

The specter of Chinese geopolitical power rising in the Middle East has raised concerns in the West that as the power and influence of the US – and to some extent its European partners – wanes, China will exercise more influence and control over the oil and gas sectors of the region. Undoubtedly, China's rise as an economic superpower has earned it a place at the regional table. However, as far as oil and gas is concerned the system of control exercised by Middle East governments is not about to change, while China's involvement in the region continues to be driven by energy security concerns – not hegemonic ambition.

In the driving seat

The service contracts and upstream deals signed by Gulf-China leaders following high-level state visits by President Xi Jinping were cited as examples of Beijing's growing influence and power in the Middle East. However, while the role of China in Middle East oil and gas may grow in line with the international presence of its companies, the close links between Middle East NOCs and their government's foreign policy objectives means the country is unlikely to ever become an outside player.

Middle Eastern governments have directed policymaking, written the contractual terms and set the strategic direction of the development of their oil and gas sectors via [the national oil companies \(NOCs\)](#) – the managers of national patrimony – ever since they wrested control of their oil and gas resources away from Western companies in the 1970s.

Since this time, governments of NOCs which could not fully manage resources without the continued presence of foreign companies, have re-engaged with international oil companies (IOCs) to restore and regrow oil and gas output.

Governments around the region commonly use existing or new relationships with IOCs as a means to maintain, build or adjust geopolitical relations with foreign governments. Western companies, traditionally the major foreign players in the region's oil and gas sector, are the product of two factors: the individual host country's geopolitical objectives; and the legacy positions of those companies and their technological advantages. No single Western country or company has ever been dominant across the region.

This is likely to be the case with China in the future: Chinese companies have become bigger players

in the region's oil and gas field over time, as these and the Chinese state become more prominent globally. However, no Chinese firm will come to dominate, and will instead continue to be part of the global balancing of the foreign policies of the local governments.

Some successful Middle Eastern NOCs (Saudi Aramco and Abu Dhabi National Oil Company, notably) are shaping the energy relationship between their countries, China and the rest of Asia. The relationships are focused on [gaining market access](#), not on giving Chinese companies access to the region's resources. Even In Iraq, where foreign companies - notably Chinese ones - have played a critical role in growing production capacity, it is conceivable that, once the foreign investors build up capacity to a certain level, Baghdad will push to create its own NOC and reassert operational control over assets, as has been the practice elsewhere in the region.

It's all about energy

It is also not the case that China seeks to be a hegemonic power in the Middle East. Chinese foreign policy has three important components: gaining and maintaining access to natural resource inputs for its huge industrial sector; developing and diversifying global markets for its exports in a secure manner that no other power can interfere with; and maintaining China's territorial integrity.

Non-interference in its supply chain and territorial integrity is the closest thing to an "ideology" that underpins Beijing's foreign policy. Generally, it wants to be left alone and has no urge to spread the Chinese "way of life." Even though the Belt and Road Initiative (BRI), President Xi's signature global relations program, promotes the "Chinese development model" as an ideal over Western liberal democracy and human rights, it is largely an economic program and conforms to China's strong belief in non-interference in the affairs of sovereign states.

China has neither the capability nor the interest to go beyond its "development and peace" policies, although its energy and economic dependence will grow over time. In its Arab Policy Paper 2016, the government recognized that energy was the basis for its interest in the region, but also talked of developing infrastructure, trade and other investments, plus assisting with alternative energy development. There was no mention of a political plan to support these economic objectives.^[1]

The Chinese leadership prioritizes geographic diversification of oil, gas and fuel supplies, and emphasizes access to, and development of, liquefied natural gas, pipeline gas and renewables. It

recognizes these are aspirations which cannot be realized in the short term. Its dependence on the Middle East, particularly for oil, is a condition it can live with, albeit uncomfortably.

For China, the biggest short-term problem is likely to be the [US's partial withdrawal from the Middle East](#). Beijing understands that the region is unlikely to return to harmony in the absence of the US.

Rather than trying to fill the void – for which it lacks the military and diplomatic capacity – Beijing will try not to provoke the US (note Chinese companies' compliance with the end to the waivers of oil sanctions) and will lean on Russia's Middle East strategy to protect its interests. Beijing knows full well that these services will not come for free.

Fareed Mohamedi is an international political economist specialising in the geopolitics of energy and energy markets with a special emphasis on the economic development of petrostates and their foreign relations. He has led research teams in several specialised energy consultancies and two national oil companies. He has worked as a macro-economist with economic research institutes in Washington DC, a bond rating agency in New York City and the finance ministry of Bahrain. Fareed is currently Managing Director of SIA-Energy International, the global division of SIA-Energy based in Beijing.

Sources:

[1] http://www.china.org.cn/world/2016-01/14/content_37573547.htm

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