

## EXPLORING THE BELT AND ROAD INITIATIVE: ECONOMIC SHIFTS AND GEOPOLITICAL IMPLICATIONS IN THE MENA REGION

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### Abstract

The economic environment of the world is changing drastically, with the Belt and Road Initiative (BRI) by China being the largest-scale infrastructure endeavor in recent history. China aims at developing its economy, as well as increasing its geopolitical presence in the world through massive investments in infrastructure, trade and development initiatives. One of the centers of this strategic drive is the North Africa and Middle East (MENA) region which is endowed with natural resources. Although the region supplies only 5% of the global GDP, 45% of the world natural gas reserves and 60% of the oil reserves are found in the MENA region. This renders it a crucial ingredient of long-term strategic and economic goals of China. Uniqueness of geopolitics in MENA region and the large natural resource base make implementation of BRI in the region different compared to other projects across the world. This paper takes a qualitative methodology using a contextual analysis framework to examine the economic, structural, and geopolitical consequences of BRI initiatives in the MENA region. It looks at how these infrastructure projects are transforming the economic and political landscape of MENA with issues like debt sustainability, governance, and local socio-political implication being the main concern. The results indicate that, even though the BRI has helped in the development of infrastructure, it has also caused issues regarding the sustainability of debt in the long run, the issue of local governance and the possibility of unequal power relations. In addition, more balanced and fairer win-win partnerships between China and the MENA countries are on the rise. On this basis, the paper provides policy suggestions that China can adopt to get the balance right to form more win-win relationships. These suggestions are geared towards making the BRI stable, sustainable and long term successful in the MENA region so that both China and the MENA countries can realize significant benefits.

**INTRODUCTION**

Belt and Road Initiative (BRI) is bringing about a change in the economic situation in the Middle East and North Africa (MENA) region and may trigger a paradigm jump in the negation with traditional models of development. The framework of the BRI since its introduction into the world in 2013 evolved as a core element of how China interacts with states of the MENA region, providing an alternative right road towards their development with an emphasis on infrastructure connectivity, integration, and the opening of domestic markets. This study looks at the way the BRI is transforming economic paradigm in the MENA region and looks at it geopolitical and structural depth in understandings, in the sense that Chinese strategic infrastructure diplomacy is opening up new horizons and prospects to economies of the region in quest of diversification and sustainable growth (Andersen, 2020).

Belt and Road Initiative is the Chinese project initiated in 2013, and it is among the most ambitious infrastructure development projects of modern history. The BRI now has more than 140 countries involved as of early 2024, with nearly 75 percent of the global population and over half of global GDP, making the construct an epicentre of both the Chinese foreign policy and strategy of engagement with the rest of the world. The Middle East and North Africa (MENA) region with its strategic position within the Asian-European and Asian-African borders has become one of the key territories in the development process of the BRI along the land and maritime routes. Influence of the initiative on the MENA region is not only bound to be limited to the infrastructural development stage, but there is a risk of challenging the region with a paradigm shift in the economic development model. The MENA was an instance where the region continuously fluctuated between economic development patterns, whether the model was based on import-substitution as stimulating the state-led industrialization to the export-based paradigm focused on entry in the global markets. Notwithstanding all the mentioned efforts, the region still experiences constant challenges,

which include high unemployment rates especially among the youths, little economic diversification and regional fragmentation (Noureldin, 2024). This is because the BRI offers an additional new model based on regional integration and connectivity with infrastructure and development based on domestic markets, as well as being at par with the current development requirements of MENA economies. The research paper looks at how the BRI is transforming the economic paradigm in the MENA region and look at the geopolitical and structural implications. Namely, the following research questions are considered:

- (1) What is the development of BRI in the MENA region since it was initiated in 2013?
- (2) Which are the major economic and structural transformations caused by BRI investments in the MENA economies?
- (3) What are the geopolitical impacts of increased Chinese powers in the area supra-BRI?
- (4) What are the connections between BRI and the occurrence of a paradigm shift in the economic developmental model of MENA?

The importance of the research is based on the fact that it contributes to the discussion of the transformative role of the BRI in reformatting the way the MENA region develops its economies. With the world order being changed to a multipolar model and the traditional patterns of development being ineffective in their ability to respond to the problems facing the region, it is important to investigate the alternative strategies both in the academic discourse and in the policy-making process.

**Literature Review**

Since the very inception of the Belt and Road Initiative, literature evolved a lot and it reflects the evolution of the scale and the geographical scope of the initiative. In this section, the existing literature on the BRI in the international context, China-MENA relations within the framework of the implementation of the BRI, China-MENA relations as a major factor of economic transformation in the MENA region are summarized, and essential research gaps that have been filled by the current study are noted.

