

# With Attention on Gaza, Russia and China Continue Economic and Military Inroads in Arab States

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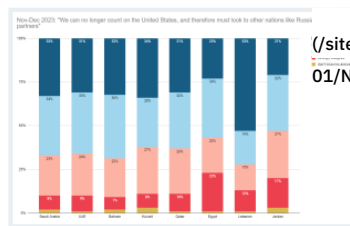
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 Brief Analysis

**In the last two months, China has continued its regional economic expansion, making concentrated progress with energy and development deals. Though less pervasive, Russia, too, has added to its economic portfolio in the region.**

For several years, Arab publics across the Middle East have increasingly expressed interest in partnerships with Russia and China amidst almost unanimous negative attitudes towards the United States. The United States' active support for Israel and the war against Hamas since October 7 have only **amplified** (<https://www.washingtoninstitute.org/policy-analysis/united-states-rapidly-losing-arab-hearts-and-minds-through-gaza-war-while>) anti-U.S. sentiment across the region, sparking extraordinary protests against both Israel and the United States in countries such as Egypt, Jordan, and Lebanon.

Results from the most recent Washington Institute polling survey, conducted between November 14 and December 6, show that the past several months have had an impact on popular perceptions of global powers' regional roles. A majority of respondents in the UAE (66%), Saudi Arabia (67%), Kuwait (62%), Egypt (57%), Bahrain (68%), Qatar (63%), and Lebanon (72%) agree with the following statement: "We can no longer count on the United States, and therefore must look more to other nations like Russia and China as partners." The percentages who agree with that sentiment have notably increased in every country, including an 11-point jump in Bahrain (up from 57% in July 2022).

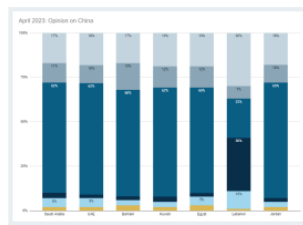


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With global attention focused on developments in Gaza and Arab attitudes turned against the United States, Russia and China have continued to cement regional relationships—often relatively under the radar—over the last two months. These two countries' recent activities in the Middle East span the economic, diplomatic, and military arenas.

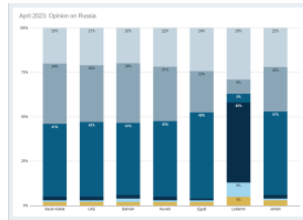
## China and Russia's Economic Inroads

According to recent public opinion polling conducted earlier this year, China and Russia's economic progress in the Middle East is reflected in popular perceptions of these states among Arab citizens. In April 2023, 60-62% of respondents in Egypt, Bahrain, Saudi Arabia, the UAE, and Kuwait all said they considered China an "economic partner" above all. Other options included security partner or friend on the one hand, and competitor or enemy on the other.



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In the same survey, a plurality of respondents in Saudi Arabia (41%), Bahrain (41%), the UAE (42%), Kuwait (43%), and Egypt (48%) likewise viewed Russia foremost as an economic partner. In each of these countries, only about one-third of respondents considered the United States an “economic partner” rather than a security partner, friend, competitor, or enemy.



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In the last two months, China has continued its regional economic expansion, making concentrated progress with energy and development deals. In early November, Egypt’s General Authority for the Suez Canal Economic Zone (SCZONE) **signed** (<https://www.zawya.com/en/economy/north-africa/sczone-seals-156bln-deals-for-11-projects-with-china-egypt-v4r60py8>) a \$15.6 billion dollar deal with multiple Chinese companies for eleven different projects in the zone, including green fuel and manufacturing projects. This deal echoes a similar **agreement** (<https://www.reuters.com/business/energy/egypts-suez-canal-economic-zone-signs-energy-deals-worth-up-1475-bln-2023-10-17/>) between SCZONE and China Energy Investment group in October worth \$6.75 billion, which likewise promised numerous green hydrogen and green ammonia projects. Following the third Belt and Road Forum held in Beijing in early October, the China Development Bank **disbursed** (<https://www.arabnews.com/node/2400581/business-economy>) a \$957 million loan agreement to Egypt’s central bank in an effort to finance projects agreed upon at the forum.

Also at the Belt and Road Forum, China reinforced economic relations with Gulf countries, most notably, Saudi Arabia. During the summit, a number of Chinese firms—including State Power Investment Corp, Bank of China, Power China Group, and Energy China Group—in**ked** (<https://www.arabnews.com/node/2393511/business-economy>) green-energy cooperation agreements with Saudi’s ACWA Power. China likewise strengthened financial and investment relations with Saudi Arabia in the weeks to follow, **securing** (<https://www.chinadaily.com.cn/a/202311/20/WS655b595aa31090682a5ef257.html>) a three-year local currency swap agreement with the Saudi Central Bank (SAMA) worth \$6.97 billion in late November and producing more than 60 MoUs between various Chinese and Saudi companies during the China-Saudi Investment Conference in mid-December. These MoUs spanned numerous fields including energy, agriculture, tourism, mining, financial services, infrastructure, technology, and health care.

