

## Abstract

The Annual Report on Development in the Middle East (2015 – 2016) takes “The Belt and Road” Initiatives and the Middle East as the main subject and analyzes the great significance of the “The Belt and Road” Initiatives for peace and development of the world in general and for the Middle East in particular. It identifies the advantages, promising areas and challenges of cooperation as well as gives policy suggestions for joint construction of The Belt and Road with the Middle Eastern countries. The analysis is general for the region as a whole and specific for countries such as Turkey, Afghanistan, Egypt, Saudi Arabia, Iran, Iraq, UAE, Qatar, Jordan and Israel.

The report argues that The Belt and Road Initiatives formulated by China are in line with the needs of peace and development pursued by China and the Middle Eastern countries, in favor of mutual benefits, win – win solutions and shared development. Therefore, these initiatives are earning broad and positive reaction from the Middle Eastern countries and seem to be realistically feasible. In fact, for the joint construction of “The Belt and Road”, China and the Middle Eastern countries enjoy a number of advantages in terms of resources, capital, technologies and markets. The economic readjustment underway in some Middle Eastern countries are preparing more enabling market environment and business projects for cooperation of both sides. Generally speaking, despite of different national circumstances of Middle Eastern countries, energy security, industrial cooperation, infrastructures and finance seem to be the areas of cooperation with the greatest potentials and therefore could serve as the focused areas for joint efforts of both sides. The joint construction of “The Belt and Road” in the Middle East needs to address challenges. For example, for some Middle Eastern countries, the sense of urgency in regard with joint construction of The Belt and Road has to be further enhanced and business environment needs to be improved; for Chinese



business firms, capacity of transnational operation need also to be further improved. The turbulent situation in the Middle East, though harmful for economic cooperation, has not ruined security atmosphere in a radical way. In order to address the security challenges, Chinese diplomacy has to stick to the principles of the UN Charter and international laws, continue to underline the crucial role of the UN Security Council in crisis resolution, adhere to resolve conflicts through dialogue, support regional countries' efforts in creating dialogue mechanisms and promote the establishment of a new type of power relations, so as to lower risks for the joint construction of The Belt and Road in the Middle East and to bring contribution to regional peace.

The report reviews and analyzes the latest development of the Middle East political and economic situation over the past year. It indicates that in the context of weak world economic recovery, low oil prices in the international markets and conflicts at regional and domestic levels, most of the Middle East economies are experiencing low growth and going through a difficult period. It also analyses the conflicts in Libya, Syria and Yemen, as well as the abortive coup attempt in details.

The report also reviews and analyzes the markets development in the Middle East with focus on the latest changes of trade of goods, contracted construction and investment. A summary of research works on Middle East published home and abroad recently and a chronology of Middle East events are also included in this report, providing reliable information for those who follow the market trends and research progress about the Middle East.

**Keywords:** The Belt and Road; Industrial Cooperation; Energy Security; Financial Cooperation; Middle East Economy; Middle East Politics; Middle East Markets; Middle East Research

## I Main Report

### Y. 1 Economic and Security Perspectives of the Joint Construction of “The Belt and Road” in the Middle East

*Yang Guang / 001*

**Abstract:** From economic and security perspectives, this report demonstrates that “The Belt and Road” is a Chinese proposal in favor of world peace and development which has also important significance for peace and development in the Middle East. It is in line with the general tendency and new imperative of mutual economic and political relations. Energy security, industrial cooperation, infrastructures and financial cooperation represent the 4 most promising areas of cooperation. Though favorable conditions in term of resources, capital, technologies and markets are relatively met, additional efforts need to be made in enhancing the sense of urgency of implementation and improving investment atmospheres for the Middle East side, and in building stronger capacity of transnational operation for Chinese enterprises. In order to lower security risks facing “The Belt and Road” in the Middle East, Chinese diplomacy needs to promote regional tension relaxation and peace –making by sticking to the role of the UN and the principles of international laws, supporting conflict resolution through dialogue, encouraging regional negotiation mechanisms and promoting new type of power relations.

