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China and the Gulf states beyond the Iran war:

Prospects and implications for Europe

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Summary

- The Iran war has hurt Chinese interests. Yet China has remained strikingly passive, to the frustration of the Gulf Cooperation Council (GCC) member states.
- China's restraint in the Gulf is unlikely to change. Beijing can cushion supply disruptions, secure passage for its own ships, and free-ride on US protection of sea lanes. Its foreign policy tradition also makes it reluctant to take on security responsibilities far from home.
- The economic relationship between China and the Gulf states is more asymmetric and contested than its scale implies. China is the GCC's largest trading partner, but Chinese imports increasingly compete with the industries the Gulf seeks to build, and AI has become an arena of US–China rivalry in the region.
- The GCC states will likely continue to hedge their bets. The war has eroded trust in the US, but China is not seen as an alternative security guarantor.
- Europe shares China's dependence on Gulf stability and its reliance on US protection. Rather than waiting for the US to decide on its future policy towards the region, European states and the EU should build on existing security cooperation with GCC partners, especially with respect to maritime security and air defence.
- Europe should also work with the Gulf states to address Chinese economic overcapacity and support the region's economic diversification through services and industrial cooperation.



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Introduction

The member states of the Gulf Cooperation Council (GCC) remain significant to global politics due to their vast energy reserves.[1] To the European Union (EU), the Gulf's significance is enhanced by its geographical position, which makes it a critical node connecting Europe to Asia. The EU has signalled growing interest in the region. It adopted a strategic partnership with the Gulf in 2022, appointed its first Special Representative for the region in 2023, and in 2024 held its first summit with the GCC while also deploying naval forces to protect shipping in the Red Sea through Operation Aspides.[2]

The US–Israeli attack on Iran in February 2026, precipitating a war that is still ongoing, has destabilized the regional order and raised serious doubts among the GCC states about the extent to which the US will take their interests into account. Iranian strikes on Gulf states and the closure of the Strait of Hormuz have exposed the limits of the US security umbrella in the region. The war has disrupted energy flows on which both Asian and European economies depend, raising questions not only about US commitments to the Gulf, but also about the regional role of another great power with major interests in the region: China.

Over the past fifteen years, relations between China and the GCC have expanded through strategic partnerships and economic ties. Two developments have driven this growth. On the Gulf side, perceived US retrenchment has encouraged the GCC states to diversify their partnerships. On the Chinese side, the country's industrial rise has made it a major energy consumer and a heavily export-dependent economy, with strong interests in Gulf energy and markets.

The war has strengthened the incentives of the GCC states to diversify their partnerships and seek counterweights to unchecked US–Israeli regional dominance. They are looking to do this while continuing to hedge against Iran. These aims have made China an increasingly attractive partner for the GCC states. With its interests in the Gulf jeopardized by the war, China may in turn seek to deepen its engagement with regional actors and draw them more closely into its political initiatives and supply chains.

Yet questions remain about Beijing's willingness to assume a broader political and security role in the region. The Middle East is not a region of vital strategic interest to China. Rather than protecting its interests there through power projection, it has sought to insulate itself from risk. This is particularly evident when it comes to energy: China has expanded its domestic supply of renewable energy, diversified its import sources, and bolstered strategic oil reserves.[3]

"The Middle East is not a region of vital strategic interest to China."

Based on a literature review and expert interviews, this UI Report examines the content and drivers of the relationship between China and the GCC states.[4] The interviews were semi-structured and conducted with five political science and international relations scholars of China–Gulf relations, based in Asia, the Gulf, and the US. These interviewees have been

1 This report uses "GCC" and "Gulf" interchangeably. The GCC is composed of six member states: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE). Their comparable levels of economic development and close ties to the United States provide a basis for examining them together in assessing China's regional role. Other Gulf states, notably Iran and Iraq, fall outside the scope of the study.

2 European Commission and High Representative, 'A Strategic Partnership with the Gulf', Joint Communication JOIN(2022) 13 final, 18 May 2022; 'Former Italian foreign minister appointed EU envoy for Gulf region', *Arab News* (23 April 2023); Dzirhan Mahadzir, 'EU needs more ships for Red Sea; European navies adjust Hormuz deployments', *USNI News* (28 September 2026).

3 Mohammed Alsudairi and Andrea Ghiselli, *Narratives of Sino-Middle Eastern Futures* (Cambridge University Press, 2025); Chuchu Zhang, *China's Changing Role in the Middle East: Filling a Power Vacuum?* (Routledge, 2025); Jonathan Fulton, *China's Relations with the Gulf Monarchies* (Routledge, 2018).

4 Five experts on the topic were interviewed online between 8 September and 2 October 2026.

anonymized and are referred to as Respondents 1–5 in the footnotes. In this report, the interviews are used to capture expert interpretations. Any factual claims which the interviewees make have been checked against other sources where possible. The report also outlines several possible future trajectories for China–GCC relations and considers their implications for Europe.

Economic ties

Energy remains central to China's economic ties with the Gulf. However, the relationship now extends into many other sectors on which the region's diversification plans depend.

Energy at the core

China is the Gulf's most important trading partner. Total trade between China and the GCC has risen from US$10 billion in 2000 to about US$288 billion in 2024, according to official Chinese figures. This means that trade with China, by some estimates, is now greater than the GCC's combined trade with the EU, the UK, and the US.[5] Much of this development reflects China's industrial growth and its reliance on hydrocarbon imports. China went from importing modest amounts of crude oil in the 1990s to importing over 1 million barrels per day (mb/d) in 2000. This figure increased further to 11.6 mb/d in 2025.[6] Growing Chinese demand, together with stagnating conventional oil supply, contributed to a long period of sharply rising oil prices starting in 2000, creating enormous Gulf surpluses.[7]

"Trade with China, by some estimates, is now greater than the GCC's combined trade with the EU, the UK, and the US."

In recent years, the GCC states have supplied roughly one third of China's crude oil imports. The wider Gulf, including Iran and Iraq, accounts for more than half of China's imports. Gulf liquefied natural gas (LNG) now accounts for some 30 per cent of total Chinese imports.[8] Indeed, one of our respondents identified energy procurement as Beijing's only real strategic objective in the Gulf, since energy security affects not just economic growth but also political and social stability in China.[9]

Technology, construction, and investment

For the Gulf, China is an important source of know-how, capital goods, and labour. Chinese contractors have built – and are building – much of the Gulf's new infrastructure, from ports and industrial zones to solar parks. Chinese companies finance mining projects and supply technological solutions in areas such as drones, hydroponic agriculture, and robotics. All six Gulf states have adopted Huawei 5G infrastructure – over American objections. Increasingly, Chinese companies are present across the AI stack as well, as discussed below. Chinese communities in the Gulf have grown substantially. This is most visible in the UAE, where Dubai has become a

5 Mohammed Alsudairi, Andrea Ghiselli and Aaron Glasserman, 'The Gulf's China problem', Foreign Affairs (21 July 2026), available at: {https://www.foreignaffairs.com/china/gulfs-china-problem} accessed 4 November 2026. For 2024: Chinese Assistant Minister of Commerce Yuan Xiaoming, cited in 'China-Arab trade worth $407bn in 2024', AGBI (August 2025); for 2000: ChinaMed data, cited in Mai Alfarhan and Mohammed Alsudairi, 'The past, present, and future of Gulf sovereign wealth fund investments in China', Middle East Policy, 31:1 (2024), pp. 66–87 (p. 67); for the comparison: Asia House, 'The Middle East Pivot to Asia', cited in Matthew Martin, 'China overtakes the West in trade with the Gulf', Semafor (14 November 2025) (Asia House puts China-GCC trade at $257 billion and GCC trade with the EU, UK and US at $256 billion in 2024).

