear to the Chinese Ministry of Health on the last flight from Tel Aviv to mainland China.⁹⁶

In recent years, China has emerged as the most significant economic partner for the Middle Eastern states. According to China Customs Statistics on export-import, its trade volume with Middle Eastern countries increased to \$294.4 billion by 2019.⁹⁷ There has also been substantial political and diplomatic outreach in both directions. The support and aid sent by Middle Eastern countries to China as it struggles with the COVID-19 pandemic signal a clear message to one of their most strategically important partners.

It is worth remembering that China's initial response to the novel coronavirus outbreak was to cover it up and submit its people to harsh containment tactics. However, Beijing never lost sight of its need to promote its status and image around the world—particularly in the Middle East, where it is in the Chinese interest to strengthen the desire of local countries to work closely with and rely on it. Hence, China announced a \$20 million donation to the WHO, sent medical specialists and supplies (in the form of hundreds of thousands of masks and thousands of testing kits) to Iran,⁹⁸ Iraq, and Italy, and shipped protective garments and equipment to Pakistan, Laos, and the Philippines. It also pledged to “do whatever it can” to provide medical assistance to Ethiopia, Chile, Cuba, Egypt, and Belarus, as well as dozens of other countries.⁹⁹

China has also expanded its help to the wider Middle East region. Its doctors, nurses, and researchers have held conference calls with doctors in Abu Dhabi. It sent test kits and ventilators to the Palestinian Authority and human temperature measuring equipment to the Beirut airport and is establishing a testing laboratory in Baghdad. It has also been reported that Beijing will send equipment to Egypt. China provided test kits to Syria and has called for sanctions against that country to be lifted to enable the government to act more effectively against the pandemic. The Palestinian Health Ministry has reportedly shown interest in applying the Chinese model of lockdowns for households and travel between population centers to deal with the pandemic.¹⁰⁰

Given China's economic weight and position in the global supply chain, as well as its status as a leading trading partner for the Middle East and role as the world's largest oil importer and consumer, mean the Middle Eastern states need China to return to normality as quickly as possible. It is thus hardly surprising that an effect of the coronavirus outbreak has been to foster comradeship and partnership between Beijing and Middle Eastern states as they combat a common enemy. The global pandemic looks set to worsen shortly and to negatively affect states in the Middle East. These countries need to work closely with China for their shared interest in bringing the pandemic to an end.

Conclusion

As the Covid-19 pandemic has swept across the Middle East, local governments have responded to the threat in various ways. Some, like the UAE, Saudi Arabia, and Israel, have been ahead of the curve, taking a slew of preemptive measures to minimize infections. In other states, like Iran and Turkey, inadequate, delayed, and fragmented responses have resulted in their becoming epicenters of the spread of the virus. Syria and Yemen, meanwhile, cannot control the spread of the virus, as their governments have insufficient control of their countries to take the necessary steps to curb infections.

The pandemic's human costs notwithstanding, its impact on the Middle East will be felt first and foremost in the economic field as capital markets tumble, tourists evaporate amid flight bans and lockdowns, and oil prices contract. As an example of a follow-on effect, Chinese buyers are involved in a significant portion of real estate transactions in

Dubai. With China still recovering from the virus, many Chinese buyers have postponed making new purchases. Given the bubble economy of Dubai, which had a glut of property even before the virus, that city-state is confronting economic catastrophe.¹⁰¹

The novel coronavirus pandemic is still underway, preventing a comprehensive study of its impact on the relationship between China and the Middle Eastern states. However, the outbreak offers a prism through which to assess the ways in which Beijing interacts with Middle Eastern states in time of crisis. It is too early to tell how the coronavirus outbreak will play out, when it will end, or how it will affect economic growth and stability in the Middle East in the longer term. As of the end of May 2020, the Middle East had 9.4% of total cases of infection in the world, 6.2% of total active cases, and 4% of total reported deaths (see Table 4).

Table 4: Covid-19 in the Middle East and the world

	Cases	Deaths	Active	Recovered
Worldwide	6,160,299	371,006	3,051,007	2,738,286
Middle East	581,447 (9.4%)	14,802 (4%)	191,741 (6.2%)	389,706 (14.2 %)

Source: Worldometers. These [data](#) are as of May 31, 2020.