**Keywords:** The Belt and Road; the Middle East; Energy Security; Industrial Cooperation; Contracted Construction; Financial Cooperation; Regional Security



## II Special Report

### Y.2 The Way to Promote China – Afghanistan Cooperation

#### in Building “The Belt and Road”

*Wang Feng / 029*

**Abstract:** The basis for China to cooperate with Afghanistan in “The Belt and Road” is as follows: Afghanistan’s neighborhood, its important strategic position and rich mineral resources, as well as its need of persistent support from outside to recover the war – destructing economy. It is possible for China to do so, because both of Afghanistan and the US has hoped China to play more role in stabilizing Afghanistan and rebuilding its economy. In addition, Russia, the central Asian countries and China have reached consensus in cooperation in building “the Silk Road Economic Belt”. However, there are more serious challenges and risks facing toward the cooperation between China and Afghanistan, including the declining trend of security situation in Afghanistan and the possible instability due to its political struggle. Therefore, it is better for China to set forth firstly a comprehensive program, and then push forward in some key areas gradually.

**Keywords:** The Belt and Road; Afghanistan; Security Risks

### Y.3 The Opportunities, Risks and Suggestions of Implement

#### “The Belt and Road” Initiatives in Iran

*LuJin / 045*

**Abstract:** Iran was an important participant and builders in the ancient Silk Road and made enormous contributions to promote the progress of human civilization. Iran also is the key node country in “The Belt and Road” Initiative that eagers to play a bridge role in regional economic cooperation and the interconnection of the Eurasian continent. Since January 16 of 2016, the Joint

Comprehensive Plan of Action, an international agreement signed between Iran and the P5 + 1 countries on 14 July 2015 has been put in motion. The United States and the EU have all announced that they will lift their sanctions step by step, paving the way for Iran to pursue its own economic development within the current international framework. On 22 – 23 January 2016, Chinese President Xi Jinping's visited to Iran and promoted the Sino – Iranian relations to a new height, meanwhile added new momentum for implementing docking of both countries' development strategy. The results Iran parliamentary and Assembly of Experts elections show that most elected support Rohani's moderate and pragmatic route. Iran will take economic development as the center, intensify efforts to implement the “resistance economy” policy and continue economic reform and opening – up. Sino – Iranian bilateral economies are highly complementary, having a long – term basis for cooperation and common development needs. Although there is a development potential in terms of Sino – Iranian production cooperation, competitions and risks can not be ignored.

**Keywords:** Iran; The Belt and Road; Resistance Economy

#### Y. 4 The Foundation, Process and Policies for Jointly Building “The Belt and Road” by China and Turkey

*Wang Lincong / 066*

**Abstract:** The exchanges of the ancient Silk Road laid a historical Foundation for China and Turkey to jointly build “The Belt and Road” in the 21 st century. The common need and knowledge of China and Turkey are the basic impetus for rejuvenating the Silk Road. The two countries are promoting the strategic connection between China's Belt and Road Initiative and Turkey's Middle Corridor Plan. They have achieved new progress in trade, infrastructure, new energy, telecommunication, investment, finance, and agriculture and humanities exchanges. But China and Turkey are facing the Middle East geostrategic upheavals, terrorism threats, political instabilities, market changes



etc. Therefore, the approach for China and Turkey to jointly build “The Belt and Road” is through strengthening mutual strategic trust, speeding up the construction of bilateral cooperation mechanism; appropriately dealing with the East Turkistan Issue, promoting security cooperation; deepening cultural exchanges, constantly enhancing mutual understanding; promoting cooperation with the third party, balancing bilateral trade. In this way, China and Turkey can achieve the great rejuvenation of the Silk Road.

**Keywords:** The Belt and Road; Turkey; the Middle Corridor Plan

#### Y.5 Connecting the “The Belt and Road” with the Great Egyptian Dream

*Yang Guang / 081*

**Abstract:** The Egyptian economy is characterized with the feature of growth and under – development. The main impediments are the failure of adequate use of national resources, slow path of industrialization and the lack of new growth point. However, the Suez Canal Area Development Project and the New Suez Canal Project, formulated by President Sisi and also known as the “Great Egyptian Dream”, provide a solution to overcome these impediments, bring new hope for Egyptian economic development and open new prospect of cooperation with China in the framework of joint construction of the “The Belt and Road” .