6 Sources: Energy Institute, Statistical Review of World Energy 2026 (Energy Institute, 2026); General Administration of Customs of the People's Republic of China (GACC), customs statistics, accessed 4 November 2026.

7 Adam Hanieh, Money, Markets and Monarchies: The Gulf Cooperation Council and the Political Economy of the Contemporary Middle East (Cambridge University Press, 2018), pp. 29–30.

8 Anne-Sophie Corbeau and Erica Downs, 'What the conflict in the Middle East means for China's natural gas supply security', Center on Global Energy Policy, Columbia University SIPA (26 June 2025), available at: {https://www.energypolicy.columbia.edu/what-the-conflict-in-the-middle-east-means-for-chinas-natural-gas-supply-security/} accessed 4 November 2026.

9 Interview with Respondent 4.

regional hub for Chinese traders, entrepreneurs, and workers.[10]

On the Chinese side, the wider policy approach guiding its ties with the Gulf is the '1+2+3' framework for cooperation with Arab states. This framework was launched by President Xi Jinping in 2014. It makes energy the core of cooperation ('1'), sets out infrastructure construction and trade and investment facilitation as the two 'wings' of cooperation ('2'), and describes nuclear energy, space satellites, and new energy as the three high-tech breakthrough areas of this cooperation ('3').[11] However, the extensive construction activity that has been carried out by Chinese companies in the Gulf is in contrast with limited direct investment. This might raise questions about China's long-term commitment to the region.[12] Still, most of the major development projects being carried out by Gulf states, including their ongoing transition to renewables, would be difficult to realize without Chinese inputs.[13]

About 4 per cent of Chinese exports go to the Gulf, roughly equivalent to the share that goes to Japan.[14] Recent increases in Chinese exports to the Gulf have mainly been driven by demand from Saudi Arabia and the UAE (though more than half of exports to the UAE are re-exported to other parts of the Middle East, Africa, and beyond). The UAE has also become one of the most important export markets for Chinese cars – top three in 2025 together with Mexico and Russia.[15]

Recent Chinese investments are not limited to the energy sector.[16] For example, in 2023 the Chinese technology conglomerate Huawei launched a cloud region – a cluster of local data centres offering cloud computing services – in Riyadh. Huawei pledged US$400 million over five years for this project.[17] Chinese consumer platforms are also expanding in the region. In 2024, Meituan launched its Keeta food-delivery platform in Saudi Arabia with a pledged US$267 million investment, reaching twenty cities by mid-2025.[18] In 2025, Tencent announced its first Middle East cloud region, also in Saudi Arabia, committing US$150 million over several years.[19]

For both China and the Gulf states, the broader attraction of developing closer cooperation lies in a potential convergence of Chinese capabilities with the ambitions of regional states to become technology and logistics hubs.[20] There are also mutual opportunities in solar panels, electric vehicles (EVs), and batteries: Gulf governments seek to develop new industries, while Chinese companies look overseas for better returns.[21] This is likely to happen in stages, beginning with the assembly of imported kits – 'like IKEA assembly' – and gradually moving towards local production of components.[22] The most prominent example so far is the Chinese PC and server maker Lenovo's

10 Yuting Wang, Chinese in Dubai: Money, Pride, and Soul-Searching (Brill, 2020).
11 Xi Jinping, 'Speech at the opening ceremony of the Sixth Ministerial Conference of the China-Arab States Cooperation Forum', Beijing, 5 June 2014.
12 Interview with Respondent 4.
13 Interview with Respondent 1.
14 Chinese exports to Japan: about USD 157.5 billion; Chinese exports to GCC countries: about USD 145.2 billion. United Nations Statistics Division, 'UN Comtrade Database: China Exports to Japan, All Commodities (HS TOTAL), 2025'; United Nations Statistics Division, 'UN Comtrade Database: China Exports to Saudi Arabia, United Arab Emirates, Qatar, Kuwait, Oman and Bahrain, All Commodities (HS TOTAL), 2025', available at: {https://comtradeplus.un.org/TradeFlow} accessed 4 November 2026.
15 Interview with Respondent 3; China Passenger Car Association data, cited in 'Top Chinese vehicle import countries ranking in 2025: Mexico, Russia, UAE', CarNewsChina (25 January 2026); 'Russia leads overall exports: China passenger vehicle export trends in 2025', Gasgoo (11 February 2026), available at: {https://autonews.gasgoo.com/articles/news/russia-leads-overall-exportschina-passenger-vehicle-export-trends-in-2025-2020690708745154561} accessed 4 November 2026.
16 Jonathan Fulton, 'Chinese-Saudi investment is not quite a two-way street', AGBI (October 2025), available at: {https://www.agbi.com/opinion/trade/2025/10/chinese-saudi-investment-is-not-quite-a-two-way-street/} accessed 4 November 2026.
17 'China's Huawei opens cloud data center in Riyadh to grow MENA footprint', Al-Monitor (4 September 2023), available at: {https://www.al-monitor.com/originals/2023/09/chinas-huawei-opens-cloud-data-center-riyadh-grow-mena-footprint} accessed 4 November 2026.
18 'Food delivery platform Keeta expands to Riyadh with SR1bn investment', Arab News (October 2024), available at: {https://arab.news/jwgdj} accessed 4 November 2026; 'Keeta reaches 11 new cities in Saudi Arabia', press release, Zawya (July 2025), available at: {https://www.zawya.com/en/press-release/companies-news/keeta-reaches-11-new-cities-in-saudi-arabia-agix7khv} accessed 4 November 2026.
19 'Tencent Cloud to launch Saudi operations in 2025 with $150m investment, says official', Arab News (10 February 2025), available at: {https://www.arabnews.com/node/2589572} accessed 4 November 2026.
20 Interview with Respondent 2.
21 Interview with Respondent 4.
22 Interview with Respondent 4.

new plant in Riyadh. This is Lenovo's largest plant outside China and is set to produce laptops, desktops, servers, and smartphones for regional markets from late 2026. The establishment of the plant was backed by a US$2 billion investment from Alat, which is owned by Saudi Arabia's Public Investment Fund.[23] However, the Gulf's capacity for large-scale EV production remains in doubt. As an example of this, one expert interviewed for this report points to an Emirati venture that failed after its Chinese partner marketed the same model in China.[24]