Middle Eastern states' measures to curtail the spread of the virus will undoubtedly affect economic activity and stability in the short term, but it is far more speculative to make assumptions about longer term effects. It may take months to see how the ramifications of the virus will unfold in Middle Eastern countries. It is therefore too soon to tell how the interaction will develop between China and the countries of the region.

It is safe to say, however, that at least for now, the relationship between China and the Middle Eastern states is close and supportive in both directions at this difficult time. Beijing will likely continue to provide medical equipment and aid to those Middle Eastern countries that want it. So long as China does this while other, more traditional donors delay, it will not only be able to project itself as an early responder to the regional coronavirus outbreak rather than its source but also avoid scrutiny about the quantity and quality of its assistance, especially in countries that are skeptical of the West.¹⁰²

Economic considerations very much influence the underlying calculation behind the positive interaction of Middle Eastern states with China. Once COVID-19 has been brought under control, countries still struggling to rebound from the related economic shocks could use the outbreak as an excuse to abandon unsuccessful or politically unpopular projects with China. Conversely, Beijing may find new opportunities to expand its footprint in countries seeking to foster economic development.

Notes

- ¹ John Dotson, "[The State Response to a Mystery Viral Outbreak in Central China](#)," *China Brief*, 20 (1), January 17, 2020.
- ² The data are updated as of May 31, 2020, <https://www.worldometers.info/coronavirus/>.
- ³ David E Bloom, Daniel Cadarette, and JP Sevilla, "[Epidemics and Economics](#)," *Finance & Development*, 55 (2) June 2018.
- ⁴ Saltanat Berdikееva, "[Impact of the Coronavirus on the Middle East and North Africa](#)," *Inside Arabia*, March 2, 2020.
- ⁵ "[UNHCR Operations Worldwide, Middle East and Turkey](#)," *Global Focus*, 2020.
- ⁶ Liz Sly, "[The Middle East is already wracked by war. Now it must confront the coronavirus, too](#)," *The Washington Post*, March 17, 2020.
- ⁷ Ajay Tandon, Christopher Murray, Jeremy Lauer, and David Evan. "[Measuring Overall Health System Performance for 191 Countries](#)," in GPE Discussion Paper Series: No. 30, ELP/GPC/EQC, *The World Health Report 2000*, June 21, 2000.
- ⁸ Rabah Arezki and Ha Nguyen, "[The coronavirus: potential effects on the Middle East and North Africa](#)," *The World Bank Group*, March 10, 2020.
- ⁹ James Dorsey, "[Coronavirus: The Middle East's lessons not learnt and missed opportunities](#)," *Modern Diplomacy*, March 17, 2020.
- ¹⁰ Engin Yüksel, Nancy Ezzeddine, Rena Netjes, Beatrice Noun, Hasim Tekines, and Erwin van Veen, "[Pandemic or pandemonium? Covid-19 and conflict in the Middle East](#)," *Clingendael: Netherlands Institute of International Relations*, April 30, 2020.
- ¹¹ Praveen Duddu, "[COVID-19 in the Middle East: Coronavirus-affected countries](#)," *Pharmaceutical-Technology*, March 19, 2020.
- ¹² Sedat Bostan, Ramazan Erdem, Yunus Emre Öztürk, Taşkın Kılıç, and Ali Yılmaz, "[The Effect of COVID-19 Pandemic on the Turkish Society](#)," *Electronic Journal of General Medicine*, 17(6), 2020.
- ¹³ Seth Frantzman, "[Spread of coronavirus in Iran worries Middle East](#)," *The Jerusalem Post*, February 22, 2020.
- ¹⁴ "[Middle East Respiratory Syndrome \(MERS\)](#)," *Centers for Disease Control and Prevention (CDC)*, August 2, 2019.
- ¹⁵ Jonah Shepp, "[Coronavirus Is the Last Thing the Middle East Needs Right Now](#)," *Intelligencer*, March. 3, 2020.
- ¹⁶ Jon Gambrell, "[UAE confirms 4 Chinese tourists have virus, first in Mideast](#)," *AP News*, January 29, 2020.
- ¹⁷ "[Dubai registers 16.7 million tourists in 2019, Chinese visitors rise](#)," *Reuters*, January 21, 2020.

