

# THE BELT AND ROAD IN THE GULF: GEOPOLITICAL DIMENSIONS OF SPECIAL ECONOMIC ZONES

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**Abstract:** The Gulf States have been seeking economic diversification strategies through Special Economic Zones (SEZs) to reduce dependence on oil and promote sustainable development. Within the framework of the Belt and Road Initiative (BRI), China has invested in several SEZs in the Gulf region. This article analyzes three typical cases: the China-Oman Industrial Park in Duqm, the petrochemical and chemical fiber project in Jazan (Saudi Arabia), and the China-UAE Industrial Park. Through case studies and document analysis, the research demonstrates that SEZs not only contribute to the Gulf States' development goals but also enhance China's geo-economic presence and geopolitical influence in the region.

**Key words:** *Belt and Road Initiative; Geopolitics; Geo-economics; Gulf States; Special Economic Zones.*

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## 1. Introduction

The Gulf countries, under national strategies such as Oman's Vision 2040, Saudi Arabia's Vision 2030 and the UAE's Vision 2021/2031, are implementing reform programs to reduce oil dependence and promote sustainable growth. In this process, Special Economic Zones (SEZs) have become important platforms to promote industrialization, attract foreign investment and integrate into global trade.

Since its launch in 2013, the Belt and Road Initiative (BRI) has viewed SEZs as strategic nodes in the global economic cooperation network. China's

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domestic SEZs development, especially the Shenzhen model, has shaped its strategy of exporting the SEZ model abroad, especially to regions with great industrial potential such as the Gulf. Strategically located at the crossroads of three continents namely Asia, Africa and Europe, the Gulf plays a central role in global energy security, maritime trade and international logistics. SEZs here not only support the economic diversification goals of host countries, but also help China expand its geo-economic influence, deepen its enterprises' participation in regional value chains and promote industrial upgrading support.

In its 2023 White Paper “Building the Belt and Road Together: Important Practice for Building a Community with a Shared Future”, the Chinese government emphasized the Gulf as a crucial partner in advancing energy security, infrastructure connectivity, and people-to-people exchanges under the BRI framework (State Council, 2023). This official discourse highlights the strategic positioning of the Gulf within China’s long-term BRI vision.

While existing studies have focused mainly on China-Gulf bilateral relations, trade flows and energy security, the role of SEZs as a geo-economic and geopolitical tool for China has not been fully explored. This paper aims to fill this gap through two research questions: (i) What role do SEZs in the Gulf play in advancing China’s BRI strategy? and (ii) How have Chinese investments in SEZs shaped the geo-economic dynamics and geopolitical structure of the Gulf region?

To answer these questions, the paper analyzes three representative cases of Chinese investment: Duqm Industrial Zone (in Oman), Jazan Economic City (in Saudi Arabia), and the China-UAE Industrial Capacity Cooperation Zone (in UAE). The paper argues that these projects reflect both opportunities and challenges in China’s growing presence with important implications for the regional balance of power and the long-term economic development. The paper is structured in three parts: first, the political-economic context, literature review on China-Gulf relations within the BRI framework; then, the analytical framework and methodology; third, the analysis of three case studies; then, the findings and discussion; finally, the conclusion and implications for regional geopolitical and geoeconomic structures.

## **2. China-Gulf Relations under the BRI: Context, Literature, and Research Gap**

### ***2.1. Political-Economic Context***

#### *China's economic driving forces in the Gulf*

China's growing economic presence in the Gulf is driven by three main forces. First is its huge domestic energy demand and energy security. China has become the world's second-largest economy with rapidly growing energy demand, and the Gulf supplies more than 40% of China's total crude oil imports. Saudi Arabia, the United Arab Emirates (UAE), and Oman have emerged as China's leading suppliers of crude oil, with Saudi Arabia alone accounting for more than 17% of China's total crude oil imports in 2021 (EIA, 2022). This dependence has led Beijing to view the Gulf as a strategically important region in its foreign policy.