**BRI within the Global Context**

Theorizable analysis on BRI at international level has taken various academic directions. There are also views that the BRI is geopolitical maneuver of China to spread its influence and threaten to change the international world order that is led by the western world. Alternatively, others also consider the initiative as mainly an economic one since it also seeks to solve its internal economic problems and initiate mutually advantageous international collaboration. The third aspect focuses on the normative aspects of the BRI, which entail how the BRI supports alternative development models and norms in global governance.

As some of the most recent studies have gone beyond these scholarly arguments in order to explore the practice and effect of the BRI. According to one of the studies, the issue regarding BRI comprehension is characterized as such because this phenomenon still presents itself as a puzzle to date, and new methodological tools are necessary to analyze it, not relying on existing theories of international relations. The authors suggest addressing the multi-sectoral, multi-level and multi-process aspect of the BRI in order to bring out its complexity. The latter considers that BRI is a complex system of interactions between different levels of government and non-state actors, both locally and globally: it entails different forms of discussions, negotiations, consensus building, and even disputes resolving (Goswami, 2022).

**BRI China-MENA Relations**

Studies of the Chinese-MENA relations within the BRI framework have focused mostly on the bilateral economic relations and specifically on the energy cooperation. Research reports have recorded how the volume of China-Gulf Cooperation Council states trade has risen dramatically both, to below \$10 billion in 2000 to \$114 billion in 20163. Studies describe the situation in the Middle East with the BRI as a reflection of the increasing geopolitical and economic presence of China on all continents, where infrastructure led to construction is used as a soft-power instrument of creating goodwill

and establishing long-term dependencies (Andersen L. E., 2025).

According to Chen et al. (2023), empirical evidence shows that China cooperation with the Middle East countries has changed as the academic found that cooperative relationships have undergone a transformation, that is, it is no longer the system of single cooperation but rather the system of dual cooperation, which involves Iran and Saudi Arabia. They note also that there is greater balance in the activity of China around the region as compared to an unbalanced pattern of the past in terms of north-high and south-low. This study can help us determine the impermanence of the China-MENA relations within the BRI arena.

A good part of the literature is dedicated to the energy aspect of China-MENA cooperation. As shown in research, Energy cooperation will also be the central restore due to the rapid economic development of China that significantly depends on importing oil and gas, China will be the largest oil importer in 2017, and the largest gas importer in 2018. Nonetheless, one can speak about the increase in cooperation not only in the domain of oil and gas field exploration but also of ensuring the security of energy transportation corridors and cooperation throughout the entire industry, including energy purchasing of the so-called pure energy (Andersen H., 2025).

**The MENA and Economic Transformation**

The literatures on economic transformation in the MENA region have traditionally stressed on the shortcomings of the import-substitution as well as the export-oriented approaches to development. The research reported by World Bank notes that the economic development paradigms have changed their emphasis during the last decades: on the reduction of imports to the promotion of exports as the key to economic prosperity, with MENA countries having found a small success through both of these paradigms, which led to the development of stagnating economies and unemployment high rates, especially among young people (Shawamreh, 2025).

A recent literature describes the possibility of a new paradigm that is based on exploiting domestic demand in the regions and market integration. The position of the World Bank is that, unleashing the potential of their domestic demand at the regional level is exactly what is required to assist them shift to markets oriented economies. This view has been in tandem with the focus on regional connectivity with infrastructure development that resonates with the BRI.

The studies regarding the synergies of BRI in economic diversification of MENA region have been given more significance especially in the consideration that GCC states need to be less reliant on exports of hydrocarbons. Research indicates that energy exporting nations are trying to develop an economy beyond the hydrocarbons in an attempt to attain ambitious national development policies. Beijing has come as a close associate in these processes". Correspondingly, in the research concerning the non-energy exporting MENA countries, the concern that has emerged is whether or not China has helped these countries, after all, the need to sustain China with the country thereof has been of necessity as it has been said that China has helped in supporting development efforts the nation has greatly extended its economic imprint (Bhattarai, 2025).

