



T.C.

ANKARA YILDIRIM BEYAZIT UNIVERSITY

INSTITUTE OF SOCIAL SCIENCES

**POLITICAL ECONOMY OF THE IMPACTS OF CHINESE AND RUSSIAN
INTEREST ON MENA ECONOMIES**

MASTER'S THESIS

Gunay GOJALI SHAHIN

DEPARTMENT OF PUBLIC FINANCE

Ankara, 2023

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APPROVAL PAGE

The thesis entitled “POLITICAL ECONOMY OF THE IMPACTS OF CHINESE AND RUSSIAN INTEREST ON MENA ECONOMIES” prepared by Gunay Gojali Shahin has been accepted as a master thesis at the Department of Public Finance of the Institute of Social Sciences of the Ankara Yıldırım Beyazıt University by unanimous vote.

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Thesis Defence Date: 13.06.2023

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PLAGIARISM

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Gunay GOJALI SHAHIN



ACKNOWLEDGEMENTS

First of all, I would like to express my deep gratitude to my dear teacher, Assoc. Prof. Recep YORULMAZ, who always supported me and helped me throughout the writing process of my thesis.

At the same time, I would like to thank my beloved husband, Halit Şahin, who supported me in every way during my education process and encouraged me to continue even in difficult times, and my bright daughter İpek Şahin, who has been with me since the day I started my Master's programs.



ÖZ

ÇİN VE RUS ÇIKARLARININ MENA EKONOMİSİ ÜZERİNDEKİ ETKİLERİNİN POLİTİK EKONOMİSİ

Ortadoğu ve Kuzey Afrika (OKA) Rusya ve Çin'in nüfuz göstergesi için hep ilgili alanı olmuştur. Çalışmanın birinci bölümünde, Çin ve Rusya'nın bölge ülkelerindeki yatırımları ayrıntılı olarak ele alınmıştır. Aynı bölümün diğer kısmında ise bu yatırımların politik ekonomik bir analizi yapılarak Çin ve Rusya'nın bölgeye yönelik yatırım politikaları tartışılmıştır. Bu minvalde, İpek Yolu ve Bir Kuşak Bir Yol gibi projelerin gerek Çin ekonomisini gerekse bölge ülkelerinin ekonomilerini ne derecede etkilediği ve Çin ve Rusya yatırımlarının 2018-2022 yılları içerisinde hangi sektörlere yöneldiği analiz edilmiştir. Son olarak, Çin ve Rusya'nın tarihsel perspektifte OKA bölgesine yönelik politik motivasyonları küresel hegemonyal geçiş teorileri ile analiz edilmiştir. Bölge üzerinde Çin ve Rusya'nın politik motivasyonlarının temelleri, benzerlik ve zıtlıkları çalışmanın temel araştırma motivasyonlarından biri olmuştur. Bu araştırmanın ikinci bölümünde Ortadoğu ve Kuzey Afrika ülkelerinin genel ekonomik yapısı ve bu ülkelerin globalleşmeye entegrasyonu değerlendirilmiştir. Rantlı devlet teorisinin ne olduğu ve konusu geçen ülkeler için ne gibi sonuçlar yarattığı araştırılmış; gelecekte bu ülkelerin ekonomik çeşitlendirilmelerini sağlamaları için alınması gereken tedbirler tartışılmıştır. Araştırmanın ana konusu olan OKA ülkelerinde Doğrudan Yabancı Yatırımların uluslararası ticarete ve ülkelerin ithalat ve ihracat oranlarına ne derece etki ettiği ampirik analizlerle test edilmiştir. Ampirik metod olarak Dinamik Panel Data modeli tercih edilirken; veri seti olarak 2011-2021 zaman kesiminde 11 ülkenin verileri kullanılmıştır. Ampirik analiz yapılırken bağımlı değişkenler ithalat ve ihracat rakamları olarak alınırken; bağımsız değişken ise doğrudan yabancı yatırım verileri tercih edilmiştir.

Anahtar kelimeler: Rantlı Devlet Teorisi, Ortadoğu ve Kuzey Afrika ülkeleri, Doğrudan Yabancı Yatırım, Uluslararası Ticaret, Rusya, Çin.

ABSTRACT

POLITICAL ECONOMY OF THE IMPACTS OF CHINESE AND RUSSIAN INTEREST ON MENA ECONOMIES

The Middle East and North Africa (MEANA) has always been the relevant area for Russia and China's influence indicator. In the first part of the study, the investments of China and Russia in the countries of the region are discussed in detail. In the other part of the same section, a political-economic analysis of these investments was made and the investment policies of China and Russia towards the region were discussed. In this respect, the extent to which projects such as the Silk Road and One Belt One Road affect both the Chinese economy and the economies of the countries in the region, and which sectors the Chinese and Russian investments are directed to in the years 2018-2022 are analyzed. Finally, the political motivations of China and Russia towards the MENA region in historical perspective are analyzed with the theories of global hegemony. The basis of the political motivations of China and Russia on the region, their similarities and contrasts have been one of the main research motivations of the study. In the second part of this research, the general economic structure of the Middle East and North African countries and the integration of these countries to globalization were evaluated. It has been researched what the rentier state theory is and what consequences it has for the countries mentioned; The measures to be taken in order to ensure the economic diversification of these countries in the future are discussed. The effect of Foreign Direct Investments on international trade and import and export rates of countries in MENA countries, which is the main subject of the research, has been tested by empirical analysis. While the Dynamic Panel Data model is preferred as the empirical method; Data from 11 countries in the 2011-2021 time period were used as a data set. While making the empirical analysis, the dependent variables are taken as import and export figures; The independent variable is foreign direct investment data.

Keywords: Rentier State Theory, MENA Countries, FDI, Global Trade, Russia, China.

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LIST OF ABBREVIATION

FDI- Foreign Direct Investments

MENA- Middle East and North Africa

GCC- Gulf Cooperation Council

GDP- Gross Domestic Product

BRI- Belt and Road Initiative

EU- European Union

USA- United States of America

PRC- People's Republic of China

IRI- Islamic Republic of Iran

RF- Russia Federation

SAR- Syria Arab Republic

UAE- United Arab Emirates

UN- United Nations

OPEC- Organization of the Petroleum Exporting Countries

IMF- International Monet Fund

BEV- Bahrain Economic Vision

WTO- World Trade Organizations

TNC- Transnational Companies

OIC- Organization of Islamic Cooperation

FCR- Friendly Cooperative Relations

PPP- Private-Public Partnership

CIC- China Investments Company

PIF- Public Investment Fund

LAS- The League of Arab States

CPECC- China Petroleum Engineering and Construction Corporation

ACF- Arab Chemical Fertilizer Company LTD.