Second, China is facing a surplus of capital and production capacity after decades of rapid growth. According to Dollar (2017), since the late 2000s, China has faced serious overcapacity in many heavy industries, especially steel, cement, chemicals, and machinery. In this context, the BRI is not only a tool to promote cross-border trade and infrastructure connectivity, but also serves as a channel to export capital, technology, and excess production capacity abroad. However, Dollar also emphasized that even if successfully implemented, financial institutions and projects under the BRI framework are unlikely to be large enough to fully address the problem of domestic overcapacity (Dollar, 2017).

Third is the expansion of the market for Chinese goods and services. According to trade statistics, China-GCC trade turnover has increased from \$47 billion in 2004 to \$230 billion in 2020 (China Customs Statistical Yearbook 2021, 2022). SEZs not only facilitate the export of goods but also expand the market for Chinese financial, telecommunications and logistics services.

#### *Economic diversification strategies of the Gulf countries*

The Gulf countries are implementing comprehensive reform programs to reduce dependence on oil. Saudi Arabia has announced Vision 2030 with the goal of reducing the share of oil in GDP from 42% to 20% by 2030, while

increasing the share of the private sector from 40% to 65% (Government of Saudi Arabia, 2016). Similarly, Oman has issued Vision 2040 with the goal of increasing the share of the non-oil sector in GDP to 90% and creating 1.3 million new jobs (Government of Oman, 2020) The UAE, with Vision 2030, aims to become the best country in the world by 2030 through a transition to a knowledge-based and innovation-based economy (Government of UAE, 2016). To realize these visions, the Gulf countries need large amounts of FDI. According to McKinsey Global Institute estimates, Saudi Arabia alone needs about \$427 billion in investment to implement Vision 2030 (McKinsey Global Institute, 2015). In this context, Chinese investment capital through the BRI becomes an important resource.

#### *Convergence of interests and cooperation opportunities*

The convergence between China's capital export needs and the Gulf's development investment needs creates "win-win" cooperation opportunities. Qian and Fulton (2017) describe this convergence as complementary economic partnership, where Chinese investment and industrial expertise meet Gulf countries' diversification needs and development goals which help create mutual benefits through infrastructure development and industrial cooperation. The geographical location of the Gulf is also suitable for the BRI's connectivity strategy. The region is strategically located at the crossroads of Asia, Africa and Europe, controlling important shipping routes such as the Strait of Hormuz (40% of the world's crude oil), Bab el-Mandeb and the Suez Canal (Yergin, 2020). This makes the Gulf a natural "node" in the global connectivity network that the BRI aims to achieve.

## **2.2. Literature on China-Gulf Relations and the BRI**

### *China-Gulf relations*

Many studies have emphasized the trade and energy aspects of China–Gulf relations. Calabrese (1998) analyzes China's growing role as an oil importer while Dorraj and Currier (2008) show how China's energy needs reshape the geopolitical landscape of the Middle East. More recently, Fulton (2019) provides a comprehensive analysis of China's expanding economic presence in the Gulf

including industrial parks, logistics hubs, and renewable energy projects. These studies all confirm that energy remains the key factor of the bilateral relationship.

Another line of research emerged after the BRI was announced in 2013, which focused on FDI and infrastructure projects. Qian and Fulton (2017) analyze China-Gulf economic relations within the framework of the BRI, paying particular attention to the China-Oman Industrial Park in Duqm and Chinese enterprise participation in the Khalifa Industrial Zone (KIZAD) in Abu Dhabi. Castelier and Müller (2019) focus on port investment to demonstrate Beijing's "string of pearls" strategy in controlling vital shipping routes.