### Research Gaps

Though the knowledge on the BRI in the MENA region is ever increasing, the literature still has some considerable gaps. First, economic and infrastructure aspects are privileged in most studies which fail to consider how these changes have led toward a possible shift in the developmental model of the region. Second, not much is known about how MENA countries restructure their economies through reforms and transformational approaches in relationship to the BRI. Third, very limited comparative studies have been conducted to examine the variable effects of the BRI in different MENA countries, but the majority of the studies examine only the GCC countries or the MENA region as a unit. Fourth, the existing literature does not present

any exhaustive frameworks by which the long-term structural implications of BRI investments on the economies in the MENA region can be evaluated on levels beyond the short-term project level.

The proposed research is intended to fill those gaps by studying the role of the BRI in potential paradigm shift in the economic development of MENA, evaluating the difference of its effects on the economies of various countries of MENA, and creating a checklist to enable weighing its long-term structural consequences on the economies of MENA countries.

### Methodology

This study uses the qualitative method of analysis to illuminate on the contribution of the Belt and Road initiative to redefine the economic paradigm in the MENA region and its geopolitical and structural impacts. This paper will follow a case-based comparative approach, comparing the implementation and the effect that the BRI has on the countries of the MENA region, additionally, finding similarities and differences.

### Research Design

The study follows a mixed method of documentary study and theory building. The document analysis aims at studying official documents, reports, scholarly sources and economic statistics focusing on the BRI and the MENA economies. Such strategy enables the possibility of having a full picture of the presented aims and real results of the BRI in the MENA area and its economic and geopolitical connotations.

The development of the theoretical framework concerns the synthesis of ideas about international relations theories, development economics, and geopolitical analysis to develop a framework that will allow integrating the ideas on the role that BRI can play in changing the economic paradigm in MENA region potentially. This framework takes into considerations various aspects of analysis involving development of infrastructure, trade trends, investment trends,

economic diversification, regional integration or realignment amongst geopolitical aspects.

#### Data Sources

This study bases itself on the resources of various data sources to provide full coverage and triangulation:

1. White papers: White papers issued by the government on the BRI and economic cooperation. Policy documents: Policy documents on the BRI and economic cooperation between the government and China and MENA countries.
2. Bilateral agreements: Agreements between governments and China on the BRI and economic cooperation.
3. Official statements: The official statements of both China and MENA countries on the BRI and economic cooperation.
4. Economic information: Trade data, investment flows, project financing information, and the breakdown of BRI investments in MENA countries by sector.
5. Academic sources: Scientific journal articles, research reports, and books about BRI, China-MENA relations, and economic development in the MENA region.
6. Reports of international organization: Reports issued by organizations that provide information and analysis regarding the projects under BRI and trends in the economy of the MENA region, including the World Bank, International Monetary Fund, and regional development banks.
7. Reports and analyses in the media: the articles in media and analysis providing the recent news about the BRI development and trends of reactions by different stakeholders.

It especially relies on the GDELT database which has also been adopted by other authors such as Chen et al. (2023) to develop a series of formulas to measure the event impact and the intensity of the bilateral relation between China and the Middle Eastern nations.

#### Analytical Framework

The conceptual framework of the present work functions on three different layers connected to one another:

1. Project-level research: Studying particular BRI projects located in MENA states to get the idea of how they are designed, executed, funded, and impacted the economy in the nearest future.
2. Country level analysis: Identifying the interactions between BRI investments and national development plans, domestic economic reforms and economic systems in specific countries in the MENA region.
3. Regional-level analysis: Examining the role of BRI in facilitating regional connectivity, integration, and possible paradigm changes in the models of economic development in countries of the MENA region.

The analysis is done at the level of economic and geopolitical impact on economic structures and development paths, and power balances in the region that is brought about by the investments done by BRI.

#### Limitations

The study appreciates a number of methodological limitations. To begin with, the use of secondary sources might cause biases or coverage gaps especially since the subject matter is known to be politically sensitive. Second, the BRI is still in its rolling out, so its full effects are yet to be felt and thus it is not possible to make concrete conclusions of long-run structural effects. Third, the MENA region is quite heterogeneous regarding various aspects of economic aspects, political organization and interrelations with China. These aspects pose difficulties in conducting comparative studies and generalization. These weaknesses are managed by triangulating carefully the sources used, clear indication of the dynamic nature of the BRI and subtle analysis that understands that some countries are different.

#### Results/Findings

The discussion of the implementation of the Belt and Road Initiative in the MENA region points to important conclusions related to its

development, economic influence, the focus on the sectors, regional diversity, and changes in MENA economies on the structural level. The results allow gaining knowledge about the possibilities of creating the BRI to impact the economic paradigm in the region and its geopolitical aspects.

