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## **POLICY COMPASS**

# **China's Pragmatic Approach to the Middle East Crisis**

**By**

**Gulf State Analytics**



**8 April 2026**

## Gulf State Analytics

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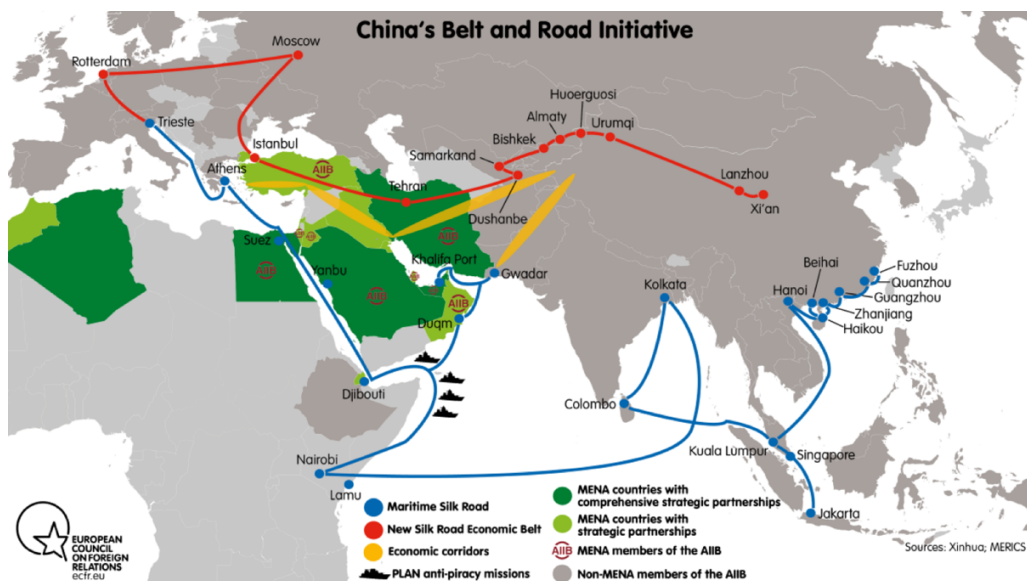
*China's Pragmatic Approach to the Middle East Crisis*

8 April 2026

**Executive Summary**

- ✦ China is pursuing a dual-track strategy which entails quietly supporting Iran economically and technologically while publicly presenting itself as a neutral diplomatic actor.
- ✦ Beijing views the war as both a crisis and an opportunity, criticising Operation Epic Fury while avoiding direct confrontation with Washington.
- ✦ China frames itself as a proponent of ceasefire, sovereignty, and multilateralism, highlighted by its five-point peace proposal aligned with the UN Charter.
- ✦ The approach of Beijing is pragmatic rather than ideological, prioritising stability and avoiding escalation that could harm its economic interests.
- ✦ Despite claims of neutrality, China provides indirect support to Iran through supply chains, enabling access to dual-use technologies and industrial materials.
- ✦ Energy security is China's most immediate concern, as disruptions in the Middle East and the Strait of Hormuz threaten oil supplies and economic stability.
- ✦ The conflict exacerbates China's domestic economic challenges, including slowing growth, unemployment, and vulnerability to global market instability.
- ✦ Beijing is also motivated by the need to maintain stable relations with the United States, limiting how strongly it can support Iran.
- ✦ China's strategy can be summarised as hedging (maintaining ties with all sides), buffering (protecting its economy), and signaling (projecting diplomatic responsibility).
- ✦ The war highlights China's pursuit of "selective leadership" with the Asian giant seeking global influence and diplomatic credibility while avoiding the risks and responsibilities of decisive intervention.

**Key Picture: China's BRI and Strategic Energy Corridors**



Source: [European Council On Foreign Relations](https://ecfr.eu)

## Introduction

China's response to the ongoing U.S.–Israel–Iran war reflects a careful balancing act shaped by economic necessity, geopolitical competition, and long-term strategic ambition. Beijing has adopted a dual-track approach, which entails quietly sustaining Iran through economic and technological linkages while also publicly positioning itself as a neutral diplomatic actor. This approach reveals how China interprets the conflict, what it stands to gain or lose, and how it seeks to shape its global role.

## Beijing's Perspective on the War

From Beijing's vantage point, this escalating war represents both a crisis and an opportunity. China has criticised U.S. military actions against Iran, calling out Operation Epic Fury for its destabilising impact on the Middle East and the global economy, and for being illegal under international law. But Beijing has stopped short of direct confrontation with Washington. Instead, the Asian giant portrays itself as a proponent of ceasefire, sovereignty, and multilateral diplomacy. Its five-point proposal, which calls for an end to hostilities, protection of civilian infrastructure, and adherence to the United Nations Charter, fits squarely within this narrative.

China does not view the war from any ideological prism. Instead, officials in Beijing see the conflict as part of a broader geopolitical struggle with the United States, but one in which escalation would be counterproductive. Unlike Russia, which may benefit from higher oil prices, China's economy is structurally vulnerable to instability in the Middle East. Therefore, Beijing's approach to navigating this war is rooted in pragmatism, assessing that the war should end quickly, but without China appearing aligned too closely with either side.