Another group of researchers analyzes the geopolitical and balance of power aspects. Alterman (2013) mentions China's "soft power" in the Middle East, including education, culture, and technological cooperation, while pointing out its limitations compared to the United States. Fulton (2020) sees China pursuing a "hedging" strategy in expanding relations with all GCC countries but avoiding direct involvement in security conflicts. Young (2019) adds a perspective from the Gulf states that they leverage their relations with China to increase their strategic autonomy. Recently, Esfandiary and Tabatabai (2021) analyze how US-China competition has driven the Gulf states, to the strategy of diversifying partners to avoid dependence on a single power.

#### *Special Economic Zones in the Global Political Economy*

Special Economic Zones (SEZs) first appeared in the late 1970s in China (Shenzhen, Zhuhai) and quickly spread globally as a tool to promote industrialization and international integration. According to Farole (2011), SEZs are understood as areas with their own legal framework and preferential policies to attract investment, promote exports and experiment with reforms.

In international research, SEZs are often considered as multifunctional tools. On the one hand, they support economic diversification and industrial upgrading, as in the case of Jebel Ali Free Zone (JAFZA) in the UAE, which contributes more than 20% of Dubai's GDP and creates hundreds of thousands of jobs (World Bank, 2020). On the other hand, SEZs also play a role as links in the global value chain (Gallagher & Shafaeddin, 2010). In the context of the BRI, Callahan (2016) argues

that SEZs are “repositioned” as geo-economic tools, while Brautigam and Tang (cited in Rolland, 2017) point out that Beijing used this model in Africa to export capital, technology and build “strategic stepping stones”.

For the Gulf, SEZs such as Khalifa (UAE), Duqm (Oman) or King Abdullah Economic City (Saudi Arabia) both serve the GCC’s post-oil strategy and expand the space for China’s economic influence. Therefore, SEZs are not only development tools, but also elements of geo-economic competition between major powers.

#### *The Belt and Road Initiative (BRI) and Geo-Economics*

The Belt and Road Initiative (BRI), announced by President Xi Jinping in 2013, has rapidly become one of China’s major foreign and development strategies. Despite its “win-win” slogan, many scholars argue that the BRI is intertwined with economic and geopolitical interests. Callahan (2016) argues that the BRI is both a means of promoting infrastructure connectivity and a tool for shaping regional order; Rolland (2017) sees it as a “grand strategy” that combines economics and politics to expand Beijing’s strategic space.

The concept of geo-economics is increasingly used to analyze the BRI. Blackwill and Harris (2016) define geo-economics as the use of economic tools (trade, investment, aid...) to achieve geopolitical goals, instead of military power in the 21st century. From this perspective, the BRI is a typical example of China's "economic diplomacy".

The third Belt and Road Forum for International Cooperation, held in Beijing in 2023, further reinforced this view by presenting the BRI as both an economic cooperation mechanism and a strategic platform for shaping regional and global governance norms (BRF, 2023). This shows how Beijing deliberately frames SEZs and other BRI projects as part of a wider geo-economic strategy.

In the BRI structure, SEZs are not only commercial infrastructure but also have geopolitical significance. Bräutigam and Tang (2014) show that China uses this model in Africa to support industrial development and establish "strategic bridgeheads". In the Gulf, SEZs such as Duqm (Oman) or Jazan (Saudi Arabia) become fulcrums for Chinese enterprises and capital, while consolidating its

presence in the Asia-Europe-Africa connectivity region. From there, SEZs demonstrate “soft power” through development cooperation and industrial transfer, while also being associated with “hard benefits” such as energy security, market expansion and long-term strategic influence. In other words, SEZs in the BRI are evidence of the integration of economics and geopolitics in enhancing China’s global influence.

### **2.3. Research Gap**

Although there have been many studies on China-Gulf relations, most of them focus on the bilateral economic aspects (trade, energy, FDI) while the geopolitical dimension is underexplored. Fulton emphasizes that China’s expansion is mainly through oil trade and infrastructure investment, while Blanchard points out that analyses of the BRI mainly revolve around energy and infrastructure without fully clarifying its impact on regional power structures. In contrast, very few studies have examined SEZs as a geopolitical tool for China in the Gulf. While Bräutigam and Tang describe SEZs in Africa as “strategic stepping stones,” this analytical framework has hardly been applied to the Middle East.