### The Evolvement of the China-MENA Relations under the BRI

These figures depict a significant change in China-MENA relations since the formation of the BRI in 2013. Before the establishment of BRI, China interaction with MENA region was limited to importation of energy and crude commercial relations. The introduction of the BRI signaled the move towards broader parenting as part of the strategic partnership in the field of the development of infrastructures, technology transfer, and financing.

Chen et al. (2023) state that, ultimately, the interaction between China and the states of the Middle East has not changed under the BRI system, whereas notable qualitative shifts took place. It is definitely worth noting that the relationships of cooperation have shifted to dual cooperation between Iran and Saudi Arabia. This shows the balanced approach of China when it comes to major and political powers in the region with conflicting objectives.

The BRI has enabled a more geographically balanced spread of Chinese activity in the entire region of MENA as well. The trend has changed too because instead of having an uneven pattern of development i.e. north on a high and south on a low, there is a way to stability that brings down the levels of conflicts in general and the levels of inequalities between nations also. This implies a more generally inclined as well as calculated incorporation to the region in the capacity of the BRI.

Chinese reliance on the MENA region has undergone a massive rise, and trade between China and the MENA region has recorded a shocking 76 percent annual upsurge in the last decade since the founding of the BRI<sup>14</sup>. That development shows that BRI is a factor in the

expansion of economic relations in the realm of traditional energy-related relations (Elish, 2024).

### Economic Impact: Trade, Investment, and Infrastructure Data

Economic effects of the BRI in MENA region clearly reflects in various indicators. The volumes of trade between China and GCC countries have grown since 2000 (supported by figures standings at less than \$10 billion), surpassing the mark of 114 billion dollars in 2016, which proves the speed of the economic relationship established, especially due to the introduction of the BRI. Investments in the Middle East by Chinese also rose enormously, with the amount hitting above \$136.2 billion between 2005 and 2016 (Watanabe, 2023).

In 2024, the peak of BRI involvement was observed, USD70.7 billion in building contracts and approximately USD51 billion in investments were all over the world<sup>10</sup>. In particular, the Middle Eastern countries are leading the table of BRI involvement, hitting the USD39 billion mark<sup>10</sup> pointing to the importance of the region in the BRI system. This historic participation is an indicator that the BRI in MENA region was speeded up and not slowed down (Mogielnicki, 2021).

BRI investments in MENA region have largely been committed to infrastructure development. Among others, BRI has focused on the Saudi Arabia Neom City, Cairo Metro Network (National Authority for Tunnels), King Abdulaziz International Airport, Dubai Al-Maktoum Airport phase 2, and Qatar Integrated Rail Project: their total value totals "\$3.5 trillion". These are projects to bridging intensive infrastructure shortages in the region and generate the basis of greater regional inter-linkage and the opening up of the economic wing (Ahmed, 2023).

Economic footprint of BRI goes beyond the direct investments as it encompasses technology transfers, capacity building, and the market access. According to the initiative, cooperation in the exploitation of oil and gas fields and ensuring the safety of corridors of energy transportation has been facilitated, implying the advancement of

the integration of the value chain past the relations of trade (Geukjian, 2024).

### **Sectoral Focus of BRI in MENA**

BRI within the MENA has been heavily energy-intensive but it has since diversified to other sectors slowly. In comparison, between 2014 and 2019, state-owned enterprises of China invested 58 percent of its \$21.6 billion in the region on costly energy related projects particularly in the Gulf countries such as Saudi Arabia and the United Arab Emirates. This follows on the factor of the energy security of China in relation to the region with mainly the "importation of oil consumed 73% of crude oil and 42% of natural gas in the year 2021".

Nevertheless, recent statistics show that the priorities of the industries have changed dramatically. According to the data, in 2024, the energy-related activity of China was the greenest in absolute and relative terms over any year since the origin of the BRI, rising by 60% compared to 2023 in absolute terms to USD11.8 billion. At the same time, oil and gas activities were particularly booming to an all-time high of approximately USD24.3 billion, especially in the oil/gas processing facilities construction contracts in the Middle East (Morsy, 2019). This implies that there should be a two-pronged approach comprising retaining status quo in regard to conventional energy alliances and slowly investing in green power.

Besides energy, the BRI has also released into the sphere of digital infrastructure, manufacturing, and services. The technology and production were also a record-breaker and stood at an almost USD30 billion trade with high-tech in battery, solar PV and in hydrogen out of the BRI jurisdiction in Spain<sup>10</sup>. The diversification is in line with the economic diversification programs of the MENA countries, especially the GCC states trying to avoid overreliance on the exportation of hydrocarbon products.