PIA- Public Investment Authority

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1. GENERAL FRAMEWORK

Investments are the capital for the purpose of obtaining a profit or other beneficial effect. Investing (material, spiritual, monetary, mental) in some object, which after a certain period of time will give the expected income (and not necessarily in material terms). It is impossible to get something in the future if something is not done in the present.

Investing is the funds in various material, as well as intangible assets for the sake of their increase. Investment activity is a set of practical actions for the implementation of investments.

An investor (subject of investment) is a natural or legal person who makes financial investments. An investor can invest his or borrowed (or other) funds in investment projects in order to generate income. At the same time, it is desirable that income exceed inflation and allow not only to maintain the purchasing power of funds, but also to increase them. An investor can be individuals (people), legal entities (companies), government agencies or entire countries, as well as representatives of other states.

Investing is the process of investing capital in securities and other financial instruments in order to generate income in the future and carries a certain risk associated with the issuance, circulation and redemption of the relevant investment products. Therefore, the optimal option for investing financial resources involves the best combination of the possibility of obtaining maximum income and the complete absence of risks or their minimum presence. The main objectives of investing are saving money for any serious monetary manipulations in the future, increasing the income received and accumulating financial resources. Understanding the goals and objectives of investing, a potential investor should choose the most suitable type and type of investment for himself.

One of the existing types of capital investment is direct investment. They involve the direct participation of the investor in the selection of the investment object and investment. In this case, the investor is involved in all processes associated with the creation of an enterprise and the production of final products. Another type of investment is indirect investment, usually through various intermediaries.

Portfolio investment is the investment of funds in shares and other securities of an enterprise, with the aim of obtaining subsequent income. Real investments are usually presented in the form of various kinds of investments in the development, improvement of any already existing enterprises.

Stocks are one of the main types of private investment, the purpose of which is the distribution of savings, aimed at increasing and accumulating funds. In other words, investments in stocks involve the purchase of financial instruments for the purpose of making a profit. A security is a document of the established form and with mandatory details, certifying property rights, the exercise or transfer of which is possible only upon its presentation. Stocks include: shares, bonds, promissory notes, checks, deposit and savings certificates, bills of lading and other documents that are classified as securities by securities laws or in the manner prescribed by them (Shor, 2017).

Three types are distinguished depending on the values in operation investments:

- Real,
- Financial,
- Intellectual.

Real investments include investments in tangible assets (material capital: buildings, equipment, inventories, etc.) and intangible assets (patents, licenses, "know-how", etc.).

Financial investments are investments in valuable securities (shares, bills, bonds, etc.), targeted bank deposits, deposits, etc.

Intellectual investment is investment in creative the potential of society, objects of intellectual property arising from copyright, invention and patent law (Lyakin, 2015).

According to the forms of ownership of the investor, joint, foreign, public and private investments. Joint investments are the investments of funds carried out by the subjects of a given country and foreign states in order to obtain a certain income. It should be noted that joint (mixed) investments can be carried out not only with foreign states on the terms of joint activities, but this subtype of investments can be considered as a concession - a public-private partnership, i.e. with the involvement national public investment and private Russian investors.

Foreign investment is the investment of capital by foreign investors in objects of entrepreneurial and other types of activity in order to make a profit⁶. In this case, investments of international monetary and financial organizations, carried out, for example, by the World Bank, International Monetary Funds (IMF), IFC, EBRD and other organizations with a similar status.

Public investments are carried out by public authorities and management at the expense of budget funds, outside budgetary funds and borrowed funds, as well as in the form of securities.

Private investment is investment made by individuals or legal entities in order to generate income in the future.

All investments for up to one year are classified as short-term investments (short-term deposits, purchase of short-term savings certificates, etc.), over a year and up to three years - as medium-term, and investments over three years are classified as long-term investments. Long-term investments used for capital investments and the creation, expansion, and acquisition of non-current non-current assets (more than one year) that are not held for sale. When accounting for an enterprise, a division into short-term and long-term investments is used (Yuzyovich, 2018).

Factors affecting investment

The investment potential of an enterprise as an investment object is a set of strategic prerequisites and factors for its sustainable development, including through attracting third-party investments.

In the conditions of modern development, the process of formation and development of the investment potential of the subject of economic relations, as well as the level of effectiveness

of its management, are determined by many factors. The problem of identifying these factors is multifaceted. The grouping of factors by origin and level of development is divided into:

1. Factors of economic development (internal) - the volume and growth rates of production, the structure of production costs, profitability, tax burden, balance of payments, investment activity.
2. Factors of socio-economic development (external) - the level of development of infrastructure, non-productive sphere and the dynamics of the sources of its content, employment of the population and labor reserves in the enterprise located area. External factors, in turn, are divided into factors macroeconomic and microeconomic. Macroeconomic factors include: the state of the country's investment sphere, state economic policy, availability of the results of scientific and technological progress, geographical conditions and socio-demographic factors. Microeconomic factors, in turn, include: the state of the industry, competitive environment, market position of the enterprise, availability of external sources of financing, degree of development of market infrastructure in the region, quality of labor resources.

Grouping factors according to the nature of the impact and sustainability of this impact on the elements of the investment potential of the enterprise allows us to divide them into objective and subjective.

1. Objective factors determine the place of the enterprise in the national economic system and are characterized by the following conditions: the location of the enterprise; type of development and level of development of the industrial infrastructure of the area; her level of development and features of the economy; as well as the intellectual potential of the territory.
2. Subjective factors represent a purposeful activity of management organizations, as well as authorities of the territory where the enterprise is located, for the development of its investment potential.

In accordance with the degree of exposure of the elements of the investment potential of the enterprise to changes under the influence of factors that determine its development, the latter can be classified according to the strength of influence. Based on this approach, the following groups of factors for the development of investment potential can be distinguished:

- 1) Factors of general influence. They are such as the location of the enterprise, which determines the possibility of access to major markets, transport routes and resources, climatic conditions for doing business, which determine the structure and volume production costs;
- 2) Factors influencing the development of the private potentials of the enterprise. And these factors can be subdivided according to the speed of their impact on the elements of the investment potential (Vasilevskiy, 2018).

Thus, if we use the factors influencing the development of individual components of the investment potential, you can change its total value. Consequently, the investment strategy of an enterprise should be based on the use of factors that influence the private potentials of

an enterprise and the involvement of regional and municipal authorities in the process of developing their own investment potential.

The application of the proposed factors affecting the state of investment potential in real management practice will solve the problem of its formation and effective use, which is the most important condition for attracting investment resources by an enterprise and ensuring its progressive development (Tsirkova, 2005).

Global Trade

At the present stage of human development, a new model of the world economy is emerging - a system of multidimensional economic interdependencies and interactions, based on a complex combination of mechanisms of competition, cooperation and partnership at the macro and micro levels, the interweaving of the emerging global market and remaining national and local markets.