Moreover, although recent studies have discussed the energy transition and economic diversification strategies of Gulf states, the role of SEZs in these processes has not been thoroughly analyzed. This creates a glaring gap in which there has not been any systematic study that examines SEZs both as a tool for the post-oil development of the Gulf countries and as a tool of China's geo-economic power within the BRI framework.

### **3. Analytical Framework and Methodology**

In this study, the main analytical framework is based on geopolitics. The Gulf has long been a place of great power competition where energy security, strategic sea lanes, and regional balance of power intersect. Gulf states not only depend on oil and gas revenues but also hold a pivotal position in global energy transport through the Strait of Hormuz, Bab el-Mandeb, and the Indian Ocean–Mediterranean route (Yergin, 2020). Against the backdrop of the United States maintaining its traditional security role, China's growing presence with the BRI has added a new geopolitical dimension to explore how the region balances between great powers. (Fulton, 2019c).

However, the tools China uses to increase its influence in the Gulf are geo-economic in nature. According to Blackwill and Harris (2016), geoeconomics is understood as “the use of economic tools to achieve strategic goals.” In the case of BRI, these tools include infrastructure investment, trade, finance, and especially SEZs such as Duqm (Oman), Jazan (Saudi Arabia), or the China–UAE Industrial Cooperation Zone. These SEZs not only facilitate industrial cooperation and promote trade, but also play a political symbolic role in bilateral relations, thereby turning economics into a means of political power (Callahan, 2016).

Therefore, in this study, geopolitics is the overall analytical framework, while geoeconomics is seen as China’s main tool to achieve geopolitical goals in the Gulf. Based on this approach, three concepts are used:

- Geopolitics: including great power competition, energy security, and hedging policies of small states. (Fulton, 2019c)
- Geoeconomics: including investment, trade, SEZs as means of expanding influence. (Blackwill and Harris, 2016)
- SEZs as geo-economic nodes: where the boundary between economics and politics is blurred and at the same time demonstrating China's role in restructuring the economic-political order of the Gulf. (Wippel, 2014)

For the specific analysis, the study uses four geopolitical indicators associated with SEZs:

- (i) *strategic location* (related to ports, shipping routes, chokepoints),
- (ii) *industrial cooperation*,
- (iii) *political symbolism* (agreements, high-level visits, partnerships), and
- (iv) *strategic balancing* in the context of US–China competition.

These indicators allow us to examine how SEZs are not only economic instruments, but also “nodes” in China’s broader geopolitical strategy in the Gulf.

Based on this analytical framework, the study uses a qualitative method with comparative case studies to analyze how China uses SEZs in the Gulf as geo-economic tools. Case studies are particularly suitable for exploring complex phenomena that intertwine politics and economics.

Data were collected from a variety of secondary sources, including national policy documents (Oman's Vision 2020 and 2040, Saudi Arabia's Vision 2030, UAE's Vision 2021), academic works on BRI and geo-economics, investment and trade data of the World Bank, and reports from reputable research institutes such as the Middle East Institute or the Oxford Institute for Energy Studies.

The three case studies selected for comparative analysis are the Duqm Special Economic Zone (Oman), the Jazan Economic Zone (Saudi Arabia), and the China-UAE Integrated Industrial Cooperation Demonstration Zone (UAE). The selection of these SEZs was based on two criteria: (i) *the degree of integration with China's BRI*, and (ii) *the ability to reflect the diversity of national development visions of the Gulf countries*. Specifically, Duqm's location outside the Strait of Hormuz has maritime strategic significance; Jazan is a petrochemical hub representing China's export of industrial capabilities; while the CUICCDZ emphasizes logistics and trade reflecting the UAE's ambition to become a regional financial-logistics hub. In this way, the three cases highlight both economic and geo-economic dimensions in the Gulf countries' efforts to diversify and balance their strategies.