An asymmetric relationship

The trade relationship between China and the Gulf states is highly asymmetric. China supplies a wide range of manufactured goods in exchange mainly for energy. China's demand for transport fuel appears to have plateaued, and is even showing signs of declining. Weaker demand could gradually shift the bilateral trade balance further in Beijing's favour. Put simply, Saudi Arabia 'sells oil and basically nothing else, and China sells everything, from aluminium foil to Zamboni machines'.[25] That said, China's demand for Gulf LNG is likely to remain strong. Heavy industries, such as iron, steel, and cement, cannot be easily powered by renewable energy, and China is in the process of shifting these from coal to gas.[26] Nevertheless, since the Gulf states need trade in services to build knowledge-based economies, the trade relationship arguably looks more like a vulnerability than a strength for them.[27] Cheap Chinese manufactured goods are competing with the industries the Gulf states are trying to build. This is a growing source of friction which is discussed further below.

"Saudi Arabia 'sells oil and basically nothing else, and China sells everything, from aluminium foil to Zamboni machines."

Gulf sovereign wealth funds remain overwhelmingly invested in the US and Europe. About 80 per cent of their outflows go to these regions, while China belongs to their much more modest allocation to emerging markets.[28] The obstacles preventing greater Gulf investment in China are partly structural. China maintains strict capital controls and a political system wary of foreign capital being used to influence policy.[29] Chinese restrictions on Gulf investment are likely to remain in place as long as Beijing puts political control ahead of growth-centric economics.[30]

Until recently, foreign ownership of renewable power plants in China was very limited, which largely kept out world-leading regional developers. Only recently has the market begun to open for Gulf firms. In 2025, the Saudi Arabian company ACWA Power acquired 1.25 gigawatts of wind power assets in China.[31] That this opening came so late illustrates how far the two sides remain from granting reciprocal market access, which is something that a comprehensive China–GCC economic agreement would require.

23 'Lenovo completes $2bn deal to open Saudi PC factory', AGBI (January 2025); Abeer Hommadi, 'Lenovo set to begin Saudi production in late 2026', Asharq Al-Awsat (1 September 2026).
24 Interview with Respondent 3.
25 Interview with Respondent 3.
26 Interview with Respondent 4.
27 Interview with Respondent 3.
28 Alfarhan and Alsudairi, 'Gulf sovereign wealth fund investments in China', p. 68; interviews with Respondents 3 and 5.
29 Interview with Respondent 1.
30 Alfarhan and Alsudairi, 'Gulf sovereign wealth fund investments in China', pp. 84–5.
31 Interview with Respondent 4; 'ACWA Power advances Chinese market entry with 1,250MW wind asset acquisitions', Arab News (30 December 2025).

The Belt and Road dimension

The economic relationship also has geostrategic dimensions. The Gulf is a key hub in the Belt and Road Initiative (BRI), connecting China with the Middle East, Africa, and Europe. Leaders on both sides emphasize how the BRI is aligned with Gulf diversification plans. In 2018, China announced the 'Industrial Park – Port Interconnectivity, Two Wings and Two Wheels' initiative, linking investments in industrial parks and ports from the UAE to Suez.[32] Although BRI activity in the region has slowed in recent years, there have been a number of cooperative projects. Table 1 summarizes selected Chinese projects and commercial deals in the Gulf.

Table 1. Selected Chinese projects in the Gulf

Country	Selected projects and deals
Saudi Arabia	Huawei and Tencent cloud regions in Riyadh; Lenovo manufacturing plant in Riyadh (production from late 2026); Chinese investment in Jazan industrial city
UAE	COSCO container terminal at Khalifa Port, Abu Dhabi (2018); China–UAE industrial capacity cooperation zone in KEZAD; Noor Abu Dhabi and Al Dhafra solar plants, co-developed by China's Jinko
Qatar	27-year LNG supply deals with Sinopec and CNPC (2022–23); Lusail Stadium built by China Railway Construction Corporation
Kuwait	US$4.1 billion contract with China Communications Construction Company to build Mubarak Al-Kabeer port (2025)
Oman	Sino-Oman Industrial Park in Duqm (announced 2016, largely stalled)
Bahrain	Dragon City Bahrain wholesale and retail hub

Sources: Chinese Ministry of Foreign Affairs; company announcements; press reports.

32 Jonathan Fulton and Li-Chen Sim, 'Asian powers and a transitioning Gulf order', in Li-Chen Sim and Jonathan Fulton (eds), Asian Perceptions of Gulf Security (Routledge, 2022), p. 22.

An economic partnership under strain?

Trade friction and Sino-American technology competition are testing how far China and the Gulf states can deepen their economic partnership.

Trade friction

China's industrial strength makes it an attractive partner while also creating competitive pressures on emerging Gulf industries. In 2023 and 2024, the GCC initiated six anti-dumping investigations against China. In 2025, the GCC states imposed anti-dumping duties on aluminium sheets and coils from China.[33] At the World Economic Forum the same year, the UAE's minister of foreign trade broke with the usual line of 'win-win' to complain about 'huge dumping coming from China'.[34]

Access to Chinese technology can support economic diversification, while cheap manufactured imports can undermine those same ambitions.[35] As one person interviewed for this report put it, the Gulf states have so far had scant experience with 'the sharp end of China's economic statecraft'. There is, however, a growing realization among Gulf states that there is more to the relationship than the rhetoric of 'win-win' cooperation.[36]

Dumping concerns have also hindered the Sino-GCC free trade negotiations which began in 2004. After four rounds of talks, the negotiations were suspended in 2009, amid GCC concerns over import barriers and fears of being flooded by cheap Chinese imports. Talks resumed in 2016, but in 2024 media reported that the talks had stalled once more, over Saudi concerns about China's industrial agenda.[37]

"Access to Chinese technology can support economic diversification, while cheap manufactured imports can undermine those same ambitions."