Elsewhere in the region, China has continued investing in the Middle East’s lucrative natural gas and oil industries. In early November, China’s state-owned petroleum refineries company, Sinopec, **signed** (<https://www.scmp.com/business/china-business/article/3240403/chinas-sinopec-signs-second-27-year-natural-gas-supply-deal-qatar-it-seeks-shore-energy-security>) its second natural gas supply deal with QatarEnergy, promising China three million tons of natural gas per year for the next 27 years.

In Iraq, China likewise appears poised to cement a momentous advantage in the West Qurna 1 oil field, one of the country’s largest oil fields. In early November, Iraq **signed** (<https://www.reuters.com/business/energy/petrochina-replace-exxon-lead-contractor-iraqs-west-qurna-1-oilfield-oil-2023-11-11/>) an agreement approving U.S. energy giant Exxon Mobil Corp’s exit from West Qurna 1, thus paving the way for China’s state-owned oil and gas company, China National Petroleum Corporation (CNPC), to become the field’s lead contractor. More recently, Iraq **announced** (<https://www.zawya.com/en/projects/oil-and-gas/iraq-eyes-higher-crude-supplies-to-china-for-more-projects-k792zbhw>) it was considering a 50% increase in crude supplies to China as part of their 20-year oil-for-project agreement, with hopes for expedited development of housing and hospital projects across Iraq.

These developments add to China’s **increasing reliance** (<https://www.nytimes.com/2023/10/11/business/china-oil-saudi-arabia-iran.html>) on Middle Eastern oil. In fact, half of China’s oil imports—on which the country depends for 72% of its oil needs—come from the Persian Gulf. China is likewise the top consumer of Saudi Arabian oil, and has tripled its consumption of Iranian oil in the past two years. In September, China, reportedly, purchased 87% of Iran’s oil exports.

Though less pervasive, Russia, too, has added to its economic portfolio in the region. In Iraq, Russian oil and gas giant Lukoil **announced** (<https://oilprice.com/Energy/Energy-General/Russia-And-China-Tighten-Grip-On-Iraqi-Oil-Crescent.html>) that it had signed a deal with Iraq’s state-owned Basrah Oil Company to extend its contract for the West Qurna 2 oilfield by 10 years. Lukoil has likewise cemented its control of Iraq’s Block 10 oil fields, where it has a 60% majority stake. In mid-November, the Iraqi Oil Ministry approved plans for the Japanese-owned oil company Inpex to sell its 40% stake in the Block 10 region, reinforcing Lukoil’s status as the block’s main operator and developer.

On the financial front, Russian Prime Minister Mikhail Mishustin **announced** (<https://www.rferl.org/a/russia-iran-free-trade-zone/32654529.html>) in late October that a free-trade zone between the Russian-dominated Eurasian Economic Union and Iran would be established by the end of 2023. This most recent development materialized after trade between the two countries grew to a record **350 billion rubles** (<https://www.rferl.org/a/russia-iran-free-trade-zone/32654529.html>) (\$3.6 billion) this past year. Since the war in Ukraine, Russia’s economy has become increasingly reliant on trade with Middle Eastern countries as the West continues to isolate Moscow.

### Russia Reinforces Its Defense Relationships

Though highly critical of the U.S. diplomatic and military support for Israel, Russia has made its own moves in the last two months to double down on pre-existing defense relationships across the Middle East. For example, Russia demonstrated its continued commitment to its defense relationship with Algeria in early December by **sending** (<https://www.bloomberg.com/news/articles/2023-12-05/russia-algeria-to-hold-naval-drills-in-mediterranean-ria-says>) its Black Sea Fleet to the Mediterranean to participate in joint naval drills with Algerian counterparts. In late November, the Iranian Deputy Defense Minister, Mehdi Farahi, reported that Russia and Iran **finalized**

<https://www.reuters.com/world/iran-finalises-deal-buy-russian-fighter-jets-tasnim-2023-11-28/>) long-awaited arrangements for the procurement and delivery of Russian-made Sukhoi su-35 fighter jets and helicopters to Iran, though the number of jets included in the deal is not clear.