Importantly, China's indirect support for Iran through supply chains complicates its neutral posture. As described in the "Axis of Evasion," Chinese firms and intermediaries play a central role in enabling Iran's access to dual-use technologies, drone components, and industrial materials. This suggests that Beijing views Iran as a strategic partner worth sustaining—but not defending militarily.

## The Stakes for China

The war heavily impacts several of China's core national interests. The most immediate one is energy security. While importing a significant portion of its oil from the Middle East, with Iran serving as a key supplier, disruptions in the Strait of Hormuz and rising oil prices directly threaten China's economic stability. While Beijing has mitigated short-term shocks through stockpiling and the use of "teapot" refineries, these are stopgap measures, not permanent solutions.

Beyond energy, the conflict intersects with China's broader economic challenges. Slowing growth, high youth unemployment, and trade tensions with the United States make stability in global markets especially important. A prolonged war risks higher input costs, disrupted shipping lanes, and weakened global demand, all of which can exacerbate domestic economic pressures in China.

Equally significant is the state of Sino-American relations. Beijing currently seeks broader economic and strategic accommodation with Washington, particularly within the contest of sensitive dynamics stemming from tariffs and trade restrictions. China's restraint is partly driven by its need to maintain a workable relationship with its principal strategic rival, which helps explain why Beijing has not necessarily taken a strong pro-Tehran stance in this war.

## Beijing's Strategies for Navigating the Conflict

China's approach can be understood as a three-part strategy: hedging, buffering, and signaling.

First, hedging involves maintaining ties with all relevant actors. China continues to support Iran economically through oil purchases and supply chains while simultaneously engaging with the United States and regional

powers like Saudi Arabia, the United Arab Emirates, Qatar, and Turkey. This allows Beijing to preserve influence regardless of the war's outcome.

Second, buffering refers to efforts to insulate its economy from the conflict's disruptive effects. China has built extensive strategic petroleum reserves, diversified energy sources, and relied on smaller independent refineries to process sanctioned oil. It also leverages alternative financial systems, such as yuan-based transactions, to bypass Western sanctions. These measures provide resilience, though they are not foolproof in the face of prolonged disruption.

Third, signaling is central to Beijing's measured diplomatic posture. By participating in negotiations and proposing peace frameworks, China signals that it is a responsible global actor. At the same time, its relatively mild criticism of the United States, at least compared to past rhetoric, signals a desire to avoid escalation and keep broader negotiations on track. This strategy extends to China's opposition to more forceful international interventions, such as Bahrain's proposal to militarily reopen the Strait of Hormuz. Beijing frames such actions as escalatory, reinforcing its image as a stabilising force while subtly constraining Washington's options.

### Implications for China's Global Leadership Role

The war presents China with an opportunity to advance its claim to global leadership. However, this multifront conflict also exposes the limits of Beijing's influence on the international stage. On one hand, Beijing's active diplomacy, including outreach to multiple regional actors and participation in negotiations, demonstrates a willingness to engage in crisis management beyond its immediate neighborhood. This aligns with its broader ambition to present itself as an alternative to U.S. leadership, emphasising China as a power that values sovereignty, non-interference, and economic cooperation, which is a message that resonates powerfully across the Global South, where sympathy for Iran is much higher than it is for the United States or Israel in this current war.

Nonetheless, as China seeks to establish itself as a rising global power, there will be key challenges. One is addressing skeptics who see Beijing's proposals as mostly based on rhetoric while lacking concrete implementation mechanisms. Second, China's behind-the-scenes support for Iran may undermine its claim to neutrality. The perception that China benefits economically from the conflict, through discounted oil purchases and sanctions evasion, further complicates its global image. Third, Washington's response also constrains China's leadership ambitions with the United States appearing reluctant to endorse or even seriously engage with Beijing's mediation efforts, limiting China's ability to claim diplomatic success.

Ultimately, the conflict highlights a broader tension in China's global role. Beijing seeks to be seen as a leader and peacemaker, but it is unwilling to take on the risks and responsibilities traditionally associated with such a role, such as enforcing agreements or confronting partners like Iran. This results in a form of "selective leadership"—active in rhetoric and limited diplomacy, but cautious in substance.

### Concluding Analysis

As the U.S.–Israel–Iran war rages on into its second month, China is choosing to respond to this conflict in ways that can be best described as highly cautious and pragmatic. Beijing views the war as a grave threat to its economic and energy security, a complication in its relationship with the United States, and an opportunity to enhance its global standing. Its strategy, which rests on a combination of indirect support for Iran, economic buffering, and diplomatic engagement, reflects an effort to balance competing priorities.

It is too early to realise how China's approach will play out and whether it can elevate Beijing's leadership role on the international stage. Despite this strategy enabling China to avoid major risks, it also limits Beijing's means to shape outcomes in decisive manners. In this sense, the war underscores both China's growing influence and the constraints that still define its role on the global stage.