There are also concerns on the Chinese side. Beijing has long sought to protect its own petrochemical industry from cheaper Gulf competition. For example, in 2009 it refused to lift tariffs on GCC petrochemical exports. It is therefore in no hurry to reach a free trade agreement.[38] Bilateral agreements, which the UAE in particular has pursued, may prove more feasible than a GCC-wide deal, especially as the Gulf states seek partners for post-war reconstruction.[39]

Technology in the shadow of US–China competition

Technology is increasingly becoming an arena of Sino-American competition in the Gulf. Beijing wants to ensure that the Gulf states 'will become China's partners, not [...] US proxies, in curbing China'.[40] AI is a key domain. The decision of G42, Abu Dhabi's leading AI company, to exclude Huawei and withdraw from Chinese investments in late 2023, after which it entered into a partnership with Microsoft, was a highly negative

33 PwC Middle East, 'GCC countries announce anti-dumping measures on imports of semi-finished aluminium products from China', tax news alert (20 May 2025).
34 Jonathan Fulton, 'The trade imbalance with China is focusing GCC minds', AGBI (28 October 2025).
35 Interview with Respondent 2.
36 Interview with Respondent 3.
37 Alexander Cornwell, 'China-Gulf free trade talks stall on Saudi industrial agenda, sources say', Reuters (14 May 2024), available at: {https://www.reuters.com/world/china-gulf-free-trade-talks-stall-saudi-industrial-agenda-sources-say-2024-05-14/} accessed 4 November 2026.
38 Lillian Aronson, 'The uncertain future of the China-GCC free trade agreement', *ORF Middle East* (30 September 2025); interview with Respondent 5.
39 Nilufer Najeeb, 'Full list: The UAE's 27 CEPA agreements and counting', Gulf Business (11 April 2025); interview with Respondent 4.
40 Interview with Respondent 5.

signal for Beijing.[41] Yet the picture is mixed. While G42 has aligned itself unambiguously with the US, it represents only one tier of the AI ecosystem. Other segments remain open to whoever can offer cheap, fast, and plentiful access, and Chinese companies are doing well there.[42]

> **"The Gulf states are likely to attempt to manage friction with Washington over sensitive technologies and data security rather than choose sides."**

Chinese influence is visible in several of these tiers. In September 2026, Saudi Arabia's national AI company HUMAIN unveiled a large language model built on a model family from China's MiniMax, even as it relies on US hardware for computing capacity. Chinese researchers make up around a third of the faculty at Abu Dhabi's Mohamed bin Zayed University of Artificial Intelligence (MBZUAI), a key node in the UAE's AI talent pipeline. And G42's divestment did not necessarily end Abu Dhabi's exposure to China. Its Chinese holdings were reportedly transferred to Lunate, another Abu Dhabi investment vehicle. MGX, now the UAE's most important AI investor, with stakes in OpenAI and the US Stargate project, has so far concentrated on US partners, but its strategy will be a key indicator of where the UAE's AI ambitions are heading.[43]

The Gulf states are likely to attempt to manage friction with Washington over sensitive technologies and data security rather than choose sides.[44]

Diplomatic and security ties

China's diplomatic and military ties with the Gulf have expanded, although its security role remains limited.

Gulf hedging and US reliability

The US remains the Gulf's principal security partner: it has military facilities in five of the six GCC states, defence cooperation agreements with most of them, and supplies the bulk of their arms imports.[45] However, the GCC states have fears of US retrenchment, which date back to Barack Obama's 2009 Cairo speech, which omitted traditional assurances about Gulf security, and were amplified by his subsequent 'pivot to Asia' in 2011.[46] The Senate's vote against support for the Saudi campaign in Yemen in 2018, Washington's muted response to attacks on Saudi oil facilities in 2019, and the US withdrawal from Afghanistan in 2021 have all reinforced doubts about US reliability.

The GCC countries have responded by strengthening their own military capabilities and diversifying their diplomatic, economic, and security relations.[47] The most prominent example of this hedging strategy was Saudi Arabia's turning

41 Interview with Respondent 5.
42 Interview with Respondent 3.
43 'Saudi AI firm Humain unveils model based on China's MiniMax', Bloomberg (3 September 2026); 'Silicon oasis: how Abu Dhabi plays both sides of US-China', ChinaTalk (14 November 2025).
44 Interview with Respondent 2.
45 Council on Foreign Relations, 'U.S. Forces in the Middle East: Mapping the Military Presence', updated 23 June 2025; Mathew George et al., 'Trends in International Arms Transfers, 2025', SIPRI Fact Sheet (SIPRI, March 2026).
46 William F. Wechsler, 'US withdrawal from the Middle East: perceptions and reality', in Karim Mezran and Arturo Varvelli (eds), The MENA Region: A Great Power Competition (ISPI and Atlantic Council, 2019).
47 Abdullah Baabood, 'How Gulf states are reinterpreting national security beyond their land borders', Carnegie Endowment for International Peace (1 August 2024), available at: {https://carnegieendowment.org/research/2024/08/how-gulf-states-are-reinterpreting-national-security-beyond-their-land-borders-abdullah-baabood} accessed 4 November 2026; David B. Roberts, 'The Gulf's evolving security mosaic: balancing the manifest retrenchment and latent influence of the United States', International Affairs, 101:6 (2025), pp. 2193–214; Ali Bakir, 'GCC states in transition: defense, security, and military adaptation in an era of U.S. decline: introduction to the special issue', Alternatives: Global, Local, Political, 51:3 (2026), pp. 199–206; Francesco Salesio Schiavi, 'Beyond the U.S. umbrella:

to China to broker its 2023 détente with Iran.[48] This trend should not, however, be read as a Gulf 'pivot to China'. It is better understood as strategic diversification, whereby the Gulf states expand ties with China and other Asian countries while retaining their security relationships with the US.[49] In effect, the Gulf states are spreading their bets – relying on the US for security and on China for development.[50] The Gulf states also use China as leverage vis-à-vis Washington, as 'a good stalking horse to scare the US or the West into action',[51] as one expert we interviewed put it, although this tactic may long since have lost its effect.[52]

"In effect, the Gulf states are spreading their bets – relying on the US for security and on China for development."

China's role in the 2023 détente should also not be overstated. The main drivers were domestic pressures in Saudi Arabia and Iran, and Iraq and Oman had done most of the diplomatic groundwork. One of the experts interviewed for this report cited a senior Chinese official, who had described to them how the Saudis came to Beijing with a nearly finished proposal and needed 'an extra-regional great-power stamp of approval', which China was happy to provide – and to present as an example of its 'Global Security Initiative' in action.[53]

Diplomatic ties

China has comprehensive strategic partnerships with Saudi Arabia (since 2016), the UAE (2018), and Bahrain (2024), as well as with Iran (2016). In the Chinese hierarchy of diplomatic relationships, this kind of partnership represents a high tier. Since 2010, China has also engaged the GCC collectively through the China-GCC Strategic Dialogue. Summit diplomacy has reinforced these ties. In December 2022, Xi Jinping made a state visit to Saudi Arabia, which included the first China-Arab States Summit and the first China-GCC Summit. The visit was followed by a string of high-level visits to China, including visits by both the Emir of Qatar and the Crown Prince of Kuwait in 2023, and then by the President of the UAE and the King of Bahrain in 2024.[54]

For their part, the Gulf states want to make sure that they, rather than Iran, remain China's priority in the region – a position underpinned by the fact that China's trade with the GCC dwarfs its trade with Iran.[55]

Gulf states and the diversification of air defense after Iran', Arab Gulf States Institute in Washington (28 April 2026), available at: {https://agsi.org/analysis/beyond-the-u-s-umbrella-gulf-states-and-the-diversification-of-air-defense-after-iran/} accessed 4 November 2026.