According to international definitions, in particular in the UN, WTO, OECD, international trade is a cross-border exchange of goods and services, the totality of foreign trade of all countries of the world. At the same time, the value of exports of goods is given in F.O.B. prices, and imports - C.I.F. International statistics are also built on this terminological base, the data of which, depending on the source, may differ slightly from each other. The basis of international trade is the international division of labor, which is manifested in the specialization of individual countries, national sectors of the economy and enterprises in the production for the global market. There are a number of indicators characterizing the country's participation in the international division of labor, the most important of which is the "export quota", i.e. the ratio of the value of a country's exports to the value of that country's GDP.

Today, the theory and practice of international trade liberalization, including within the framework of the World Trade Organization (WTO), needs serious adjustment, a differentiated approach with greater attention to the countries in developing and economies in changeover.

Global trade consists of two opposed flows of exports and imports, and is identified by a buying and selling balance and sales.

Export - the sale of things for its export abroad.

Import - the purchase of things for its import from abroad.

The trade balance is the contrast between the worth of exports and imports.

Trade gross revenue - the volume of the value of trade internationally and buying from abroad (Zakharova, 2009).

It is profitable for countries to export. So, in 1950-1990. GDP production in the world increased 5 times (in constant prices), and commodity exports - 11 times. With the expansion of the manufacturing industry during this period by 8 times, its exports increased by 20 times. Over the last decade of the past century, with GDP growing by 1/4, world exports of goods more than doubled. As a result, the foreign trade quota, i.e. dependence of the economies of all countries on foreign trade, calculated as the ratio of the value of foreign trade turnover to the value of GDP in the world, for 1990–2000 increased from 32 to 40%.

Consider some important features of world trade:

1. International trade acts as a substitute for international resource mobility - if human and material resources cannot move freely between countries, then the movement of goods and services effectively fills this gap.
2. Each country has its own currency, and this must be taken into account when conducting export-import operations.
3. International trade is subject to strong political interference and control.

We list the main incentives for export:

1. Use of excess capacity.
2. Reducing the unit cost of production.
3. Increasing profitability through an increase in margins (the ability, under certain conditions, to sell your products with greater profit abroad than within the country).
4. Distribution of sales risk.

The main incentives for imports are:

1. Cheaper supplies of goods or raw materials.
2. Expansion of the range.
3. Reducing the risk of interruption in the supply of goods.

You can also highlight some of the obstacles to foreign trade:

- Lack of knowledge about available opportunities,
- Lack of information about the mechanics of trading;
- Fear of risk;
- Trade restrictions.

The structure of world trade reflects the shifts taking place in the economies of the participating countries and in the process of globalization of economic life. The leading place in world exports is occupied by manufacturing products, whose share in 2000 reached 75% (70% in 1990). Of this, machinery, equipment and means of transport account for about 40% (36% a decade ago), among which the most dynamic item is office and telecommunications equipment - more than 13% (9%), while trade in automotive products has stabilized at 9%. The next most important commodity item is mining products - 12% (14%), in which the main place is occupied by fuel. The importance of agricultural products continues to decrease - to less than 9% (12%), as well as textiles and clothing - 5% (6%).

Since the beginning of the 20th century, two "floors" have emerged in the structure of the world commodity market - the market for basic goods (fuel, minerals, agricultural products, timber) and the market for finished products. The first type of goods was produced by developing and former socialist countries specializing in the export of resource- and labor-intensive goods. Of the 132 developing countries, 15 specialize in the export of oil, 43 in the

export of mineral and agricultural raw materials. The goods of the second "floor" are the prerogative of the industrialized countries.

Modern international trade is a broad multi-tiered system. The lower floor - the market for basic goods - forms the products of agriculture and the mining industry. Medium - semi-finished products and labor-intensive finished products, i.e. products of low and medium technologies (ferrous metallurgy, building materials, textiles and other products of light industry). Medium-tech goods include machine tools, means of transport, products of basic chemistry, rubber and plastic products, and woodworking products.

The most dynamic sector of international trade in recent years is the exchange of goods of "high technology" or knowledge-intensive industries and non-material industries. It is the market for high-tech products that today is decisively shaped by office and telecommunications equipment, electronics, electrical equipment, precision measuring instruments, aerospace engineering, complex medical equipment and pharmaceuticals.

The main trading powers are, as before, economically highly developed countries, primarily the USA, Germany, Japan, France and Great Britain.

Maintaining the leadership of developed countries in international trade is ensured primarily through the export of high-tech products and related services. They account for almost 3/4 of the world export of these products, which in value terms is more than 1 trillion USD (Zakharova, 2009).

Impact of Global Trade on FDI

In modern conditions, factors such as scientific and technological progress, the liberalization of trade and foreign direct investment (FDI) regimes, as well as the development of international production and the spread of global production networks (GPNs) of transnational corporations (TNCs), contribute to the growth of mutual influence and interdependence of FDI and international trade, which necessitates a detailed study of the patterns of the relationship between these processes, the understanding of which will contribute to the formation of an integrated approach to the national policy of attracting FDI and foreign trade policy, the emergence of a synergistic effect and the growth of positive effects of FDI.

The nature of the relationship between FDI and foreign trade determines the impact of FDI on the development of exports and imports of goods and services of the host country. The available studies of the foreign trade effects of FDI are fragmented and do not allow forming a general picture of the impact of FDI on foreign trade, taking into account both positive and negative direct and indirect effects in different time periods. In addition, there is no clear definition of the very concept of foreign trade effects of FDI. In this regard, the author's definition of this category is proposed. Foreign trade effects of FDI are quantitative or qualitative changes in the country's export-import operations, caused directly or indirectly by the activities of companies with the participation of FDI (Shalupayeva, 2018).

By classifying the foreign trade effects of FDI in the recipient country, the latter are systematized as follows.

1. by type of impact: quantitative and qualitative effects. Quantitative effects include changes directly in the volume of exports and imports of the country in both the short and

long term. From the standpoint of the impact of FDI on the trade balance of the recipient country, the possible qualitative effects are classified as follows:

a) positive: diversification of export products; diversification of sales markets; improving the quality of export products; improving the quality of raw materials used; improving the country's terms of trade through favorable transfer pricing of TNCs; replacement of imports of finished products with imports of raw materials and components; increasing the level of manufacturability of export products and increasing the share of high-tech products in exports; expansion of the number of domestic firms that can compete in the international market due to the external effects of FDI; an increase in exports of the share of products that are in growing demand on the world market;

b) negative: displacement of national export-oriented industries; displacement of national import-substituting industries; conversion of national export-oriented enterprises to the production of goods with lower added value; deterioration of the country's terms of trade as a result of unfavorable transfer pricing by TNCs; establishing control of large TNCs over the economy of the host country, including the structure and geographical direction of exports and imports of goods and services; conservation of the specialization of developing countries exclusively in assembly operations, characterized by a relatively small added value; growth in imports of intermediate and investment goods; growth in imports of final consumption goods due to economic growth caused by FDI inflows; an increase in the exchange rate of the national currency due to the inflow of FDI, which may negatively affect the country's trade balance .