- ¹⁸ ["A World at Risk: Annual report on global preparedness for health emergencies,"](#) *Global Preparedness Monitoring Board*, September 2019.
- ¹⁹ Liz Sly, ["The Middle East is already wracked by war. Now it must confront the coronavirus, too."](#) *The Washington Post*, March 17, 2020.
- ²⁰ Yoel Guzansky and Shmuel Even, ["The Challenge of the Oil Market to the Gulf States,"](#) *INSS Insight No. 926*, May 10, 2017.
- ²¹ ["Energy,"](#) *Bloomberg*, March 31, 2020.
- ²² Enea Gjoza, ["Saudi Arabia is starting a reckless oil war with Russia - but the US is also a target,"](#) *Business Insider*, March 14, 2020.
- ²³ Alfred Cang, Javier Blas and Sharon Cho, ["China Oil Demand Has Plunged 20% Because of the Virus Lockdown,"](#) *Bloomberg*, February 2, 2020.
- ²⁴ Daniel Workman, ["Top 15 Crude Oil Suppliers to China,"](#) *World's Top Exports*, March 18, 2020.
- ²⁵ John Calabrese, "China and the Persian Gulf: Energy and Security," *Middle East Journal*, 52 (3), 1998, 351-366; Steve Yetiv and Chunlong Lu, "China, Global Energy, and the Middle East," *Middle East Journal*, 61 (2), 2007, 199-218.
- ²⁶ Daniel Workman, ["Top 15 Crude Oil Suppliers to China,"](#) *World's Top Exports*, March 18, 2020.
- ²⁷ Muyu Xu and Chen Aizhu, ["China oil imports from top supplier Saudi Arabia rise 47% in 2019: customs,"](#) *Reuters*, JANUARY 31, 2020.
- ²⁸ ["Saudi Aramco signs China's crude oil supply deals for 2020,"](#) *Reuters*, November 7, 2019.
- ²⁹ Carla Sertin, ["China loses its appetite: The impact of coronavirus,"](#) *Oil & Gas Middle East*, March 10, 2020.
- ³⁰ Mordechai Chaziza, *China and the Persian Gulf: The New Silk Road Strategy and Emerging Partnerships*. Britain: Sussex Academic Press, 2020.
- ³¹ ["Factbox: Asia region is most dependent the Middle East crude oil, LNG supplies,"](#) *Reuters*, January 8, 2020.
- ³² ["Global oil demand to decline in 2020 as coronavirus weighs heavily on markets,"](#) *International Energy Agency (IEA)*, March 9, 2020.
- ³³ Sam Meredith, ["OPEC+ fails to agree on massive supply cut, sending crude prices to 2017 lows,"](#) *CNBC*, March 6, 2020.
- ³⁴ ["Oil Market Report - February 2020,"](#) *International Energy Agency (IEA)*, February 2020.
- ³⁵ Stephen Stapczynski and Anna Shiryayeva, ["More Chinese LNG orders canceled under new force majeure claims,"](#) *World Oil*, March 5, 2020.
- ³⁶ Carla Sertin, ["China loses its appetite: The impact of coronavirus,"](#) *Oil & Gas Middle East*, March 10, 2020.