#### **4. Case studies**

##### **4.1. Oman - Duqm Industrial Park**

The Duqm Special Economic Zone (SEZAD), established in 2011 as part of Oman's Vision 2020, is seen as a central project to promote economic diversification, reduce oil and gas dependence, and position Oman as a regional industrial-logistics hub (Government of Oman, 1995). At 2,000 km<sup>2</sup>, SEZAD is the largest zone in Middle East and North Africa (MENA) and has particular geopolitical significance as it is located outside the Strait of Hormuz - a key energy security chokepoint in the Gulf (Yergin, 2020). This makes Duqm a geo-economic "nodal point", attracting international partners who want to avoid total dependence on shipping routes through Hormuz.

Against this backdrop, the 2016 agreement between the SEZAD Management Board and Ningxia Province (China) to develop the China - Oman Industrial Zone has made Beijing the largest foreign investor in Duqm, with a commitment package

of nearly US\$10 billion for 35 projects ranging from petrochemicals, logistics, energy to education and healthcare (Castelier and Müller, 2019). These projects reflect China's industrial capacity transfer strategy (Brautigam and Tang, 2014), while also providing Oman with access to technology, infrastructure, and capital through direct investment commitments by Chinese enterprises and provincial governments, thereby helping realize Oman's development goals.

From a geo-economic perspective, Duqm has become a testament to the intertwining of economics and politics: it helps Oman diversify and upgrade its industry, while helping China consolidate its strategic presence in a key maritime location, while Muscat continues to pursue a policy of hedging between the US and China (Fulton, 2019c; Wippel, 2014).

#### ***4.2. Saudi Arabia - Jazan Economic City (JCPDI)***

Saudi Arabia is heavily dependent on oil, with 80% of its export earnings and more than 40% of its GDP coming from oil and gas which makes the economy vulnerable to fluctuations in international oil prices (Moshashai, Leber, and Savage, 2020). To address this, Riyadh initiated Vision 2030 to promote diversification and industrialization. The Jazan City for Primary and Downstream Industries (JCPDI), established in 2006 with an area of 106 km<sup>2</sup>, has become a key pillar in this strategy, thanks to its strategic location on the Red Sea - the shipping route connecting the Suez Canal and the Indian Ocean (Nahari, 2023). This not only serves the purpose of economic development but also has geopolitical value, as Jazan is located near the Red Sea Bab el-Mandeb, one of the global strategic chokepoints in energy (Yergin, 2020).

In this context, the \$3.2 billion petrochemical and chemical fiber integrated project launched by the Chinese Pan-Asia company in 2016 at JCPDI clearly illustrates the geo-economic strategy. In terms of industrial transfer, the project brings large-scale PTA and PET<sup>1</sup> production to Saudi Arabia for the first time, expanding the petrochemical value chain and laying the foundation for the chemical fiber industry (Chen and Han, 2019).

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<sup>1</sup> PTA and PET ultimately come from oil (crude oil) or natural gas through a chain of petrochemical processes.

In terms of political symbolism, the Pan-Asia Saudi was established in Jazan and Riyadh in 2017, emphasizing its official presence and strong support from both governments, with the Saudi Industrial Development Fund providing preferential long-term loans and tax exemptions for equipment and raw materials (Pan-Asia Saudi, nd.). These moves affirm that the project is not only economic, but also demonstrates the convergence of strategic interests between China's BRI and Saudi Arabia's Vision 2030 (Fulton, 2019a).