2. According to the mechanism of influence: direct and indirect effects. Direct effects represent the direct impact of the foreign trade performance of companies with foreign investment on the exports and imports of the FDI recipient country, both quantitatively and qualitatively. The indirect foreign trade effects of FDI include:

a) Import substitution effect: effective import substitution is possible only when TNCs purchase raw materials and components from domestic firms, and therefore, when pursuing an import substitution policy, it is of particular importance to establish cooperative ties between domestic enterprises and TNCs;

b) the growth of exports of national companies due to the spread of external effects of FDI, which stimulate the integration of domestic enterprises into international trade, the growth of the competitiveness of their exports and exports of the recipient country as a whole;

c) Increase in imports of investment and intermediate goods,

d) Negative impact on the trade balance of the host country due to the growth of the national currency, which can occur in the event of a massive inflow of FDI into a small open economy;

e) Growth in the volume of imports of consumer goods due to the positive impact of FDI on the economic growth of the host country;

f) reduction in exports of national producers as a result of the substitutive role of FDI in relation to domestic export-oriented enterprises (Mexico, Argentina, countries of Eastern Europe can serve as an example) (Nechai,2006).

The main specific factors that determine the foreign trade effects of FDI:

1. Type of FDI (horizontal, vertical, export-platform or complex FDI). Horizontal FDI tends to replace foreign trade by reducing the recipient country's imports and the donor country's exports. Vertical FDI, carried out mainly within TNCs, on the contrary, contributes to the growth of international trade, increasing both exports and imports of member countries. In turn, whether FDI will be horizontal or vertical depends on many factors. Thus, the model of horizontal FDI involves investing in an environment of equal countries in terms of economic development and resource reserves; the excess of the cost of imports over investment costs; investing in large foreign markets, which reduces fixed costs (if there are economies of scale at the level of TNCs). The growing number of Regional Trade Agreements (RTAs) is facilitating the spread of export-platform FDI. From the standpoint of the development of foreign trade, the type of FDI export platform is fundamental: if export-platform FDI is focused on the home country, then it will initially lead to an increase in exports of intermediate and investment goods from it, and then to an increase in imports of finished products; if export-platform FDI is oriented to third countries, then the donor country will only face an increase in exports of intermediate and investment goods, while target markets will face an increase in imports of finished products. At the same time, the positive impact of this type of FDI on the trade balance is observed in countries that are an export platform: the initial import of intermediate goods and services and investment goods will subsequently lead to an increase in exports of finished products with higher value added, which will provide a net positive increase in the country's trade balance. As a result, export-platform FDI leads to an increase in foreign trade of both the donor country, the recipient country, and the countries to which products manufactured in foreign affiliates will be exported. At the same time, there will be a clear deterioration in the trade balance in the latter due to an increase in imports of finished products. Integrated FDI will increase the foreign trade of all participating countries by creating intra-company trade in intermediate products within TNCs.

2. Sector of the economy in which FDI is carried out. In the manufacturing industry, traditionally, the export of goods as a form of firm entry into the foreign market precedes FDI.

In the primary sector, the impact of FDI on foreign trade of the host country depends on whether the recipient country has the production capabilities necessary to organize production:

- a) If the recipient country has the necessary production capabilities, which, as a rule, occurs in the agricultural sectors, sometimes in the oil industry, then initially there is an export of products from the country of production, as a rule, to developed countries;
- b) If the recipient country does not have the necessary production capabilities, which usually occurs in the extractive industries characterized by high capital intensity, then FDI unambiguously leads to an increase in the foreign trade of the recipient country, increasing both the export of finished products from it, which replaces export from the investor country and imports of investment goods.

The impact of FDI on foreign trade of the recipient country in the service sector depends primarily on whether the service is tradable or not:

- a) Impact on imports;
- b) Impact on exports.

As a rule, the indirect impact is much greater than the direct one, since in the service sector the effect of learning, the spread of technology from foreign companies to local ones is much higher than in other industries.

3. Motivation of TNCs. In the article, the motives for the implementation of FDI are identified in accordance with the provisions of the eclectic paradigm of J. Dunning: resource-oriented, market-oriented, efficiency-oriented and strategically oriented FDI.

4. Degree of integration of national companies and foreign affiliates into the value chains of TNCs.

5. Market size of the FDI recipient country. The more capacious is the domestic market of the country attracting FDI, the more likely it is that it will receive import-substituting FDI focused on meeting domestic demand.

6. Trade policy of the host country. On the one hand, a protectionist foreign trade policy can become one of the most important incentives for the inflow of FDI oriented towards the domestic market, seeking to circumvent barriers to foreign trade.

7. Industrial development strategy prevailing in the recipient country.

- 1) FDI restriction policy;
- 2) The policy of protectionism in foreign trade.
- 3) The lower efficiency of import-substituting FDI themselves compared to export-oriented ones;

- FDI is not the best tool for implementing the import substitution policy: as world experience shows, FDI, on the contrary, tends to cause a rapid increase in imports;

- The capacity of the domestic market in most countries limits the scale of production of foreign companies, which reduces their economic efficiency;

- import-substituting industrialization often leads to the creation of inefficient industries that are unable to compete in world markets, which in the long term leads to the stagnation of innovative and scientific and technological development and a decrease in the competitiveness of host countries;

- High trade barriers attract FDI, which are initially uncompetitive in the world market and for which the protectionist measures of the host country are a guarantee of survival in the market;

- the policy of trade protectionism negatively affects the development of industries that depend on foreign technologies, raw materials and components, since TNCs are forced to use local technologies and resources, which minimizes the external effects of FDI;

- Market-oriented large TNCs often have significant monopoly power in the market of the recipient country; trade liberalization limits the scope for FDI to generate rental income;

- Import substitution is often accompanied by tariff escalation, which stimulates the development of assembly plants and does not contribute to the creation of high value-added industries through FDI;

- if the import-substituting development strategy is unreasonably applied to industries in which the country does not have a comparative advantage, especially if these industries produce intermediate products used in export-oriented industries, then this leads to a reduction in the country's gain from international trade.

8. FDI stock. Existing empirical studies show that the positive effect of attracted FDI on the foreign trade of the recipient country increases with the accumulation of FDI.