Metals and mining is also another area of primary focus which has touched new records of near USD 22 billion which has mostly been in terms of investments. This trend is similar to the strategic interest of China in the acquisition of

critical mineral resources used in the industrial production and technological development of China (Lim, 2023).

### **Regional Variations in BRI Implementation**

The role that the BRI plays and is implemented in different MENA countries also differs drastically, as economic formats, levels of development and strategic potential have their differences. The contrasting evidence as provided by the analysis shows that the focus on BRI engagement differs significantly in the case of energy-exporting and non-energy-exporting countries.

In the case of GCC states and other energy-rich countries, the BRI has mainly concentrated in ensuring diversification everywhere in the economy and the provision of energy supplies. The research identifies that an upsurge in the total supply of energy has seen energy exporting nations aim at ensuring that they diversify their economies away from hydrocarbons as one of the measures to realize progressive national growth plans. Beijing has established itself as a full-fledged ally in these processes". In such nations, BRI investments have been focused on high-value infrastructure-based projects, the transfer of technology, and industrialization (Xiao, 2021).

In the case of the non-energy-exporting MENA countries, the BRI has been dealing with some deeper development issues. Such nations have social economic issues that incorporate high unemployment rates and population fill and according to the scholars, the effort by China in stimulating development has enabled Beijing to greatly expand its economic foothold. In that regard, BRI projects have centered on infrastructural prerequisite construction, industrial plants, and job creation (Jazia, 2025).

Geographical tendencies are interesting in the context of the BRI engagement in China in the MENA region. China has demonstrated its dynamism in other areas of MENA can states and is poised to further enjoy its gains in Maghreb which will further enhance Chinese economic connections with the whole of Africa and may spread their economic connections to political ties as well. That implies a strategic approach to

the implementation of the BRI that takes into account the interconnections between the regions and the geopolitical goals that can be pursued over a long time period.

A study indicates that Chinese investment has a greater interest mainly in the economies of MENA where there is a big young population and high endowment of natural resources. But in post BRI era there appears to be a diversion towards the other MENA economies". This signifies the changing characteristics of China investment strategy by gradually adopting a balanced regional strategy (Andersen L. E., 2020).

### **Structural Changes in MENA Economies**

This has led to a number of structural transformations in MENA economies as a result of which there can be a possible paradigm shift into the development model of the region due to the BRI. Some of the instrumental structural changes entail improved regional connectivity, greater market contestability, diversification of the economy, and advancement in technology.

BRI infrastructure projects have enhanced regional connectivity in the MENA, which is a crucial hindrance to economic integration in the region. Following the World Bank, the MENA region is least integrated in the world despite the potential benefits of eliminating barriers to the movement of goods and services within the MENA countries. BRI investments in the transport infrastructure are only starting to overcome this challenge and establish the physical basis of regional economic integration.

The concept of market contestability still persists though there are indications of improvement in partnership with BRI. According to the World Bank, the absence of contestability has been listed as the center of the failure of MENA nations to integrate nationally and regionally. Although the BRI is not enough to solve this problem, its focus on international standards, on competitive bidding of the projects creates some new forces that can lead to the improvement of the market contestability in the region with the time (Hongxing, 2021).

The BRI has greatly contributed to economy diversification activities, especially in GCC

member states aiming at not being over reliant on hydrocarbon exports. A research paper observes that a big part of Chinese investment financed energy-related interests in the lapse of BRI. The tendency to invest in the sphere of energy has decreased slightly in recent years since 2013 when Chinese TNCs entered other spheres and fields of activity like tourism and real estate development". The trend augers well with the economic transformation policies of MENA countries.

One of the new directions of the BRI cooperation in the MENA region is technological progress and development of digital infrastructure. The topics targeted in the project such as the importance of nuclear power industry, space satellites and new forms of energy in the framework of its 1+2+3 forms of co-operation present high-tech that would carry the long term economic competitiveness and innovation capacity of the MENA countries.

All these structural transformations imply the advent of a new economic paradigm in MENA region which focuses on regional integration, domestic market, economic diversification, and technological progress- abandoning the force of both the import-substitution and export-oriented models and patterns that had characterized the development process of the region during the past decades.

### **Discussion**

The results in the current study have a strong implication that can guide future research on the economic paradigm that the BRI may represent in the MENA region and how it affects its geopolitical aspect. This segment examines these findings in the framework of wider theories and the literature, draws challenges and opportunities to the MENA countries, compares the BRI with other development programs, and the future trends of the China-MENA relations within the BRI framework.