- ³⁷ Justin Schon, "[Protecting Refugees in the Middle East from Coronavirus: A Fight against Two Reinforcing Contagions.](#)" In Marc Lynch (ed.), *The COVID-19 Pandemic in the Middle East and North Africa*, The Project on Middle East Political Science (POMEPS) 39, April 2020.
- ³⁸ "[Internally Displaced People.](#)" UNHCR, 2020.
- ³⁹ "[Yemen.](#)" UNHCR, 2020.
- ⁴⁰ Jonah Shepp, "[Coronavirus Is the Last Thing the Middle East Needs Right Now.](#)" *Intelligencer*, March 3, 2020.
- ⁴¹ Jeff Seldin, "[Coronavirus Fears Are Bearing Down on Syrian Refugees.](#)" *Voice of America (VOA)*, February 28, 2020.
- ⁴² Jonah Shepp, "[Coronavirus Is the Last Thing the Middle East Needs Right Now.](#)" *Intelligencer*, March 3, 2020.
- ⁴³ Joan Faus, "[This is how coronavirus could affect the travel and tourism industry.](#)" *World Economic Forum*, March 17, 2020.
- ⁴⁴ "[Dubai announces record tourism arrivals in 2019.](#)" *The Arab Weekly*, January 26, 2020.
- ⁴⁵ "[Dubai Expo 2020 to 'adjust' preparations due to virus.](#)" *Arab News*, March 23, 2020.
- ⁴⁶ "[Saudi tourist numbers forecast to top 23m in 2023.](#)" *Arabian Business*, April 21, 2019.
- ⁴⁷ Joseph Hincks, "[Saudi Arabia Is Opening Its Doors to Foreign Tourists for the First Time.](#)" *Time*, September 27, 2019.
- ⁴⁸ Serdar Bitmez, "[Saudi Arabia bans locals from Umrah over coronavirus.](#)" *Anadolu Agency*, March 4, 2020.
- ⁴⁹ James Benson, "[Bahrain and Vietnam Grands Prix canceled as F1 react to coronavirus after Australia farce.](#)" *Express*, March 14, 2020.
- ⁵⁰ "In pictures: Turkey's booming tourism sector takes a hit from," *TRT World*, March 26, 2020.
- ⁵¹ Cigdem Isozen, "[COVID-19 IMPACTS ON TURKEY REAL ESTATE.](#)" *Cushman & Wakefield*, April 30, 2020.
- ⁵² "[Coronavirus is set to impact Egypt's tourism sector.](#)" *Middle East Online*, March 10, 2020.
- ⁵³ Mira Maged, "[Egypt's tourism sector witnesses notable jump in revenues.](#)" *Egypt Independent*, November 15, 2019.
- ⁵⁴ Taarek Refaat, "[CBE: Remittances of Egyptians Abroad Hit \\$9 Bln in 4 Mos.](#)" *SEEegy* January 29, 2020.
- ⁵⁵ Cinzia Bianco and René Wildangel, "[Infected: The impact of the coronavirus on the Middle East and North Africa.](#)" *European Council on Foreign Relations*, March 19, 2020.
- ⁵⁶ "[International tourism growth continues to outpace the global economy.](#)" *UN World Tourism Organization (UNWTO)*, January 20, 2020.
- ⁵⁷ "[Chinese tourists made 169 million outbound trips in 2019: report.](#)" *CGTN*, February 29, 2020.

- ⁵⁸ ["Chinese tourists make nearly 150 mln outbound trips in 2018,"](#) *China Daily*, February 14, 2019.
- ⁵⁹ ["COTRI forecasts a 7% rise in Chinese outbound trips despite coronavirus,"](#) *China Travel News*, February 12, 2020.
- ⁶⁰ ["Oman bars visitors from 'coronavirus countries',"](#) *The New Arab & agencies*, March 3, 2020.
- ⁶¹ ["Coronavirus: Saudi Arabia suspends entry for pilgrims visiting holy sites,"](#) *BBC*, 27 February 2020.
- ⁶² Natasha Turak, ["Oil and tourists: Middle East starts to feel pain from coronavirus crisis,"](#) *CNBC*, February 7, 2020.
- ⁶³ Sherisse Pham, ["The coronavirus has grounded Chinese tourists. The global travel industry may not recover for years,"](#) *CNN Business*, February 28, 2020.
- ⁶⁴ Lisa Watanabe, ["The Middle East and China's Belt and Road Initiative,"](#) *CSS Analyses in Security Policy no. 254*, December 2019.
- ⁶⁵ ["Full text: Vision for Maritime Cooperation under the Belt and Road Initiative,"](#) *Xinhua*, Jun 20, 2017.
- ⁶⁶ ["Greening the Belt and Road Initiative,"](#) *WWF's recommendations for the finance sector - in conjunction with HSBC*, January 1, 2018.
- ⁶⁷ Anchi Hoh, "China's Belt and Road Initiative in Central Asia and the Middle East," *Digest of Middle East Studies*, 28 (2), 2019, 241-276.
- ⁶⁸ Wu Sike, "The Strategic Docking between China and Middle East Countries under the 'Belt and Road' Framework," *Journal of Middle Eastern and Islamic Studies (in Asia)*, 9(4), 2015, 1-13.
- ⁶⁹ Chaziza, *China and the Persian Gulf*.
- ⁷⁰ Ibrahim Al-Marashi, ["The Coronavirus and Biosecurity in the Middle East,"](#) *Pacific Council*, March 16, 2020.
- ⁷¹ Alfi Shauly, ["Gov't selects 6 foreign building companies to work in Israel,"](#) *Globes*, October 26, 2016.
- ⁷² Ori Chudy, ["Israel signs to take 20,000 Chinese building workers,"](#) *Globes*, January 4, 2017.
- ⁷³ Guy Lieberman, ["Israel extends visas of 1,700 Chinese building workers,"](#) *Globes*, February 10, 2020.
- ⁷⁴ Gordon Houlden and Nouredin Zaamout, ["A New Great Power Engages with the Middle East: China's Middle East Balancing Approach,"](#) *China Institute and University of Alberta*, January 2019.
- ⁷⁵ Mordechai Chaziza, ["The Impact of the Coronavirus Pandemic on China's Belt and Road Initiative in the Middle East,"](#) *Middle East Institute*, April 28, 2020.
- ⁷⁶ ["China to repatriate citizens from Iran over coronavirus,"](#) *Al-Jazeera*, March 3, 2020.
- ⁷⁷ Keith Zhai and Matthew Tostevin, ["Coronavirus slows China's Belt and Road push,"](#) *Reuters*, February 18, 2020.
- ⁷⁸ Daniel R. Russel and Blake Berger, ["Navigating the Belt and Road Initiative,"](#) *A Report of the Asia Society Policy Institute*, June 2019.