9. Level of economic development of the FDI recipient country.

a) There is a relationship between the level of economic development of the country and its economic policy,

b) Foreign trade effects of FDI depend on the volume of accumulated FDI in the recipient country;

c) The types of FDI that a country can attract and, consequently, their foreign trade effects depend on its socio-economic characteristics, which, in turn, are largely determined by the level of its economic development;

d) Rapidly developing economies are most attractive for TNCs, which is due to an increase in the share of the manufacturing industry, the service sector, increased investment in R&D, domestic demand and consumer income, as well as more successful use of the benefits of globalization through integration into existing and creating their own GVCs (Shalupayeva, 2018).

The study of the mechanism of the relationship between FDI and international trade led to the following conclusions:

1) In modern conditions, in most cases, international trade and FDI complement and enhance each other;

2) FDI and trade have become more interconnected as a result of the growth of efficiency-oriented FDI and the spread of the international production strategy of TNCs;

3) the activities of TNCs contribute to a change in the type of international division of labor, the spread of a single international division of labor, primarily through the development of international value chains and the fragmentation of production within TNCs;

4) FDI contributes to a more effective integration of national markets into the world economy, into the international division of labor, than international trade itself. With the ubiquity of GVCs, more developing and transition economies are able to use FDI to produce and export more technologically sophisticated products and services, specializing in certain technological processes in the TNC production chain;

5) trade-oriented FDI can be a factor in the innovative development of the economy, labor productivity growth and sustainable economic growth to a greater extent than non-trade-oriented FDI;

6) Free trade policy promotes the trans nationalization of capital. International trade liberalization contributes to the growth of complementarity between international trade and FDI, as it stimulates the formation of international production systems of TNCs and export-oriented FDI.

FDI is often considered a vital source of development for the modern economy and even one of the main goals in the world in which we live. Because of the importance of FDI in the economic development of a country, especially one that is on the path of development, governments are trying to implement strategies to increase capital flows abroad in their economic engine as an economic recovery measure.

Among the most important aspects of the globalization of the last three decades is the impressive growth of FDI. Indeed, since the 1980s, barriers to foreign investment have been gradually eroded to give way to open, globalized markets. Today, governments around the world compete with each other in an effort to attract a greater share of investment from international companies. Along with the increase in FDI flows, there is a change in their structure: more and more often, the sources and destinations of these flows are regions, whose participation in FDI was minimal a few years ago. Until recently, FDI flows from advanced economies have been the main focus of interest, but in recent years the role of developing countries has grown significantly. Behind this new phenomenon are Brazil, Russia, India and China, as well as a group of emerging markets including Malaysia and South Africa, with the South emerging as an important FDI origin and destination. In the context of this new geography of FDI flows, this paper aims to highlight the main features and impact of FDI in the MENA region.

The economies of the MENA countries are very diverse, but three main groups can be distinguished among them: oil exporters [the six countries of the Cooperation Council for the Arab States of the Gulf (GCC) and Libya], developing oil countries (Algeria, Iran, Iraq, Syria and Yemen) and oil-importing countries (Egypt, Morocco, Tunisia, Jordan and Lebanon). To understand the role of FDI in each of them, it is necessary to understand how each of these countries is connected with oil.

In the first part of this research, firstly, China's economic policy for MENA countries will be evaluated. The economic dimensions of this support, its historical perspective, and its motivations for the future will be examined. It should not be forgotten that the reason why China is so close to MENA countries is the role of the historical Silk Road in these investments. Of course, it is necessary to examine Turkey's approaches in this regard. Examining the investments made in the sector will help us to generate an idea about what kind of results they can create for the future.

It should be said that Russia's investments in MENA countries are different from China's perspective on the region. While China's investments in this region are generally only for economic purposes, Russia's interest in the region includes not only economic but also highly political purposes. Throughout history, Russia has kept the Middle East close to show the world its power. However, although this does not only include military-political purposes, it has recently strengthened it with its strong economic and commercial relations. We can see this more clearly with the data presented by the World Bank below.

In the other chapter, the general economic structure of MENA countries and how foreign investments affect foreign trade are examined. The response of imports and exports to foreign investment in MENA countries was measured by econometric models. Under the same title, the integration of the economy of these countries into the Global economy has been evaluated. As we know, the general indicator of the economy of countries is GDP ratios. It has been investigated how the investments made in these countries affect the GDP ratios of the countries in the globalization process and whether other factors have an effect on this process. As we know, long-term investments are more necessary than investments that will have a short-term impact on developing countries. Considering the social-economic situation of the country, these investments will increase the welfare level of the country and will have a great effect on solving problems such as unemployment. If the subject is countries that are rich with their natural wealth, of course, it is necessary to mention the rentier state theory. MENA countries support their economies by exporting most of their income or their natural wealth. Examples and explanations suitable for the rentier state theory will be given in more detail below. In the empirical analysis part of the study, the effect of FDI on the import and export of MENA countries and its connection with foreign trade will be analyzed.

In the last chapter, we will discuss what results we have reached, the effects of these results on the economy, and what possibilities they will have for the future, in the light of all the information we have researched and obtained.

CHAPTER 2. THE POLITICAL ECONOMY OF THE CHINESE AND RUSSIAN INVESTMENTS IN MENA

2.1. Introduction

Strengthening the proceedings of globalization and internationalization of profitable life at the ongoing stage of progression of the world economy leads to extremist changeover of the substance of the whole system of trade and economic dealings, to the emergence of their qualitatively makeshift characteristics and features:

- Development and deepening of bilateral cooperation between countries takes place in the ever-expanding multi-level and international economic cooperation/ Expanding the scale of conventional international trade in goods and services, changing its territorial and sectorial structure/ Change in the position and role of countries - investors and recipients of capital in global investment flows/ Scientific and technical cooperation is activated in new fundamental areas of knowledge and its applied nature is enhanced, the commercialization of technologies and research results is accelerated/ Qualitatively new structural elements appear as the basic components of the processes of formation of the global economic system as a result of the intensification of integration processes at the level of industries, countries and regions.

The above specific features must be taken into account when forming the modern system of Russian-Chinese economic relations and choosing the mechanisms for its functioning in various spheres and industries, both at the intergovernmental and interregional levels, and at the level of individual business structures.

The studies led to the conclusion that the main assumptions and factors influencing the formation of effective bilateral economic cooperation aimed at achieving the maximum synergistic effect in order to implement the geo-economic approach include the following:

- Political conflicts and economic disputes/ The presence of a legal framework that legally formalizes the boundaries, framework and forms of mutual cooperation/ The presence of a level-species differentiation of the potentials of countries (fuel and raw materials, labor, financial, etc.) as a prerequisite for expanding the spheres of complementarity of economies/ The scale and dynamics of bilateral trade, the level of diversification of its assortment and species structure/ The scale and dynamics of investment cooperation, types of investments and forms of capital investment, its regional and sectorial structure/ The degree of attractiveness of the business environment in both countries.