### **Geopolitical Connotations: Transition of Power**

The implementation of the BRI in the MENA region is restructuring power bases on various levels as it affected not only regional geopolitics

but also the overall international order. At regional level, the fact that China is treating Iran and Saudi Arabia (competitive powers) equally shows the kind of balancing act that Yan. et, al. (2024) calls: a careful balancing act- managing the political volatility in the region. This is very different compared to the traditional western approach of building exclusive partnerships and picking sides in the regional conflicts.

The fact that the BRI is not about military presence and political interference but infrastructure development and economic cooperation is also in line with what I would call by some scholars as infrastructure power or structural power. This is the kind of influence which works by construing the material environment as well as the economic systems under which the states make their decision which is likely to lead to long run dependencies without explicit political domination. According to the research, the development of infrastructure is the tool of soft power, as it enhances goodwill and develops long-lasting dependencies benefitting Beijing in another sphere, political relations, and security arrangements, to name a few (Yang, 2024).

The BRI enterprise in the MENA area goes contrary to what the research has discovered emerging multipolar enormous order. MENA states are somewhat shifting their attention to other directions as they have not been safe about the future role of the US in the regional security". Economic Rise of China with the BRI presents MENA countries with the instrument of having an alternative partner to the economic partners that does not politicize economic relationship with the economic partners by threatening the economic relationship with the change in political and governance systems which is the time-honored approach of the Western model.

Geopolitical effects are extended to the international scope beyond the nation of the MENA in general. Arguably, the BRI is actually a central influence of Xi Jinping foreign policy, and it has become the center of what is known as the major country diplomacy of the Xi approach i.e. a policy that according to Xi proclamation of ambitions is one that strives to increase the duty

China must accord world affairs in consideration of its rising capabilities and strength as a nation. The achievement of the program in the MENA region belongs to Chinese global expansion and the opportunity of impacting the world aspects of norms and practices. Nonetheless, the BRI is also affected by geopolitical challenges, which can be seen as competing initiatives and strategic choices of other powers. India-Middle East-Europe Economic Corridor (IMEC) project launch is seen as a positive step to oppose the dominance of BRI which is an initiative by the West14. This competition is both a liability and a possibility to many MENA countries who can then be able to bargain more with the power of playing one great power off in opposition to another and at the same time becoming an arena of great power conflict (Abbas, 2021).

#### **Economic Paradigm Shift: From Import Substitution to Regional Integration**

The results indicate that the BRI is also enhancing a possible paradigm change in the economic development model of the MENA region. Traditionally, according to the World Bank, the paradigms of economic development have changed the focus over the previous decades: to reducing imports to maximizing exports as the road to wealth, whereas MENA nations did not demonstrate much success according to one or the other paradigm. The focus on the infrastructure connectivity, regional integration as well as the development of the domestic markets of the BRI emphasizes the presence of a different solution that resolves some of the shortcomings of the earlier models.

The new paradigm accords with the view of the World Bank that they need to harness the power of their own domestic demand in the region which is all they require to facilitate their transition into being market oriented economies rather than being administered economies. The infrastructure investment projects established by the BRI in transportation and power grid, and digital connectivity cause the physical basis of regional economic integration and building a greater enlarged market. According to World Bank, the region counting over 400 million

people compared to approximately the same number in Western Europe and while the population growth in Europe is standing almost at zero, it is projected to almost double in the MENA region by 2050. This demographic factor offers considerable potential of a market driven national growth so long as there is a regional integration (Forte, 2013).

Another part of this paradigm shift is the BRI contribution to the diversification of the economies of the MENA countries. Traditional development patterns in the area have been unable to curb over-reliance in natural resource exports or state creation industrialization. The BRI promotes diversification, via investments in several areas that are not historically strong such as renewable energy, manufacturing technology, services etc. This multisectoral process sets up the possibilities of more balanced and sustainable economic growth.

Nevertheless, the level of the BRI in stimulating the actual paradigm shift relates to how it creates solutions to structural issues in MENA economies. The problem of barriers to entry into key markets, as well as into leaving them may thus be considered the core of the incapability of the MENA countries to connect on a domestic and regional level, as the World Bank sets forth. Although the BRI can bring in new conditions based on the global collaboration and global standards, only combined domestic reforms and policy adjustments will help uproot existing economic system and established interests (Nunnenkamp, 2003).

### Challenges and Opportunities for MENA Countries

BRI has been a unique economic opportunity and threat to MENA states since the evolution of the geopolitical environment, in which these states struggle to pass through the economic transformation.