**Keywords:** The Belt and Road; Great Egyptian Dream; China – Egypt Cooperation

#### Y.6 Economic Cooperation between China and Saudi Arabia under “The Belt and Road” Initiatives

*Chen Mo / 095*

**Abstract:** Since the second half of 2014, economy of Saudi Arabia suffered from the influence of the sharp drop of oil price. The country has therefore been trying to make adjustment of its economic development strategies and arrived at

several new acts upon improving its economies. Meanwhile, China has always been seeking new model of economic cooperation while carrying out “the Silk Road Economic Belt and the 21st –Century Maritime Silk Road” Initiative, and Saudi Arabia is among one of the most important countries regarding the cooperation. As China wants to move forward with Saudi Arabia in terms of the Belt and the Road Initiative, China could try to integrate the initiative into Saudi Arabia’s new economic strategies and focus more on economic cooperation in areas like finance, energy and industrial cooperation where they have strong relevance and complementarity.

**Keywords:** The Belt and Road; Saudi Arabia; Industrial Capacity Cooperation

## Y. 7 The United Arab Emirates and “The Belt and Road”

### Initiatives

*Tong Fei / 106*

**Abstract:** The United Arab Emirates has a wealth of oil resources and superior strategic position, it’s the transportation hub and financial center of the Gulf region. It is also the important gateway and logistics hub for Chinese goods to enter the market of the Middle East and African Countries. To implement “The Belt and Road” Initiative with the UAE combined with a high degree of cooperation at the national level, and foundation of cooperation between the two countries is deep. And at the same time, this kind of cooperation is also faced with certain risks. By taking corresponding measures, to cooperate “The Belt and Road” Initiative with the UAE can make a win – win situation, achieving fruitful results. This situation can not only to promote the economic cooperation between China and UAE in depth, but also to strengthen bilateral political trust and support. having a good demonstration effect and far –reaching strategic significance to the countries along “The Belt and Road” line.

**Keywords:** The Belt and Road; UAE; Cooperation



Y. 8 “The Belt and Road” in Qatar: Opportunities, Risks  
and Countermeasures

*Jiang Yingmei / 119*

**Abstract:** Stable economic prospects, good investment environment and bilateral cooperation between China and Qatar build the good base of “The Belt and Road”. Qatar 2022 Football World Cup, 2030 National Vision and the low oil price era have become the good chance along “The Belt and Road”. However, it is not easy to build “The Belt and Road” between China and Qatar, facing some obstacles and challenges. In the future, the two sides should give full consideration to their strategic meeting points, build the connectivity of energy, infrastructure, finance, and strengthen multilateral cooperation with third party, so as to achieve mutual benefit and Win – Win.

**Keywords:** The Belt and Road; Qatar; Connectivity

Y. 9 Opportunities, Risks and Policies: Cooperation between China  
and Iraq under the “The Belt and Road” Initiatives

*Liu Dong / 136*

**Abstract:** China and Iraq are highly complementarily with each other in economic structure, and the economic and trade relationship between China and Iraq has been developing very rapidly in recent several years, besides, the top leaders of China and Iraq were willing the promote the Sino – Iraq cooperation, which lay the solid foundation for the cooperation between China and Iraq under the “The Belt and Road” Initiatives. In addition, due to the reason that Iraq has strong needs for investments during the process of reconstruction and was lowering the investment threshold under the fiscal pressure incurred by the low oil prices for the sake of increasing oil production and building the infrastructure, the Chinese companies were provided with rich opportunities in investing in Iraq’s oil & gas resources, petroleum storage and transport infrastructures, as well as other



infrastructures in Iraq. However, since the geopolitical risks and security risks were still high in Iraq, Chinese companies and the related government agencies should choose areas they familiar with and areas with better security situation to investing in. Besides, due to the fragile domestic political environment and the poor business environment, the Chinese companies should manage their cost properly.

**Keywords:** The Belt and Road; China; Iraq

Y. 10 “The Belt and Road” in Jordan: Challenge  
and Opportunities

*Tang Zhichao / 152*

**Abstract:** Jordan is a small but important country in the Middle East region. Sino – Jordan has a good bilateral relationship and extensive cooperation. In 2015 two countries established strategic partnership, which laid a solid foundation for the construction of “The Belt and Road”. Jordan keeps rare political and society stability in the region, has an ambitious development plan, which are good opportunities for “The Belt and Road”, but there are also some risks and challenges, such as surrounding countries with dangerous conflicts, the threats from extremism and terrorism.