In addition to the information given above, Russia and China were analyzed separately in this study. First of all, China's investments in MENA countries and its economic-political evaluation were made. We gathered the data by systematizing the results of the American Enterprise Institute's China Global Investment Tracker to clarify which countries and sectors China made these investments in and to investigate the results. In these data, with which countries China trades more in the MENA region and the volume of this trade in dollars has been fully evaluated. Not only that, but also the sectors in which these investments are made are explained with graphics.

In the light of these data, what perspective China has for this region and certain countries for the future has been researched and a summary has been made considering its motivations for the future. Particular attention should be paid to the reason for China's interest in this region. For this reason, it has been the right way to show the Historical Silk Road and China's 1 road 1 belt project and collect information about it. It is not possible to say the opposite that the

Republic of Türkiye also had an effect on the Silk Road. Therefore, in this section, Türkiye's position on this issue has been examined.

In the second part, the analysis was made within Russia, just like the analysis made for China. At the end of the general economic-political evaluation, graphs showing which countries and the volume of these investments in Russia by region-region were designed. Unfortunately, it should be noted that in the data given by the Central Bank of Russia by years, the data of the countries that we know as the closest trading partners are not included. Russia's influence on MENA countries, its plans for the future, and its motivations are outlined in more detail in the title below.

2.2. The Political Economy of the Chinese Investments in MENA

The desire to develop China's cooperation with the countries of the Middle East is due to the strategic course of the country, determined at the XVIII Congress of the Communist Party of China, which set the task of building a strong and stable state in China by 2049 (Nemkevich, 2021).

Since 1978, the Chinese State has made many attempts to strengthen their economy. Thanks to these strategies, China has the world second biggest economy today. As a country, it is chosen not only by the population density, but also by the centers of excess production (Aydın, 2019).

To summarize the relationship between the Middle East and China, the closest time between these two regions can be shown after the September 11 incident. At this time USA and Europe introduced visa restrictions for Middle Eastern citizens, but during this period China relaxed its Visa policy and according to Arab citizens this felt fine and safe. Evaluating this crisis, China overcame all the difficulties in time and managed to become the world's biggest exporter (Dedecan, 2020).

For China, interests in the Middle East have their own specifics, which can manifest themselves in the following key goals:

- Formation of transport corridors for the sale of products and services to the countries of the Middle East, Europe and Africa;
- Formation of a stable supply of energy resources and diversification of their supplies;
- The conquest of new markets for national enterprises (Nemkevich, 2021).

By examining the Chinese investments in the Middle East region-by-region, we can see the economic and political relations between these two regions in more detail.

2.2.1. Chinese Investments by Region

SYRIA

Syria (Syrian Arab Republic, SAR) occupies a special place among the Middle Eastern partners of the PRC. Cooperation with this country has become an indispensable "support" for solving a wide range of strategic tasks facing China in this region.

However, over the past 20 years, relations between the two countries have undergone a significant evolution and, on the whole, have adapted to changes both in the region itself and in the global situation as a whole. An important result of this was the transformation of China

into the main trade and economic partner of Syria. There are sufficient grounds to assert that he now occupies a similar position in the sphere of bilateral political relations.

In recent years, China-Syrian cooperation has shown steady growth in many areas, including: energy, transport, information technology, telecommunications, trade, cultural ties, etc.

The volume of two-way trade in 2011 reached 3 billion dollars, having increased by almost 10 times compared to 2002. The growth of trade is provided mainly by Chinese supplies. The Syrian domestic market is filled with Chinese goods, which have become an important part of the Syrian population's consumer basket. A large number of private Chinese firms operate in Syria, which, along with the conduct of commercial operations, are involved in the development of trade infrastructure.

In view of this, China obviously pursues three main goals in the Syrian direction: to prevent attempts by foreign military intervention in the development of the internal political process in the SAR, to prevent a civil war in Syria, and, if possible, to maintain the current political regime in the SAR (or one of its options that could be formed by Syrians without the direct participation of the West) (Antipov, 2012).

In addition, it should be said that when looking at Chinese investments in Syria, unfortunately, data after 2010 were not found. Therefore, the table below presents the data for the years 2005-2010.

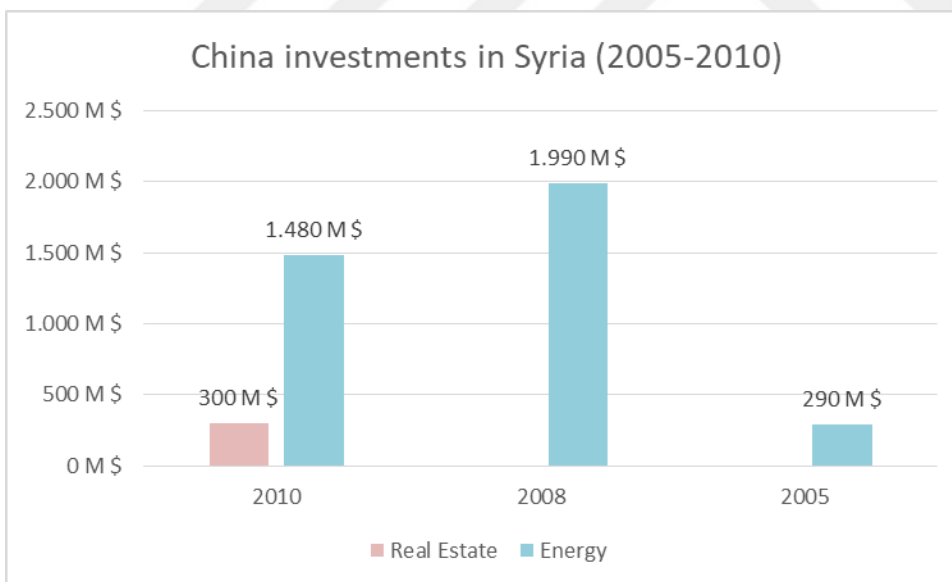


Figure 1. China Global Investment Tracker

BAHRAIN

Bahrain has a greater geostrategic value for China's New Silk Road initiative than other GCC states. First, the kingdom is the gateway to the Persian Gulf and one of the Arabian monarchies located along the NSR route, which provides Bahrain with the opportunity to serve as a transport hub for the entire region. The island nation is surrounded by a number of major oil fields in the Middle East and occupies an important place among the shipping

lines of the Persian Gulf, which represent the main route for accessing the vast majority of the region's crude oil destined for Western countries to the open ocean. In other words, Bahrain is located at a strategic crossroads, which is an important link for trade, economic cooperation, investment, scientific, technological and cultural exchange between the Arab states and China, and more broadly between Asia, Africa and Europe. Second, Bahrain benefits from its geographic location at the crossroads of African, Asian and European markets, as well as the GCC markets, whose trade volume is estimated at \$2.2 trillion.