48 International Crisis Group, Great Expectations: The Future of Iranian-Saudi Détente, Middle East Briefing No. 92 (International Crisis Group, 13 June 2024), available at: {https://www.crisisgroup.org/brf/middle-east-north-africa/gulf-and-arabian-peninsula/iran-saudi-arabia/b92-great-expectations-future} accessed 4 November 2026.

49 Interview with Respondent 2.

50 Interview with Respondent 5.

51 Interview with Respondent 4.

52 Interview with Respondent 3.

53 Interview with Respondent 3.

54 Ministry of Foreign Affairs of the People's Republic of China, 'Xi Jinping Attends the First China-GCC Summit', 9 December 2022; 'China, Bahrain establish comprehensive strategic partnership', China Daily (31 May 2024).

55 Interview with Respondent 5.

Table 2. Chinese partnerships with the Gulf

Country	Partnership with China (year)
Saudi Arabia	Comprehensive strategic partnership (2016)
UAE	Comprehensive strategic partnership (2018)
Qatar	Strategic partnership (2014)
Kuwait	Strategic partnership (2018)
Oman	Strategic partnership (2018)
Bahrain	Comprehensive strategic partnership (2024)

Military cooperation

China's military engagement with the region has expanded over the years. Saudi Arabia bought Chinese ballistic missiles in the 1980s and CH-4 drones in the mid-2010s after the US refused to supply such weapons.[56] Since then, it has reportedly acquired more modern Chinese missiles and, according to US intelligence assessments, begun producing its own ballistic missiles with Chinese assistance.[57] Drones have become central to this cooperation. In 2017, Riyadh ordered Wing Loong II drones, the second iteration of a drone type developed in China by Chengdu Aircraft Industry Group, in what Chinese state media called the country's largest-ever order for Chinese drones. It agreed to establish a CH-4 assembly facility in Saudi Arabia.[58] The UAE was the first overseas customer for the first two Wing Loong models. It is reported to have begun buying the second model of drone after Washington refused to sell it armed drones.[59] In 2022, it signed a letter of intent for twelve Chinese L-15 trainer and light-combat aircraft, with plans for thirty-six more. Saudi Arabia has used Chinese drones in campaigns in Yemen, while Emirati-supplied drones supported Khalifa Haftar's forces in Libya.[60]

These deals should be kept in perspective. China accounted for 5.6 per cent of global arms exports between 2021 and 2025. In that period, it did not rank among the main suppliers of any Gulf state. The US supplied 77 per cent of arms imports to Saudi Arabia and 42 per cent of arms imports to the UAE, with European suppliers accounting for much of the rest.[61] Nevertheless, the Iran war may open new niches for Chinese suppliers, particularly in counter-drone systems. Saudi Arabia and the UAE have reportedly procured China's Silent Hunter laser anti-drone system, and open-source imagery suggests a Chinese FK-2000 system has been deployed in Bahrain.[62]

China's People's Liberation Army has also held joint exercises with Gulf states. Saudi Arabia and China held their first 'Blue Sword' naval special forces exercise in the waters near the Saudi

56 Fulton and Sim, 'Asian powers and a transitioning Gulf order', pp. 20–1.
57 Zachary Cohen, 'US intelligence and satellite images show Saudi Arabia is now building its own ballistic missiles with help of China', CNN (23 December 2021).
58 'Chinese and Saudi firms create joint venture to make military drones in the kingdom', Defense News (9 March 2022), available at: {https://www.defensenews.com/unmanned/2022/03/09/chinese-and-saudi-firms-create-joint-venture-to-make-military-drones-in-the-kingdom/} accessed 4 November 2026; 'Chinese drone factory in Saudi Arabia first in Middle East', South China Morning Post (March 2017), available at: {https://www.scmp.com/news/china/diplomacy-defence/article/2081869/chinese-drone-factory-saudi-arabia-first-middle-east} accessed 4 November 2026; 'China to open a drone factory in Saudi Arabia', Defense News (28 March 2017), available at: {https://www.defensenews.com/air/2017/03/28/china-to-open-a-drone-factory-in-saudi-arabia/} accessed 4 November 2026.
59 'China's surprising drone sales in the Middle East', Defense News (23 April 2021), available at: {https://www.defensenews.com/opinion/2021/04/23/chinas-surprising-drone-sales-in-the-middle-east/} accessed 4 November 2026; 'UAE agrees to buy its first Chinese fixed wing military aircraft: L-15', Breaking Defense (February 2022), available at: {https://breakingdefense.com/2022/02/uae-agrees-to-buy-its-first-chinese-fixed-wing-military-aircraft-j-15/} accessed 4 November 2026.
60 'UAE gets American drones as China ramps up sales', Al Jazeera (19 September 2020), available at: {https://www.aljazeera.com/features/2020/9/19/uae-gets-american-drones-as-china-ramps-up-sales} accessed 4 November 2026.
61 George et al., 'Trends in International Arms Transfers, 2025'.
62 Joyce Karam and Rosaleen Carroll, 'How Iran war is giving China an opening in Gulf drone market', Al-Monitor (11 June 2026), available at: {https://www.al-monitor.com/originals/2026/06/how-iran-war-giving-china-opening-gulf-drone-market} accessed 4 November 2026; 'United Arab Emirates deploys Chinese FK-2000 air defence systems to Bahrain as Iranian strikes continue', Military Watch Magazine (21 July 2026).

Arabian port city of Jeddah in 2019,[63] followed by a second in waters near the southern Chinese coastal city of Zhanjiang in 2023. The third iteration was held in Jubail in October 2025.[64] The UAE has gone further, holding annual 'Falcon Shield' air exercises with China since 2023. The 2025 exercise, held in the UAE, marked the first deployment of Chinese J-10 fighters, KJ-500 early-warning aircraft, and YY-20A tankers to the Gulf.[65]

Still, the scale remains modest. In the period 2000–2025, China held a handful of joint naval exercises with the Gulf states. This is far fewer than the number of exercises the Gulf states have conducted with the US, the UK, or even Japan.[66]

The limits of China's security engagement

There are clear constraints to China's security engagement. China maintains no permanent military presence in the Gulf and offers no security guarantees to regional states. Its nearest military foothold is its base in Djibouti, which was opened in 2017 as an outgrowth of the anti-piracy operations it has conducted in the Gulf of Aden. The construction of a suspected Chinese military facility at the UAE's Khalifa Port was reportedly halted in 2021 after US pressure.[67]

China's approach to the Gulf is one of strategic equilibrium, or what the Chinese political scientist Sun Degang terms a 'zero-enemy policy'. Beijing is careful not to directly challenge the US, seeking instead to develop its regional capabilities through economic means. Sun refers to China's 'Four-No foreign policy', which consists of non-alignment, non-interference, no proxies, and no stepping into power vacuums left by others.[68] According to one person interviewed for this report, security is foremost among China's interests in the Gulf. However, they indicate that its security interests are narrowly defined. For China, the Gulf states may be pro-US and rely on US protection, as long as they do not become anti-Chinese or offer refuge to jihadist groups that are critical of Communist Party rule over traditional Muslim-majority areas of China.[69]