**Keywords:** Jordan; The Belt and Road; China – Jordan Relations

Y. 11 “The Belt and Road” Promoting Cooperation of  
Innovation and High – Technology between China  
and Israel

*Yu Guoqing / 169*

**Abstract:** Israel is a small country with unique advantage within the covering countries under the “The Belt and Road” Initiatives. Israel is among the best countries of the level of economic development with the per capita GDP of \$ 33 thousand in the Middle East. Based on the high-tech and innovative development, which is the biggest bright spot of Israel the economic development, and it is



consistent with an inevitable requirement of China's "13th Five - Year plan" of the transformation of China's economic development. Israel is the unique country in the Middle East with the development level of science and technology innovation ability, and also expresses warmly welcome to China's "The Belt and Road" Initiatives. Israel has actively joined the Asian Infrastructure Investment Bank (AIIB) . By virtue of good bilateral relations and unique advantage in technology and innovation, under the framework of "The Belt and Road" Initiatives, Israel is expected to become the most opportunities in the Middle East And the advantages of China's high-tech and innovative cooperation.

**Keywords:** The Belt and Road; China; Israel; Innovation and High - Technology Cooperation

### III Regional Situation

#### Y. 12 2015 Middle East Economic Development

*Jiang Mingxin / 189*

**Abstract:** The world economic growth in 2015 has been characterized by the further slowdown, which made the global economic recovery difficult, furthermore, the economic downside risks have been accumulating progressively. Affected by this trend as well as the regional geopolitics, the Middle East economic environment has further deteriorated. Thus the MENA economic growth also slowed down in line with the global economy, especially the MENA oil exporters. This circumstance fully reflects the dominance of the oil price in the MENA oil exporters' economy and its knock - on effects on the oil - importing economies in the region as well. On ther other hand, security is the most important non - economic factor in the Middle East, civil strives and wars have not only damaged the economy of the countries concerned, but also gave extensive spillover effects on the politics, economies and societies in the region.

**Keywords:** Low Oil Price; Security; Middle East Economy

### Y. 13 The Latest Change of Libyan Situation and Its Impact

*Wang Jinyan / 216*

**Abstract:** Since the Libya war in 2011, it hasn't achieved political democracy, economic development and people liberty, which were expected before, but it has turned to authority fragmentation, economic regression and social unrest. Especially from August 2014, there are two governments confronting each other, which led to the Islamic State and other terrorist groups expanding their reach from what was once just a toehold into a foothold. Now Libya is on the verge of division. The chaos in Libya has influenced on the security in Africa and the refugees tide in European countries, as well as fighting terrorism all over the world. From September 2015, the two sides in Libya started Political reconciliation dialogue under the leader of UN, and signed an agreement to form a unity government in the end of 2015. However, Political reconciliation in Libya is still facing many challenges.

**Keywords:** Libya; Unity Government; Terrorism; External Intervention

### Y. 14 Interpretation of the Situation in Yemen since the External Military Intervention

*Zhu Quangang / 230*

**Abstract:** In March 2015, Saudi Arabia led a coalition to launch “Operation Decisive Storm” against Huthi militia, with the stated goal of rolling back Huthi advances and reinstating the Hadi government. The involvement of external actors has turned a internal power struggle into a regional power contest, and framed two main warring factions: the Huthi – Saleh bloc and the anti – Huthi bloc. Nearly a year on, the war has had three phases: the Huthi advances were obstructed, the anti – Huthi bloc launched a counterattack, the conflict were a bloody stalemate. The war not only brought severe humanitarian crisis, social division and economic collapse in Yemen, but also impacted the power balance of the Gulf and regional security and stability. In March 2016, some signals brings a ray of hope to resolve the conflict in Yemen. However, there is a long way to achieve the



ultimate peace.

**Keywords:** Yemen; External Military Intervention; Conflict; Peace

## Y. 15 Syrian Crisis: March toward Political Solution Period

*Dai Xiaoqi, Wang lincong / 246*

**Abstract:** Syrian crisis is part of the Arab Spring. The intervention of foreign power changed the evolution process of Syrian crisis and fully escalated the Syrian Crisis. The crisis has the character of internationalization, spillover, multilayer game and proxy war. The crisis triggered the spread of terrorism, the refugee issue, the deterioration of security situation and violent mobility of geo – strategic structure. The Syrian issue went through crisis outburst and expansion, transition, comprehensive deterioration, and new transition period. In 2015 various factors pushed the Syrian issue to go through new political solution. The political solution of the Syrian Issue is slow. The related parties have intense quarrel and struggle over Syrian political transition, the status of the current regime and the integrity of sovereignty. There were repeated setbacks in the political negotiation. The prospect of political solution is not optimistic. However, the political solution process of the Syrian issue will continue.