- ⁷⁹ Daniel Workman, "[Top 15 Crude Oil Suppliers to China](#)," *World's Top Exports*, March 18, 2020.
- ⁸⁰ Frank Tang, "[Coronavirus: China export slump 'on par with global financial crisis' as surprise trade deficit concerns Beijing](#)," *South China Morning Post*, March 9, 2020.
- ⁸¹ Jeanne Whalen and Abha Bhattarai, "[U.S. companies face crucial test over China's factory shutdown](#)," *The Washington Post*, February 25, 2020.
- ⁸² Keith Bradsher and Niraj Chokshi, "[Virus Disrupts China's Shipping, and World Ports Feel the Impact](#)," *The New York Times*, February 27, 2020.
- ⁸³ Omar Hasan, "[Gulf stock markets dive as coronavirus outbreak hits oil prices](#)," *Times of Israel*, March 2, 2020.
- ⁸⁴ Hadi Khatib, "[The Coronavirus impact on GCC banks now minimal, but that could change](#)," *AMEinfo*, March 10, 2020.
- ⁸⁵ James Kynge, "[China faces wave of calls for debt relief on 'Belt and Road' projects](#)," *Financial Times*, April 30, 2020.
- ⁸⁶ Brock Tessman, "System structure and state strategy: Adding hedging to the Menu," *Security Studies* 21(2), 2012, 192-231; Evelyn Goh, *Meeting the China Challenge: The United States in Southeast Asian Regional Security Strategies*. Washington: East-West Center, 2005.
- ⁸⁷ Jonathan Fulton, "[Friends with Benefits: China's Partnership Diplomacy in the Gulf](#)," *POMEPS Studies* 34: *Shifting Global Politics and the Middle East*, March 2019.
- ⁸⁸ Degang Sun, "[China's approach to the Middle East: Development before Democracy](#)," in Camille Lons (ed.), *China's Great Game in the Middle East*. European Council on Foreign Relations, October 2019, pp. 17-24.
- ⁸⁹ Cui Shoujun, "[Sino-Gulf Relations: From Energy to Strategic Partners](#)," *JPC*, 2015.
- ⁹⁰ "[Exclusive: Internal Chinese report warns Beijing faces Tiananmen-like global backlash over virus](#)," *Reuters*, May 4, 2020.
- ⁹¹ Kimmy Yam, "[Trump tweets about coronavirus using the term 'Chinese Virus'](#)," *NBC News*, March 17, 2020.
- ⁹² Christopher Britom, "[President Trump uses term 'Chinese virus' to describe coronavirus, prompting a backlash](#)," *CBS News*, March 19, 2020.
- ⁹³ Maegan Vazquez, "[Trump says he's pulling back from calling novel coronavirus the 'China virus'](#)," *CNN*, March 24, 2020.
- ⁹⁴ Zi Yang, "[The impact of the COVID-19 pandemic on relations between China and the Middle East](#)," *The Asia Dialogue*, March 17, 2020.
- ⁹⁵ Jonathan Fulton, "[The impact of coronavirus on Gulf economies](#)," *Atlantic Council*, March 5, 2020.
- ⁹⁶ Abigail Klein Leichman, "[Israel sends coronavirus protective gear to China](#)," *Israel21c*, February 3, 2020.