> **"China maintains no permanent military presence in the Gulf and offers no security guarantees to regional states."**

Given its rivalry with Washington, Beijing might be expected to view US military dominance as an obstacle. Yet China can accommodate Gulf states' reliance on US security commitments, provided they do not align with efforts to contain China, including in the technology sphere.[70] When giving expert testimony to the US government, the political scientist Jonathan Fulton, from Zayed University in the UAE, suggested that China benefits significantly from the US-led security architecture, allowing it to pursue its energy and commercial interests without a corresponding

63 'Chinese and Saudi navies launch joint counterterrorism exercise against backdrop of Israel-Hamas war', South China Morning Post (October 2023), available at: {https://www.scmp.com/news/china/military/article/3237401/chinese-and-saudi-navies-launch-joint-counterterrorism-exercise-against-backdrop-israel-hamas-war} accessed 4 November 2026.
64 'China-Saudi Arabia "Blue Sword-2023" naval special operations joint training kicks off', China Military Online (10 October 2023), available at: {http://eng.chinamil.com.cn/CHINA_209163/TopStories_209189/16257594.html} accessed 4 November 2026.
65 Ministry of National Defense of the People's Republic of China, '"Falcon Shield 2025" joint air force training promotes practical cooperation between China and UAE: Defense Spokesperson', 25 December 2025, available at: {http://eng.mod.gov.cn/2025xb/P/16429100.html} accessed 4 November 2026; 'UAE-China air drills deepen with fourth Falcon Shield exercise', Al-Monitor (August 2026), available at: {https://www.al-monitor.com/originals/2026/08/uae-china-air-drills-deepen-fourth-falcon-shield-exercise} accessed 4 November 2026.
66 Interview with Respondent 4; Brendon J. Cannon and Li-Chen Sim, 'Navigating power: joint naval exercises as a lens into China–Gulf relations', Alternatives: Global, Local, Political (2026), online first.
67 Gordon Lubold and Warren P. Strobel, 'Secret Chinese port project in Persian Gulf rattles U.S. relations with U.A.E.', Wall Street Journal (19 November 2021).
68 Sun Degang, 'China's "zero-enemy policy" in the Gulf: dynamics and tactics', in Sim and Fulton (eds), Asian Perceptions of Gulf Security, p. 31.
69 Interview with Respondent 5.
70 Interview with Respondent 5.

security role of its own.[71] One person interviewed for this report put this idea in blunter terms: 'The US is there, China is the free rider.'[72]

China's future security role in the Gulf

The Iran war has highlighted the limits of China's willingness to act on Gulf security concerns. These limits will shape both the future regional role adopted by Beijing and the Gulf states' efforts to diversify their strategic partnerships. Compared to earlier regional conflicts, the war has affected Chinese interests to a much greater extent. The disruption of shipping through the Strait of Hormuz and the resulting price spike led China to cut crude oil imports by a third, some 4 mb/d, between the first and second quarters of 2026. China drew instead on its oil stocks and curbed exports of refined fuels.[73] Because oil is priced on a global market, the disruption has also hit China through higher prices, which apply regardless of where China imports oil from. Iranian strikes on Gulf states, directly and through proxies, have also threatened China's most important trading partners in the region.

A reluctant security actor

It has been a commonplace among observers to assume that as China's economic interests in the Gulf grow, sooner or later it will be compelled to assume a greater security role in the region.[74] Yet most of the experts interviewed for this report are sceptical about such a scenario. Moreover, the areas which Chinese authorities have identified as China's 'core interests' mainly concern domestic political issues or its immediate periphery. Events in the Middle East do not threaten these interests directly, although, as the Iran war has shown, a prolonged disruption in the Gulf can affect China indirectly, through higher energy prices and weaker global demand for Chinese exports.[75]

China's restraint in the Gulf reflects two main considerations. First, China's priorities lie closer to home. With its strategic objectives in East Asia still unfulfilled, Beijing has reasons to avoid the costs and risks of deeper involvement in Gulf security.[76] Second, until the Iran war, the regional security situation had not posed problems serious enough to warrant a greater Chinese security commitment. Even now, Beijing appears to judge that it can get what it needs from the Gulf without a security investment.[77] China has seen little to gain from pressuring Iran. Early in the war it continued to receive Iranian oil that few other buyers would take, although these flows also dried up as the US moved to block Iranian exports.[78] Taking sides would in any case risk alienating either Iran or the Gulf states: 'the best solution, according to China, is to do nothing'.[79]

China has been able to protect much of its own shipping by other means. Chinese vessels have generally been granted passage through Hormuz and Bab al-Mandeb. They can typically gain permission to sail through these areas by signalling to Iran and the Houthis that 'this is Chinese ship, Chinese crew'. At one point many non-Chinese tankers even sought protection

71 Jonathan Fulton, testimony before the US-China Economic and Security Review Commission, hearing on 'China and the Middle East', Washington, DC, 19 April 2024, available at: {https://www.uscc.gov/sites/default/files/2024-04/Jonathan_Fulton_Testimony.pdf} accessed 4 November 2026.
72 Interview with Respondent 4.
73 US Energy Information Administration, 'China's crude oil imports fell in the second quarter', Today in Energy (31 July 2026); Jason Bordoff and Meghan L. O'Sullivan, 'The long shadow of the Iran shock', Foreign Affairs (14 August 2026).
74 Fulton, China's Relations with the Gulf Monarchies, p. 66; Fulton and Sim, 'Asian powers and a transitioning Gulf order', p. 22.
75 Interview with Respondent 3.
76 Interviews with Respondents 1 and 4.
77 Interview with Respondent 1.
78 Caolán Magee, 'China faces oil challenge as prices soar and supply options narrow', Al Jazeera (17 September 2026).
79 Interview with Respondent 4.

under the Chinese flag.[80] Chinese diplomats have also met Houthi representatives in Oman, which has long served as a channel to the group, and Beijing reportedly opened direct communications with the Houthis in 2026 to secure passage for its tankers through the Red Sea.[81] In short, there is no obvious reason for Beijing to invest in reshaping a region that is already largely accommodating.[82]

"Even now, Beijing appears to judge that it can get what it needs from the Gulf without a security investment."