**Keywords:** Syrian Crisis; Multilayer Game; Daesh; Political Solution

## Y. 16 Turkey's Failed July 15 Coup and Its Impact

*Wang Lincong, Zhang Bo / 260*

**Abstract:** The failed July 15 Coup was the 5th coup in the history of the Republic of Turkey. This failed coup was the reflection of Turkey's domestic political struggle. Turkish government attributed the coup to Gülen Movement's subversion and sabotage activities against Turkish government. Turkish government began to fully purge the military, government agencies, and education, media,

economy, and diplomacy spheres. After the failed coup, Turkey adjusted its domestic and foreign policies. On the one hand, it enforced emergency measures, strengthened government's power control, especially comprehensively reshuffled the military. But it did not change the secular character of the regime. On the other hand, there were new changes in Turkish diplomacy. Turkey – US relations and Turkey – EU relations were alienated. Turkey normalized and rapidly warmed up its relations with Russia. Turkey went further on its Looking East strategy. The future of Turkish foreign policy is still uncertain.

**Keywords:** Turkey; Coup Attempt; Gülen Movement

## IV Market Trends

### Y. 17 Foreign Investment in West – Asian Countries in 2015

*Xu Qiang / 274*

**Abstract:** The increase rate of FDI inflow of West Asia has been less that of the one of all world for several years, yet ratio of the inwards FDI stock of West Asia in all world is increasing marginally. Energy demand, economic strategy and security status are factors that influence the FDI inflows of the countries in West Asia. The increasing rate of inflow from China is greater than that from all world. We should promote the Sino-West Asia relationship on project contracting, international trade, labor exportation, financial cooperation by OFDI activities in West Asia.

**Keywords:** FDI; Increase Rate; Forms of International Economic Cooperation

### Y. 18 Foreign Trade of West – Asian Countries in 2015

*Zhou Mi / 291*

**Abstract:** The weak demand of global economy has affected the trade



between China and West Asian countries. With the impact of fatigue and weak of Oil, instability of regional situation, rise of terrorism and characteristics of the economy and culture, the bilateral trade has shown new appearance in 2015. China has changed its trade balance from deficit to surplus to the West Asian countries for the first time. The trade volume decreased together with the increase of inter-dependence of these two markets. China's import dropped accompanied by the rigidity of its export to the West Asian countries. For the 2016, the trade imbalance will be further improved and the bilateral trade will have further development with the support of "The Belt and Road" Initiatives and FTA negotiation.

**Keywords:** West Asia; Foreign Trade; The Belt and Road

## Y. 19 Construction Markets in West Asia

*Jin Rui / 306*

**Abstract:** International market crude oil prices continued to slump, instability in the region led to slow growth in the construction market in Western Asia, investment in key areas to a certain extent, ease the adverse effects. Affected by the instability of the overall environment in West Asia, the scale of China's contracting projects in West Asia appears to fluctuate. However, the Chinese enterprises through the deepening of cooperation in the field of technology, and actively explore the mode of cooperation of the third parties, focusing on overseas image shaping and other ways to steadily promote the contracting projects in Western countries. Looking to the future, the West Asia region of the construction market there is a certain uncertainty, but the overall market outlook is optimistic about the prospects for recovery.

**Keywords:** West Asia; Economic Cooperation; Contracted Construction

## V Documentation

### Y. 20 The Progress of Middle East Studies at Home and Abroad in 2015

*Wei Min, Wang Jinyan and Ma Xueqing / 318*

**Abstract:** Middle East is still unrest in 2015 as well as the new and old hot issues intertwined. The study on Middle East has been presented some new dynamic trends. The Syrian problem, the problem of terrorism and extremism organizations, a new round of Israel – Palestinian conflict continued, and the Syrian refugee crisis, the negotiations on Iran nuclear agreements, Yemen conflict, the conflict and the occurrence of mass shootings and soil become the new hot issues in the area. However, we also found that in the seemingly complicated instability in the Middle East, some countries, such as Egypt and Tunisia started to experience a stabilized situation after the Arab upheavals, and regional situation seems to be a new transfer from chaos to cure. For a series of major political, economic, social and cultural issues, the research on Middle East studies at home and abroad increasingly sophisticated and diverse, the research themes and the trend of interdisciplinary research emerged and the new research achievements are brilliant.

**Keywords:** Middle East Studies; Disciplinary Construction; Research Findings