The most important opportunities are:

1. **Infrastructure Development:** The BRI focuses on solving pivotal infrastructure shortages in the MENA, spending on accompanying frameworks, energy frameworks, and advanced infrastructures which would have the ability

within the economic domain, to increase productivity and rivalry. As it was recorded in the research, China desires to establish efficient transport systems which will be connected to the key economic hubs across the region as it makes huge investments in ports, trains, highways and energy facilities.

2. **Economic Diversification:** This is because the BRI provides opportunities to resource dependent economies in the MENA region to diversify their economies through investment in manufacturing, technology, tourism, and services. In another study, it is noted that, it has slightly declined behind 2013 because, since then, Chinese TNCs engage in other business activities including tourism and real estate promotion.

3. **Technological Transfer and Innovations:** The most expected result of the BRI is technology transfer and the development of technological capacity building in the MENA region with the focus on the industries mentioned by the BRI such as nuclear power industry, space satellites and new forms of energy, as they will contribute to the transition of MENA countries to the knowledge-based economy.

4. **Employment:** BRI schemes generate mass jobs in an area that has a high unemployment rate by a large margin, especially among the young people. As the World Bank findings reveal, there are more than 100,000 jobs created in the Middle East as a direct consequence of a single \$1 billion in an infrastructure investment.

5. **Geopolitical Flexibility:** BRI can give MENA nations a new side to play an alternative to old ties with the West and increase their strategic autonomy and bargain power among the international relations.

Nevertheless, the MENA nations also have significant problems in ensuring they only have upsides of the BRI membership and downplay the risks:

1. **Debt Sustainability:** It is likely that high spending on large-scale infrastructure under BRI will imply debt sustainability issues to some MENA countries when they have limited fiscal space, and thus limit their future economic policy responses.

2. Environmental and Social Impacts: It can cause substantial environmental and social impacts of the BRI projects that are not designed well and thus result in conflict with the local communities and the sustainable development goals.

3. Governance and Transparency: Governance and transparency are known to be a problem of BRI projects are massive and complicated, and different countries have diverse institutional capabilities, to undertake an endeavor, which could further increase the risk of corruption.

4. Treading the delicate balance between the Great Power Relations: The MENA states are required to regulate complicated relationships with the traditional powers in the West and China, especially with the increasing weight of the geopolitical rivalry. According to studies, "regional powers will be forced to make a fine balance between its old partners and new coalitions".

### Comparative Analysis with Other Development Initiatives

The BRI development model in the MENA region is quite unlike other global development projects that provide some perspectives on its potential excellence and feasibility. The comparison between the BRI and the traditional Western-led development projects and international finance institutions would indicate a few peculiarities of the Chinese project.

To begin with, BRI entails the development of physical infrastructure in order to spur economic growth contrastingly to Washington Consensus which focuses on institutional reforms and macroeconomic stability. The infrastructure-first might be able to address the short-term barriers to development in the MENA region but it might not be able to adequately eliminate the deeper issues of governance and issues of institution development.

Second, the Chinese non-interference in the domestic affairs concept differentiates the BRI with Western development efforts which in general are associated with the correlation of economic aid with political and governance

changes. According to the studies, "the MENA political leaders admire the Chinese policy of non-intervention and neutrality in the internal events of other countries". Through this strategy, political obstacles to cooperation are minimized, however, this potentially restricts the capacity of the BRI to set about redressing governance shortcomings that suppress long-run improvement (Choong, 2004).

Third, instead of addressing BRI via multilateral systems, it is being carried out rather bilaterally, allowing more discretion on both sides of the BRI but restricting coordination and standardization of policies across projects. This is opposite to multilateral development projects that lay stress on mutual standards and shared governance.

Fourth, the strategy of the BRI brings together commercial, as well as strategic, goals in a unique "geo-functional institutionalist" form rather than keeping commercial and development agendas distinct as is the case with conventional development aid. This commercial-strategic amalgamation helps to increase the sustainability of the BRI in view of China, but leaves the distribution of the gains between China and its MENA partners in question.

Other emerging projects such as India-Middle East-Europe Economic Corridor (IMEC) are also competitors of BRI, as it is seen as the attempts of the West to combat the effects of the BRI. Such an inter-country competition could favor the MENA countries regarding the increased amount of options and bargaining power but might disintegrate the developmental process and lead to inefficiencies (Tejada, 2014).

### Future Trajectories of BRI in MENA

Referring to the results and general patterns, a number of possible directions of the further evolution of the BRI in the MENA region may be pointed out:

1. Sustaining Economic Integration: The BRI will probably help drive further economic integration in the MENA region, as well as between the MENA region and the Asian one, through the improvement of physical and digital connectivity systems and networks.