In Libya, Russian President Vladimir Putin has reportedly been in [talks \(https://www.aljazeera.com/news/2023/9/28/east-libya-commander-haftar-in-moscow-for-talks-with-putin\)](https://www.aljazeera.com/news/2023/9/28/east-libya-commander-haftar-in-moscow-for-talks-with-putin) with Khalifa Haftar, commander of the eastern Libyan National Army (LNA), over the past several weeks to sign a defense deal supplying air defense technology and pilot training to the LNA in exchange for the construction of a Russian naval base in Libya. On December 2, Russian Deputy Defense Minister Yunus-bek Yevkurov [visited \(https://libyaobserver.ly/index.php/news/russias-deputy-defense-minister-visits-benghazi-third-time-2023%23-%3A-text=The%2520Russian%2520Deputy%2520Defense%2520Minister.coinciding%2520with%2520Derna%2520floods%2520disaster\)](https://libyaobserver.ly/index.php/news/russias-deputy-defense-minister-visits-benghazi-third-time-2023%23-%3A-text=The%2520Russian%2520Deputy%2520Defense%2520Minister.coinciding%2520with%2520Derna%2520floods%2520disaster) Haftar in Benghazi for the third time this year.

Though Russia has long maintained ties with the LNA via the Wagner Group, these talks represent a significant shift toward the potential for above-board relations. Such a development is part of Russia's efforts to project its influence and maintain its presence in both the Sahel and the Mediterranean while rebranding the Wagner Group. In several key countries, the organization had established a negative reputation among the public. In July 2023, weeks before Wagner leader Yevgeny Prigozhin died in a plane crash, roughly two-thirds of citizens polled in Saudi Arabia (67%) and the UAE (64%) expressed somewhat or very negative opinions of the Russian-controlled mercenary group.

Even beyond arms deals and joint drills, Russia appears to be actively following through on its close defense relationship with the Assad regime in Syria, participating in the regime's [escalated \(https://www.aljazeera.com/news/2023/11/14/russia-al-assad-step-up-syria-bombing-amid-world-focus-on-israel-gaza-war\)](https://www.aljazeera.com/news/2023/11/14/russia-al-assad-step-up-syria-bombing-amid-world-focus-on-israel-gaza-war) bombardment of the militant-controlled northwest despite brokering a 2020 ceasefire agreement for the province. Since early October, international and local humanitarian groups have reported numerous airstrikes from Syrian and Russian warplanes targeting hospitals, schools, and civilian infrastructure in the northwest. On October 24, Syrian Civil Defense—known as the “White Helmets”—specifically [reported \(https://en.italaf.org/all-news/field-news/russian-airstrike-claims-lives-of-five-idps-including-children-in-rural-idlib\)](https://en.italaf.org/all-news/field-news/russian-airstrike-claims-lives-of-five-idps-including-children-in-rural-idlib) a Russian air attack on the Ahl Saraqib IDP camp in western Idlib, which allegedly killed five civilians and injured several others.

In its most recent report from early November, the UN Office for Coordination of Humanitarian Affairs (OCHA) estimated that over 70 people had been killed—over a third of whom were children—by Syrian and Russian airstrikes in the northwest since early October, with hundreds more injured and over 120,000 people displaced. According to the White Helmets, these numbers have only increased as attacks continue. Since the beginning of December, the White Helmets have [reported \(https://www.aljazeera.com/news/2023/12/18/death-and-fear-among-civilians-in-nw-syria-amid-assad-regimes-bombardment\)](https://www.aljazeera.com/news/2023/12/18/death-and-fear-among-civilians-in-nw-syria-amid-assad-regimes-bombardment) 48 attacks on civilians in 15 cities and towns, resulting in the deaths of nine people, including three children and one woman.

Though certainly on a smaller scale than Russia, China has continued with concerted efforts to expand its Middle East defense relationships in recent weeks. In early November, U.S. officials sounded the alarm on talks between China and Oman to [establish \(https://www.bloomberg.com/news/articles/2023-11-07/biden-briefed-on-chinese-effort-to-put-military-base-in-oman\)](https://www.bloomberg.com/news/articles/2023-11-07/biden-briefed-on-chinese-effort-to-put-military-base-in-oman) a Chinese military base in the country, similar to the military facility China built in Djibouti in 2017—its first and only overseas base today. Days later, the UAE [announced \(https://aviationweek.com/shownews/dubai-airshow/uae-finalizes-l-15-jet-trainer-deal-chinas-catic\)](https://aviationweek.com/shownews/dubai-airshow/uae-finalizes-l-15-jet-trainer-deal-chinas-catic) it had finalized a deal with China's National Aero-Technology Import & Export Corporation to purchase a fleet of L-15 advanced jet trainers, with technical support included.

An important caveat to China's apparent military progress in the Middle East, however, is the country's continued refusal to participate in substantive regional defense operations. More specifically, Beijing has shown little interest in joining the recent U.S.-led international coalition—Operation Prosperity Guardian—to provide security for merchant vessels in light of ongoing attacks by Houthi militias on commercial ships in the Red Sea. China may appear eager to pursue military agreements, but it thus far lacks the follow-through necessary to truly cement its defense presence in the region. ❖

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