China's energy buffers also matter. It has oil stocks estimated at 1.4 billion barrels and a diversified supply base, which make Gulf oil 'important to China, but not vital'.[83] However, such buffers mainly protect against physical shortages in the short term and do not shield China from the price effects of a prolonged disruption, which hit all oil importers alike. Beijing's earlier mediation efforts, between Saudi Arabia and Iran, and between Hamas and Fatah, have proven largely fruitless in light of subsequent events. This has likely dampened its appetite for further mediation.[84] In addition, a more cynical reading is also possible. As one of the experts we interviewed put it, referring to the US, 'why intervene to halt your competitor and rival from shooting themselves in the foot a few more times'.[85]

However, an examination of possible cost–benefit calculations cannot on its own explain why China does not view the free flow of Gulf oil the same way that the US has since the Carter Doctrine of 1980. Strategic culture and role conceptions also matter. The US commitment to the Gulf grew out of the Cold War contest with the Soviet Union and has been sustained by a self-image as guarantor of the international order. Critics have argued that this US role conception has repeatedly led Washington to take on commitments whose costs exceeded their benefits.[86] China's foreign policy tradition points the other way. A policy of non-alignment and an aversion to being drawn into other regions' conflicts make Beijing reluctant to assume security responsibilities far from home, even in places where the economic stakes are high.[87] Part of the answer can also be found by looking at China's capabilities. China lacks the bases and blue-water naval power needed for a sustained security role in the region. This means that it is difficult to fully separate China's unwillingness to play a larger security role from its inability to do so.

China's response to recent regional conflicts illustrates these limits. Beijing has made little visible use of economic pressure to restrain Iranian attacks on Gulf states or compel Iran to curb Houthi attacks on Saudi Arabia. Since the attack by Hamas on Israel in October 2023, Beijing has increasingly criticized Israeli military actions and hosted talks between Palestinian factions.[88] Yet it has maintained economic and diplomatic ties with Israel and refrained from measures that would impose significant costs on it. Indeed,

80 Interviews with Respondents 1 and 4.
81 'Yemen's Houthis tell China, Russia their ships won't be targeted', Bloomberg (21 March 2024); 'China in touch with Yemen's Houthis to allow ships to sail through Red Sea, sources say', Reuters (28 July 2026).
82 Interview with Respondent 1.
83 Interview with Respondent 5.
84 Interview with Respondent 5.
85 Interview with Respondent 1.
86 Barry R. Posen, *Restraint: A New Foundation for U.S. Grand Strategy* (Cornell University Press, 2014); Stephen M. Walt, *The Hell of Good Intentions: America's Foreign Policy Elite and the Decline of U.S. Primacy* (Farrar, Straus and Giroux, 2018).
87 On China's role conception in the Middle East, see Zhang, China's Changing Role in the Middle East.
88 Clara Kristola Truc, 'Principles and pragmatism: China's evolving approach to Israel and Palestine', NKK Commentary No. 4 (Swedish National China Centre, Swedish Institute of International Affairs, 17 February 2026).

everything since the October 2023 attack has confirmed that China is a very reluctant political and security partner in the region.[89]

Gulf state reactions

The Gulf states have shown signs of frustration at China's handling of the Iran war. China, along with Russia, blocked a Security Council resolution calling for an international effort to protect shipping through the Strait of Hormuz. Chinese satellite firms, at least one with links to state structures, supplied Iran with imagery of US bases in the region during the war. The US government says this imagery has enabled Iranian strikes on American forces, but Beijing denies this claim.[90] When they met in Washington in September 2026, US President Donald Trump reportedly told Xi Jinping that Chinese help for Iran was 'unacceptable', but Beijing made no public commitment to curb it.[91]

The Gulf reaction has been one of frustration. Regional officials had expected China to issue more specific condemnations, to refrain from blocking the Security Council resolution on Hormuz, and to put greater economic pressure on Iran. According to one expert interviewed for this report, during the Crown Prince of Abu Dhabi's visit to China in April 2026,[92] there 'were a lot of very harsh words said'.[93] Other signs point in the same direction. In early March, China dispatched its special envoy Zhai Jun to Saudi Arabia, the UAE, Kuwait, Qatar, and Bahrain to reassure the GCC states.[94] In May 2026, the second China-Arab States Summit, which had been planned to take place in Beijing in June 2026, was postponed.[95]

"As seen from the Gulf, the problem is clear: 'If China has such extensive economic ties with Iran, what is the value of those ties if Beijing cannot – or will not – use them when Gulf security is directly threatened?'"

As seen from the Gulf, the problem is clear: 'If China has such extensive economic ties with Iran, what is the value of those ties if Beijing cannot – or will not – use them when Gulf security is directly threatened?'[96] However, the disappointment felt by Gulf states might be overstated. Gulf leaders may have long ago realized that China will not help them on the issues that matter most, and they may therefore be 'not so much disappointed as resigned to the idea of a pretty shallow Chinese footprint'.[97]

Moreover, the degree of China's actual leverage over Iran remains contested. According to one respondent, Iran's dependence on Chinese oil purchases does not give Beijing decisive

89 Interview with Respondent 3.
90 US Department of State, 'Fact Sheet: Disrupting Iran's Overseas Military Procurement Networks', 8 May 2026, available at: {https://www.state.gov/releases/office-of-the-spokesperson/2026/05/disrupting-irans-overseas-military-procurement-networks} accessed 4 November 2026; Miles Johnson, Peter Andringa, Alison Killing, Charles Clover and Demetri Sevastopulo, 'Iran used Chinese spy satellite to target US bases', Financial Times (15 April 2026), available at: {https://www.ft.com/content/1fddd2cd-1294-4e9c-a17d-5ea06b399355} accessed 4 November 2026; 'Iran used Chinese spy satellite to target US bases, FT reports, Beijing denies story', Reuters (15 April 2026), available at: {https://www.reuters.com/world/china/iran-used-chinese-spy-satellite-target-us-bases-ft-reports-2026-04-15/} accessed 4 November 2026.
91 Rosaleen Carroll, 'Despite fanfare, Xi shows Trump no sign of breaking with Iran', Al-Monitor (26 September 2026).
92 'Sheikh Khaled arrives in China to begin official visit', The National (12 April 2026).
93 Interview with Respondent 1.
94 Ministry of Foreign Affairs of the People's Republic of China, 'Special Envoy Zhai Jun of the Chinese Government on the Middle East Issue Meets with Saudi Arabian Foreign Minister Faisal bin Farhan Al Saud', 9 March 2026.
95 Interview with Respondent 5; 'China postpones second Arab summit, cites regional instability', Petra News Agency (17 May 2026).
96 Interview with Respondent 2.
97 Interview with Respondent 3.

influence over its wartime behaviour.[98]

Could the war change China's calculus?