At the same time, from a strategic balance perspective, China's direct investment in the JCPDI, particularly the establishment of Pan-Asia Saudi as a locally registered company, allows Riyadh to attract technology and capital from Beijing while maintaining its key security relationship with the United States. This reflects Riyadh's hedging policy: leveraging its economic relationship with China to increase its autonomy, while not disrupting the traditional security order that relies on Washington (Fulton, 2019c). Thus, JCPDI shows how SEZs become a geo-economic tool for China, and at the same time a geopolitical means for Saudi Arabia in its strategy of diversification and great power balancing.

#### ***4.3. UAE-China-UAE Industrial Capacity Cooperation Demonstration Zone (CUICCDZ)***

As the UAE seeks to reduce its dependence on oil and move towards a knowledge-based economy under Vision 2021 (Government of the UAE, 2010), the establishment of the CUICCDZ at Khalifa Industrial Zone (KIZAD) in 2017 clearly demonstrates the role of SEZs as a geo-economic tool. In terms of strategic location, KIZAD is located within the logistics ecosystem of Khalifa Port and Abu Dhabi International Airport, making the UAE a transport-trade hub connecting the Gulf with the Indian Ocean, Europe and Asia. This is not only a commercial advantage, but also creates geopolitical power as the UAE strengthens its role as a global transit hub (KIZAD, nd.).

In terms of industrial cooperation, the CUICCDZ, backed by a direct investment package of 10 billion yuan from Chinese state-owned enterprises and private firms (NDRC, 2020), has attracted new technology industries, refined chemicals, new energy, and logistics - thereby linking China's technological and

manufacturing advantages with the UAE's economic diversification goals. The construction of "hard" (factories, roads, electricity and water supply) and "soft" (financial services, consulting, business support) infrastructure by Chinese companies (SASAC, 2019) shows how Beijing uses SEZs to implant manufacturing capacity and expand global supply chains.

In terms of political symbolism, the CUICCDZ is associated with important diplomatic milestones. In 2018, President Xi Jinping's visit to the UAE led to the upgrading of the two countries' relationship to a "comprehensive strategic partnership" - the highest level in China's diplomatic relations (Fulton, 2019b). In 2019, Crown Prince Mohammed bin Zayed visited Beijing, affirming that the CUICCDZ is one of the typical projects in bilateral cooperation (UAE MOFA, 2019). This shows that the SEZ has become a political tool in strengthening bilateral relations beyond economic significance.

Finally, in terms of strategic balance, China's large-scale investment expansion in the UAE - a key US security ally in the Gulf - reflects a "strategic overlap." For the UAE, cooperation with China through the CUICCDZ is a form of hedging: leveraging Chinese capital, technology, and markets to support economic diversification, while maintaining security relations with the US. For China, this presence helps to consolidate the BRI in a strategic logistics node of the Gulf, while expanding its geopolitical influence in an area that has traditionally been Washington's sphere of influence.(Fulton, 2019c)

## **5. Findings and Discussion**

*From the economic impacts*, the three SEZ projects in the Gulf with Chinese participation are all conceived as tools to promote economic diversification which matches a key goal in the national development strategies of Oman (Vision 2020), Saudi Arabia (Vision 2030) and the UAE (Vision 2021). First, these projects create hard and soft infrastructure, from seaports, roads, electricity and water systems (Duqm, CUICCDZ), to service centers and policy incentives (Jazan, CUICCDZ). In Oman, Duqm helps expand infrastructure in an underdeveloped coastal area, while also experimenting with linking industry with maritime logistics (Castelier and Müller, 2019). In Saudi Arabia, the Pan-Asia

petrochemical project in Jazan is the first step to build a downstream industry that was previously undeveloped (Chen and Han, 2019). Meanwhile, in the UAE, the CUICCDZ has become a model for attracting high-tech investment, developing an industrial park integrated with global infrastructure, thereby enhancing competitiveness and reducing oil dependence (SCIO, 2022).