⁹⁷ "[China Customs Statistics: Imports and exports by country/region.](#)" *The Hong Kong Trade Development Council (HKTDC)*, May 27, 2019.

⁹⁸ Wang Jian, Li Rui, Chen Lin, "[Xinhua Headlines: Chinese experts helping onspot as COVID-19 cases rise in Iran.](#)" *Xinhua*, March 5, 2020.

⁹⁹ Echo Xie, "[China sends medical team to Iraq to help tackle coronavirus epidemic.](#)" *South China Morning Post*, March 8, 2020.

¹⁰⁰ Guy Burton, "[China and COVID-19 in MENA.](#)" In Marc Lynch (ed.), *The COVID-19 Pandemic in the Middle East and North Africa*, The Project on Middle East Political Science (POMEPS) 39, April 2020.

¹⁰¹ Hussein Solomon, "[The Impact of Covid-19 on the Middle East and North Africa.](#)" *Jerusalem Center for Public Affairs*, April 12, 2020.

¹⁰² Salvatore Babones, "[The 'Chinese Virus' Spread Along the New Silk Road.](#)" *Foreign Policy*, April 6, 2020.

Recent BESA Center Publications

Mideast Security and Policy Studies

- No. 149 The Privileged Palestinian Refugees, *Efraim Karsh*, May 2018
- No. 150 The Israel Defense Forces, 1948-2017, *Kenneth S. Brower*, May 2018
- No. 151 In Memoriam: Per Ahlmark, *Manfred Gerstenfeld*, June 2018
- No. 152 Iran's President Rouhani: Part of the Problem, Not Part of the Solution, *Udi Evental*, July 2018 (English and Hebrew)
- No. 153 China's Military Base in Djibouti, *Mordechai Chaziza*, August 2018
- No. 154 The Oslo Disaster Revisited: How It Happened, *Efraim Karsh*, September 2018
- No. 155 The "Separation Fence": A Political Border in a Security Guise, *Gershon Hacohen*, October 2018 (Hebrew only)
- No. 156 The North Korean Air Force: A Declining or Evolving Threat? *Noam Hartoch and Alon Levkowitz*, October 2018
- No. 157 The 1981 AWACS Deal: AIPAC and Israel Challenge Reagan, *Arnon Gutfeld*, November 2018
- No. 158 Pakistan and Its Militants: Who Is Mainstreaming Whom? *James M. Dorsey*, November 2018
- No. 159 American Jews and Their Israel Problem, *Kenneth Levin*, December 2018
- No. 160 The West Bank's Area C: Israel's Vital Line of Defense, *Gershon Hacohen*, January 2019 (Hebrew) April 2019 (English)
- No. 161 The Islamic State's Religious Nationalism: Challenging the Existing International Order, *Galit Truman Zinman*, April 2019 (Hebrew only)
- No. 162 Israeli Nuclear Deterrence in Context: Effects of the US-Russian Rivalry, *Louis René Beres*, June 2019
- No. 163 A Geopolitical Crossfire: Al Azhar Struggles to Balance Politics and Tradition, *Dr. James M. Dorsey*, August 2019
- No. 164 EU Funding of Illegal Palestinian Settlement in Area C, *Edwin Black*, September 2019
- No. 165 What Happens to Israel If the US and Israel Go to War? *Louis René Beres*, September 2019
- No. 166 Trump's Trade Wars: A New World Order? *James M. Dorsey*, November 2019
- No. 167 Land Combat Vehicles: Protection Comes First, *Maxi Blum*, November 2019
- No. 168 The Soleimani Killing: An Initial Assessment, *Hillel Frisch, Eytan Gilboa, Gershon Hacohen, Doron Itzchakov, and Alex Joffe*, January 2020
- No. 169 Iranian Missiles and Its Evolving "Rings of Fire", *Uzi Rubin*, January 2020
- No. 170 Operation "Shahid Soleimani": Iran's Revenge, *Uzi Rubin*, February 2020
- No. 171 The Coronavirus Crisis: Origins and the Way Forward, *Hanan Shai*, April 2020 (Hebrew only)
- No. 172 The San Remo Conference 100 Years On: How the Jewish National Home Entered International Law, *Efraim Karsh*, April 2020
- No. 173 The Coronavirus Pandemic: Getting Back to Normal While Controlling the Disease, *Maxi Blum*, May 2020
- No. 174 Coronavirus, China, and the Middle East, *Mordechai Chaziza*, June 2020