The Kingdom has already become the largest trading partner of the countries that are members of the Cooperation Council for the Arab States of the Persian Gulf, the turnover of bilateral trade with which exceeds \$260 billion a year. It is predicted that it will reach \$350 billion in the current decade. Thirdly, Bahrain, dubbed "the Pearl of the Gulf", is an important port on the so-called ancient maritime silk road. Fourthly, the Kingdom, according to the Top-ranking business environment in the Middle East, is one of the most modern and dynamic countries in the Middle East. In *Doing Business 2020*, Bahrain ranked highest among the Gulf states in terms of the quality of reforming the economic regulation system, as well as foreign economic activity. The cost of doing business in the kingdom is relatively low, which is a significant incentive for Chinese and other foreign investors looking to gain a competitive edge as well as access to large regional markets.

In addition, Bahrain plays the role of one of the leading financial centers in the Middle East for both conventional and Islamic banking. Most of the world's largest banks operate in the kingdom, from which China can do business throughout MENA region and certainly the rest of the world. Thus, Bahrain is a regional banking hub due to its strategic location, highly skilled workforce, advanced communications and communication facilities, as well as a stable system of economic regulation and a reliable Central Bank. As for the support of One Belt, One Road Initiative projects, the financial institutions of the kingdom are geographically advantageously located and are able to work with such important structures for the implementation of the Chinese initiative as the the New Development Bank, Asian Infrastructure Investment Bank, the New Silk Road Fund.

The National Roadmap for the Kingdom's Government Strategy 2030, dubbed "Bahrain Economic Vision 2030" (hereinafter: BEV 2030), aims to promote the diversification of the Bahraini economy by strengthening the private sector, accelerating its growth, and expanding public investment in infrastructure , affordable housing and human capital. The Kingdom aims to attract foreign investment to achieve the BEV 2030 targets in the following five sectors: light industry, financial services, tourism, digital technologies and logistics.

The ultimate goal of the national plan is to at least double the disposable income of every household in the country in real terms by 2030.

The so-called friendly cooperative relations (hereinafter: FCR), established between Bahrain and China in the 2010s, involve the unification of the efforts of both countries to implement two strategies: BRI and BEV 2030. Strengthening the relationship is considered one of the important ways integration of BEV 2030 as one of the components of the BRI, therefore, the kingdom attaches great importance to optimizing its infrastructure links with other member states of the Chinese initiative. As a result, this could provide a joint contribution of Bahrain and China to the development of international transport sea and land routes and the creation of an infrastructure network system that could connect all regions of Asia with each other,

as well as with certain geographical points in Africa and Europe. The strategic position in the center of the Persian Gulf provides Bahrain with quick and cost-effective access to any Middle East market. The kingdom's port, the Khalifa Bin Salman Port (hereinafter: KBSP), has markedly strengthened the country's role as a major supplier of goods to Saudi Arabia, whose market is the largest in the region. The location of the port in the middle of the Gulf, together with its deep-water berths, allows it to receive the largest ocean and container ships, and direct land routes connect the port with Saudi Arabia and Qatar. All of this combined makes KBSP a major regional distribution center.

In addition, a 25 km long road (King Fahd Causeway) connects Bahrain with Saudi Arabia, which is under expansion, which will increase its traffic. A 45 km highway also connects the kingdom with Qatar, and it is also planned to increase its capacity. Bahrain International Airport is undergoing work under an expansion and modernization program that is expected to enhance the country's status as a tourism and logistics hub.

An important part of Bahrain's FCR with China is efforts to lower barriers to free trade, investment, industrial cooperation, and technical and engineering services in order to facilitate the integration of BEV 2030 into BRI. Necessary measures should be taken by both countries, which include the creation and development of free trade zones, improving the structure of bilateral trade, finding new potential areas for trade exchange and improving the trade balance, developing initiatives to promote traditional forms of trade. In terms of investment cooperation, the Bahrain-China Joint Investment Forum (BCJIF) was formed in the early 2010s to stimulate the development of economic ties between the two countries, and eighteen Chinese commercial agencies, including the Bank of China (Central Bank of China) started operations in Bahrain. According to the China Global Investment Tracker, the total value of Chinese investments and construction contracts in the kingdom in 2019 was \$1.4 billion.

Bahrain has also managed to attract investment to the country from such large Chinese companies as Huawei Technologies, CPIC Abahsain Fiberglass, China Machinery Engineering Corporation, China International Marine Containers Company (CIMC). For example, Huawei builds and upgrades the SG mobile system in the kingdom. According to China Customs Statistics (export-import), trade between Bahrain and China has grown from \$1.3 billion in 2013 to \$1.6 billion in 2019.

Although Bahrain is not as rich in natural resources as other Arab countries in the Persian Gulf, the kingdom offers the PRC lucrative investment opportunities and access to new consumer markets for Chinese exports. Given the favorable conditions for foreign direct investment and for doing business in Bahrain, leading Chinese companies are successfully operating in this country. About 600 Chinese firms are registered in Bahrain, and the total amount of Chinese investment has grown from \$50 million in 2013 to \$400 million.

As already mentioned, Bahrain is one of the largest financial services centers in the Middle East. There are more than 400 companies and many financial institutions in the country that have official registration and work in this area. Along with this, the mature and fairly significant business system of the kingdom, combined with reliable state regulation of the economy and foreign economic relations, provides significant support to foreign investors, including Chinese ones.

In October 2019, Bahrain-based Al-Waha Fund invested in Beijing-based MSA Capital, marking the first investment in a Chinese fund. According to the Al-Waha Fund, Chinese funds invested \$250 million in the GCC countries in 2019, thus facilitating business interaction between Chinese and Bahraini entrepreneurs. In November of that year, China's MSA Capital and Al-Salam Bank Bahrain set up a \$50 million venture capital fund, using the kingdom as a hub for investing in sectors such as e-commerce and financial technology in the Middle East. It is important to note that the institution in question is the first venture capital fund established between China and the Gulf state. The Fund also plans to work in the field of Big Data, artificial intelligence, cloud computing, logistics, etc.

Another important aspect of trade and economic relations between Bahrain and China at present and in the future is cooperation in the field of tourism. The number of Chinese tourists visiting the kingdom is expected to increase markedly in the foreseeable future due to the emergence of new holiday destinations in the country and visa facilitation for visitors from China.