Second, SEZs contribute to job creation and skill transfer to some extent. China is committed to training young workers in Oman in the fields of petrochemicals, renewable energy, and software (SEZAD, 2018). In Jazan, Pan-Asia brought to Saudi Arabia the technology and PTA-PET production chain that had never existed domestically (Yuan, 2019). In the UAE, vocational training, consultancy and financial services in the CUICCDZ help improve labor skills and facilitate international investors (Xinhua Silk Road, 2019). However, these results are different: Duqm is limited in attracting local human resources, Jazan has limited spillover due to its specialized focus, while the UAE stands out for its combination of infrastructure-skills-policies.

*From a geopolitical perspective*, SEZs have strengthened China's presence in strategic points of the Gulf. First, in terms of strategic space, Duqm is located on the Indian Ocean coast, outside the Strait of Hormuz - a key location for energy security; Jazan is located on the Red Sea, close to the shipping route to the Suez Canal; and the CUICCDZ in the UAE is directly connected to the global logistics network via the Khalifa Port. This distribution shows that Beijing is building “geo-economic nodes” at key points in the global trade-energy architecture (Fulton, 2020a).

Second, SEZs have become political symbolic tools. President Xi Jinping's visit to the UAE in 2018 and the upgrading of the bilateral relationship to a “comprehensive strategic partnership” were linked to the CUICCDZ (Fulton, 2019b). In Saudi Arabia, Pan-Asia is supported by the government with tax incentives and preferential loans which showed political consensus (Pan Saudi, nd.). In Oman, Duqm is symbolic of BRI cooperation in a country that pursues a balanced foreign policy which maintain distance from both the US and Iran (Yoel, 2018).

Third, SEZs contribute to shaping the regional balance of power. The presence of Chinese investment in the UAE - a key US ally - shows Abu Dhabi's "hedging" strategy: maintaining security relations with Washington while exploiting economic and technological relations with Beijing (Fulton, 2019c). For Oman, the Duqm cooperation helps Muscat consolidate its strategic position as a "balancing intermediary" in the region. For Saudi Arabia, the Jazan project shows economic ties, but at a limited level of geo-political ties, as Riyadh still maintains its priority on security and military cooperation with the US.

When comparing the three projects, each shows different level of success as follows:

- **Duqm (Oman):** Strategic location (Indian Ocean, outside the Strait of Hormuz) but limited economic efficiency due to incomplete infrastructure, slow investment attraction, and unsynchronized policies. The main value of Duqm lies in its strategic significance rather than short-term economic results.

- **Jazan (Saudi Arabia):** The project is highly specialized (petrochemicals–chemical fibers), in line with Vision 2030, but is small in scale and has little political impact. It reflects complementary economic cooperation, but has not created significant geopolitical leverage.

- **CUICCDZ (UAE):** The most successful in both economic and geopolitical terms. This is an integrated project of infrastructure, technology and preferential policies, sponsored by the two governments, and directly linked to the upgrading of diplomatic relations. It brings both economic benefits and great symbolic significance in affirming China's presence in the Gulf region.

Thus, the three cases demonstrate three different levels of "geo-economics serving geopolitical goals": from the strategic Duqm, the sectoral Jazan, to the comprehensive UAE.

From there, the article supplements the geo-economic theory by emphasizing the role of SEZs as "hybrid nodes" in promoting production and trade, and in having political symbolic meaning and a tool for balancing power. The Gulf case shows that SEZs can become a bridge between the need for internal economic development and the strategy of expanding the influence of external powers, thereby shaping the regional order in a multipolar direction.

The case studies show that SEZs in the Gulf are not simply tools for economic development, but also geo-economic tools serving power politics. This reinforces the “geo-economic” argument of Blackwill and Harris (2016) that economic tools (investment, trade, infrastructure) are increasingly used purposefully to achieve strategic benefits. Within the framework of BRI, SEZs demonstrate the fusion of two logics: on the one hand, they meet the diversification and infrastructure development needs of the Gulf countries, on the other hand, they help China expand its strategic space and challenge the unipolar position of the US.