2. Greening of the BRI: The latest evidence in the form of "China energy related engagement in 2024 were the greenest in absolute and relative amount in any time since the inception of the BRI"<sup>10</sup> indicates that the prospects of moving towards greener project portfolios are at hand, as it is paving the way to a possible faster clean energy transition in the MENA region.

3. Digital Silk Road: The BRI digital dimension will probably increase and pay more attention to telecommunications infrastructure, e-commerce platform, and smart city/government capabilities, as well as digital governance frameworks in the MENA region countries.

4. Oversized on Human-Focused Development: As the BRI entering a more mature phase, there can be more interest in social infrastructure and people-based development, and there can be more improvements on the criticisms of the early BRI and its main focus on major infrastructures.

5. Friction in Geopolitical Competition: Encroachment by other projects: The BRI in the MENA region may also be confronted by an even stronger rival in the form of an alternative project such as IMEC among others which can result in either the additional investment opportunity available to the MENA countries, and also a rise in geopolitical tensions.

6. Institutional Development: There may be an institutional and governance process of the BRI toward more multilateralization and standardization, and ensure issues of transparency, sustainability, and coordination within the projects.

The way the BRI is further developed in the MENA region will depend on a number of issues and, in the first place, the state of the economy of China, geopolitical changes, the technological changes, and the interested parties that are outside of China including the MENA countries in the development of their role in the initiative.

### Conclusion

This study has discussed the role of the Belt and road initiative in changing the paradigm in the economic condition of the MENA region and the

geopolitical and structural implication of the same. Through analysis, the BRI is much more than a set of different infrastructure projects; it could bring a paradigm shift in the economic development model of the region by promoting a more regionalization, diversification and the development of the domestic market.

Since its origin in 2013, the BRI has altered dramatically the China-MENA relations, and today it is a full-scale strategic relationship based on multiple sectors and more balanced geographical presence in the region. BRI has a significant presence in the MENA region, which is expected to expand in the future as it recorded the highest rates of involvement in 2024 and the vast number of opportunities offer in the field of infrastructure development, energy, technology, and production.

Although energy cooperation still serves as the key pillar of the China-MENA relationship in the era of BRI, the diversification amid green energy, digital infrastructure, production, and service is noticed as a means of assisting MENA countries in their strategies of economic transformation. The implementation of the BRI across the MENA countries is highly variable, not only among the countries, but also in time, as there is a good degree of evidence showing that regional engagement is increasingly becoming more balanced.

Structural changes driven by the BRI lead to improved regional connectivity, greater regional contests, diversification of the economy, and an increasing use of technology, all of which are indications of the possible paradigm shift in the development model of the region. The geopolitical consequences of the BRI in the MENA arena are the redistribution of power and the increase in strategic autonomy of the countries of the MENA region and the emergency of increased rivalry between major powers gaining or losing ground in the region.

These observations indicate that BRI could enable the region of MENA to overcome, at least partially, some of the traditional economic problems it has faced, namely, the problem of infrastructure shortage, regional disintegration, economic diversification, and technology. But the

level to which this potential can be achieved hinges on the level at which both China and countries in MENA will manage to achieve a balance in the complicated interplays that exist between the BRI and internal economic reforms, geopolitics, and the environment as well as social sustainability.

The study does have a number of limitations and they ought to be recognized. Use of secondary sources of data could fail to present the true complexity and detail of the execution of BRI in MENA region. BRI is dynamic and in the course of being built, any analysis will simply be a snapshot of a moving process. The diversity of MENA countries restricts the externalization of results to the whole region.

Possible future research directions regarding the BRI in the MENA region should be identifying in-depth case studies of BRI as it concerns specific countries of the region, comparative research on the effect of BRI in various sectors, longitudinal research tracking the development of BRI projects over time, research on interaction between the BRI and other development efforts, research on the digital aspect of the BRI, and research on the environmental and social sustainability of BRI projects in MENA region.

To conclude, the Belt and Road Initiative is the potentially revolutionary factor in the economic development discourse of the MENA region with favourable opportunities and risks being exposed to the countries in the region that wish to eradicate the persistent structural barriers to sustainability and inclusiveness of growth. Keeping in view the fact that the initiative is still another evolving phenomenon, it is important to outline the complex effects it creates in terms of economic paradigms, institutional pattern, and even geopolitical relations within the MENA region as a challenging task within the scope of research activity as well as that of policymakers.

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