Since 2018, when Trump withdrew from the Iran nuclear deal and launched a 'maximum pressure' campaign towards Iran, China has increasingly criticized US policy in the region. If Beijing concludes that the US umbrella no longer serves its interests, it may assume a greater security role and act more independently from Washington. US protection of regional sea lanes has so far spared China the need to intervene. China's exposure is large, but it is the same regardless of who provides the protection. Without this US protection, Beijing could no longer free-ride.[99]
So far, the war has led China to adjust its supply patterns rather than its security posture. With Gulf flows through Hormuz curtailed, Chinese refiners have turned to other suppliers, notably Russia, whose seaborne crude deliveries to China reached 1.68 mb/d in August 2026, and Brazil, which offered 1.6 mb/d in March of the same year.[100]

Even if China were to take on a greater security role, it would likely remain limited in scope. Persistent threats to Chinese interests are more likely to prompt greater diplomatic engagement and selective security measures than to lead to China assuming a role similar to that which the US currently plays.[101] Chinese security involvement could take the form of mediation aimed at a ceasefire that keeps oil flowing, and it would likely only occur if the war spiralled out of control or China had to start drawing on its strategic oil reserves.[102] There are some signs of a shift: the simultaneous threat to Hormuz and Bab al-Mandeb appears to be what pushed Beijing to signal a willingness to help mediate between the US and Iran – 'whereas you can work around a Hormuz blockade, it's very difficult to work around two'.[103] Naval escorts for Chinese ships are another possible response.[104]

Gulf hedging after the war

The relationship between the GCC states and the US has been substantially damaged by the war. However, the limited role played by Beijing in efforts to end the war has also made it clear to the GCC states that China is by no means a credible alternative as a security guarantor.[105] Thus, the GCC states are likely to continue hedging.

"Hedging is self-reinforcing. The more the GCC states hedge, the more the perception of American withdrawal will become the reality."

Hedging is self-reinforcing. The more the GCC states hedge, the more the perception of American withdrawal will become the reality. If the Iran war has reinforced the sense that the US is no longer a dependable ally, the Gulf states are likely to diversify their partnerships further, and in that sense move further away from Washington. The gap between Gulf expectations of China and Beijing's willingness to act is likely to become a more important feature of the relationship.[106] The war has made it clear to Gulf elites that China has

98 Interview with Respondent 5.
99 Interview with Respondent 4.
100 Magee, 'China faces oil challenge'.
101 Interview with Respondent 2.
102 Interview with Respondent 5.
103 Interview with Respondent 4; Maziar Motamedi, 'Can China play peacemaker as Iran's foreign minister heads to Beijing?', Al Jazeera (15 September 2026); Abid Hussain, 'Will China join Pakistan-led efforts to mediate US-Iran peace?', Al Jazeera (31 March 2026).
104 Interview with Respondent 4.
105 Alsudairi, Ghiselli and Glasserman, 'The Gulf's China problem'.
106 Interview with Respondent 2.

neither the appetite nor the desire to throw its political and security weight around.

Some have responded by doubling down on the US, while others seek to maintain ties with Washington while building capacities that make them less dependent on the US, including local defence production.[107] Yet this is diversification rather than realignment: through defence cooperation agreements and decades of engagement, the Gulf states remain closely tied to the US, which will likely remain the dominant security actor in the region for the foreseeable future.[108]

Implications for Europe

Europe should respond to the changing Gulf order by strengthening practical security cooperation and supporting economic diversification, building on its existing capabilities and partnerships.

A security vacuum, not a Chinese takeover

China taking over the US diplomatic and security role would not be positive for European interests in the Gulf. However, the analysis in this report suggests that Beijing is unlikely to do so. The more urgent risk is a regional security vacuum.

The Iran war has eroded Gulf trust in the US, while China has shown that it will not step in. In this respect, Europe and China face similar challenges. Both depend on stable energy flows from the Gulf and, because oil and gas are priced on world markets, both are affected by the way instability in the region can increase the prices of resources they acquire from elsewhere.

“The more urgent risk is a regional security vacuum.”

Europe’s exposure to the risks of disruptions to energy supplies has become evident during the Iran war. Although Qatar supplied only 7 per cent of EU LNG imports in the winter of 2025–26, the outage of Qatari production pushed European gas prices sharply higher. This occurred just as EU gas storage stood near a nine-year low.[109] Both Europe and China have also relied heavily on the US to keep the region’s sea lanes open. Should Washington scale back its commitment, both may need to take on larger roles than they would prefer. Europe would be wise to prepare for that possibility now, rather than wait for Washington to decide.

Security cooperation: building on what exists

Continued GCC hedging creates an opening for closer European engagement. Europe should build on the security cooperation that already exists. France maintains a naval and air base in Abu Dhabi. The UK has a naval facility in Bahrain and a joint logistics base in Oman. Meanwhile, Italy has become a major arms supplier to Qatar and Kuwait. European navies protect shipping in the Red Sea through Operation Aspides. A UK- and French-led mission stands ready to clear mines in the Strait of Hormuz once a ceasefire holds.[110] The EU’s role is primarily political, exercised through its Special Representative, the strategic partnership, and the EU–GCC summits, while it also plays a role in coordinating naval missions. Those EU member states with a military presence in the region will carry most of the operational burden.

107 Interview with Respondent 1.
108 Interview with Respondent 3.
109 European Union Agency for the Cooperation of Energy Regulators (ACER), ‘Middle East impact: filling EU gas storage will be expensive in a competitive LNG market’ (23 April 2026, updated 21 June 2026), available at: {https://www.acer.europa.eu/news/middle-east-impact-filling-eu-gas-storage-will-be-expensive-competitive-lng-market} accessed 4 November 2026.
110 Mahadzir, ‘EU needs more ships for Red Sea’; George et al., ‘Trends in International Arms Transfers, 2025’.

Priorities could include maritime security and air and counter-drone defence. These are areas where the war has revealed acute Gulf needs and where Chinese suppliers are also seeking an opening. Defence-industrial cooperation that supports the production ambitions of the Gulf states is another area that could be prioritized. This does not mean replicating the US role, which Europe lacks the capacity to do, or taking sides in regional conflicts. It means becoming a more relevant and dependable partner in areas where Europe has specific capabilities and a direct stake

Economics and technology: a shared interest in diversification

Gulf concerns about competition from cheap Chinese manufactured goods echo European debates about the so-called China shock. The GCC states have launched anti-dumping investigations against Chinese products, while the EU has made increasing use of trade-defence instruments, including countervailing duties on Chinese electric vehicles in 2024.[111] This shared concern opens up space for cooperation. Exchanging experience on trade defence, investment screening, and industrial policy could become a new area of EU–GCC cooperation. In its dealings with Beijing, Europe can point to Gulf concerns to show that worries about Chinese overcapacity are shared well beyond Europe. Europe can also support Gulf diversification directly, through trade in services and industrial cooperation that help the Gulf states build knowledge-based economies.[112]

Technology offers a further opening. As the Gulf states try to manage US–China rivalry in AI, Europe can offer a third option in parts of the AI stack. While European capacity should not be exaggerated, the 2025 French–Emirati agreement on a 1-gigawatt AI data centre campus in France, backed by the UAE's MGX, is one concrete example of existing cooperation.[113]

111 Commission Implementing Regulation (EU) 2024/2754 of 29 October 2024 imposing a definitive countervailing duty on imports of new battery electric vehicles designed for the transport of persons originating in the People's Republic of China.
112 Interview with Respondent 3.
113 'UAE to invest billions to build AI data center in France', TechCrunch (7 February 2025), available at: {https://techcrunch.com/2025/02/07/uae-to-invest-billions-to-build-ai-data-center-in-france/} accessed 4 November 2026.

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