## **6. Conclusion**

This paper aims to analyze the role of SEZs in the Gulf region under China’s BRI from a geopolitical perspective. Through three case studies - the China-Oman Industrial Park in Duqm, the Jazan Petrochemical and Chemical Fiber Project in Saudi Arabia, and the China-UAE Industrial Capacity Cooperation Demonstration Zone (CUICCDZ) - it shows that SEZs serve both the economic development and diversification goals of the Gulf countries and become a geo-economic tool used by China to expand its strategic influence in the region.

*First, in terms of development,* all three projects contribute to the materialization of national visions (Oman’s Vision 2040, Saudi Arabia’s Vision 2030, UAE’s Vision 2021). SEZs create new infrastructure, encourage industrial capacity transfer and create jobs, thereby reducing the absolute dependence on oil and gas - a traditional weakness of Gulf economies. In the UAE, CUICCDZ has become a symbol of success when closely linked to the orientation of building a knowledge economy and global value chains. In Jazan, the Pan-Asia project opens up a PTA–PET production chain that has never existed in Saudi Arabia, thereby adding a new link to the petrochemical industry. Meanwhile, Duqm, despite its limitations in infrastructure and connectivity, still brings long-term value to Oman's economic diversification strategy.

*Second, in terms of geopolitics,* SEZs help China establish and consolidate its presence in strategic locations in the Gulf. Duqm is located near the Indian

Ocean and outside the Strait of Hormuz, which is valuable in ensuring maritime security and energy supply. Jazan is located on the Red Sea, near the entrance to Bab el-Mandeb - a major chokepoint for global trade and oil. The CUICCDZ in Abu Dhabi is linked to Khalifa Port, one of the major international shipping hubs, and has become a testament to Beijing's linking of economic investment with high-level diplomatic signals, especially after President Xi Jinping's state visit in 2018. Thus, SEZs are not only production-trade spaces, but also "geo-economic nodes" where economics and politics merge, helping China expand its soft and hard power in the region.

*Third, this study contributes to the academic literature* by linking economic and geopolitical analysis, which are often studied separately. Previous studies have mainly focused on bilateral trade, investment flows, or energy cooperation. By analyzing SEZs as a geo-economic tool, the article shows how the BRI operates as both a development and a strategic project, reflecting the intersection between the development needs of the Gulf and China's strategic interests.

*Fourth, in terms of policy implications,* for the Gulf countries, Chinese investment offers important opportunities for economic diversification, infrastructure development and deeper integration into global value chains. However, this also carries the risk of over-dependence on a single major partner, which can lead to imbalances in economic policy and human resources, as in the cases of Oman and Jazan. For China, SEZs have become platforms for simultaneously deploying soft power (through educational exchanges, skills transfer, technological cooperation) and hard power (through economic presence in sensitive geopolitical locations). For external powers such as the US, EU or India, China's expansion through SEZs poses a competitive challenge, forcing them to adjust their economic and security strategies in the Gulf to maintain influence in an increasingly multipolar regional structure.

*Finally, this study suggests directions for future work:* cross-regional comparisons between Chinese-invested SEZs under the BRI, such as in Africa (e.g. Djibouti), South Asia (Sri Lanka, Pakistan) and Central Asia. This comparison will help clarify the success, limitations and different models of

SEZs as geo-economic tools. Through this, we can gain a deeper understanding of how China uses the BRI strategy to expand its global influence, not only in the Gulf but also on key international trade routes.

In short, SEZs in the Gulf are both a growth engine for oil-dependent economies and a tool for China to assert its geopolitical position in a key region of the international system. This convergence of development and strategic interests has shaped a new phase in China-Gulf relations and placed the Gulf at the center of global power competition in the 21st century. These findings are also consistent with China's official narrative in the 2023 White Paper and the outcomes of the third Belt and Road Forum, both of which underline the BRI's dual role as a development initiative and a strategic instrument for expanding China's influence in key regions such as the Gulf.

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