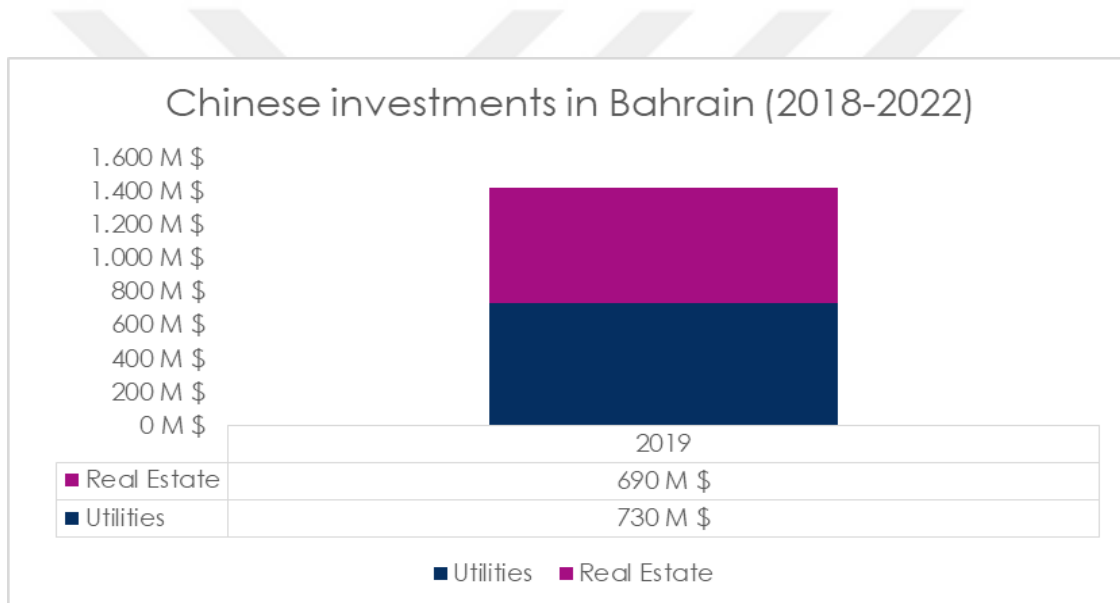


Figure 2. China Global Investment Tracker

IRAQ

With its growing population, China is the world's largest importer of oil and products, as in other sectors. At the same time, Iraq is one of the countries that China relies on to meet its ever-increasing consumption needs and to balance the growing country's economy. According to the information provided by the US Department of Energy, in 2011, China invested 12 billion dollars in the oil and gas field to meet the country's needs. The recent decrease in oil exports from Iran to China did not prevent China's oil imports from the Middle East, and this rate was recorded as 50% (Arango & Krauss, 2013).

In 2009, China won the right to develop the giant Rumaila oil field in Iraq with reserves of 17.7 billion barrels (Balashova, 2010).

As we mentioned, China's rapid integration into oil cooperation with Iraq, on the grounds of increasing population and growing economy, draws the attention of the world. It is necessary

to analyze the Southern and Northern parts of Iraq separately. China's name is not mentioned in the oil field tenders in northern Iraq. In this region, South Korean companies generally dominate. We can cite KNOC and KOGAS as examples of these companies.

In the south of Iraq, two companies operate in the gas and oil fields. One of them, CNPC, has 10 billion barrels of reserves. The other company, CNOOC, had 2.5 billion reserve barrels. It should be noted that these two companies are not involved in oil and gas tenders in the north of Iraq and gas in the south of Iraq. The reason for this is the political situation of the countries, that is, China in North Korea and the USA in South Korea are more active politically and economically. There is already competition between the USA and China, but the USA does not want to reflect this directly on the market and puts Korea against China in Iraq (Sanyürek, 2020).

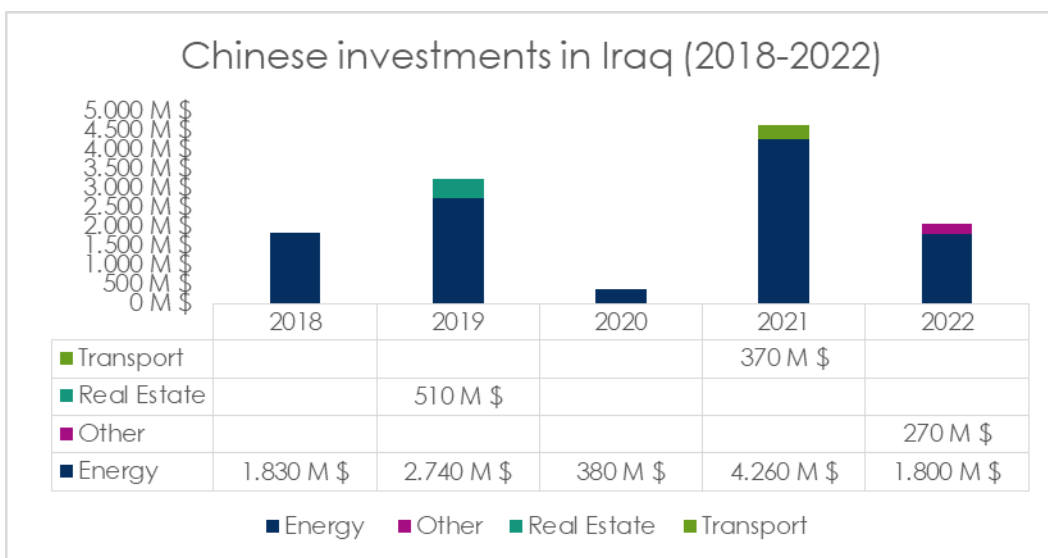


Figure 3. China Global Investment Tracker

QATAR

Qatar's trade and investment with China is vital, particularly in light-weight of the economic blockade obligatory by its neighbors. Qatar conjointly must intensify its economic cooperation and trade exchanges with varied countries, together with China, to diversify the financial set-up from being addicted to oil and gas exports and rework it into a worldwide money and trade hub. Similarly, Doha wants the technology and experience of Chinese firms with nice management and producing capabilities. Therefore, the Qatari government making an attempt to develop a strategic partnership with China ought to embrace the BRI in its national development arrange. The amir of Qatar, tribal sheik Tamim bin Hamad Al Thani, aforesaid that Qatar attaches nice importance to relations with China and guarantees to develop cooperation inside the BRI, furthermore as in areas like trade, sports and commercial enterprise. China and Doha also are connected by a network of cooperation in varied investment and infrastructure comes and alternative fields. in step with China world Investment hunter (2019), Beijing's investments and contracts in Qatar reached \$3.9 billion from 2013 to 2018. China's measures to formalize its strategic partnership with Qatar embrace seven aspects known during this article: policy coordination, communications,

trade and investment, energy and money cooperation, military ties, commercial enterprise and cultural ties. China and Qatar have an extended and deep history of cooperation supported gas, commodity and investment. With the world's second largest gas reserves, Qatar exports gas to China (Qatar's exports to China rose by over hour last year) (Chaziya, 2020).

China and Qatar in 2009 signed an agreement on cooperation in the development of oil resources in the eastern waters of Qatar and on the division of these resources.

According to the agreement, the Chinese company will be engaged in exploration in the waters of Qatar for 25 years, the amount of the agreement is \$100 million. Two million tons per year (Balashova, 2010).

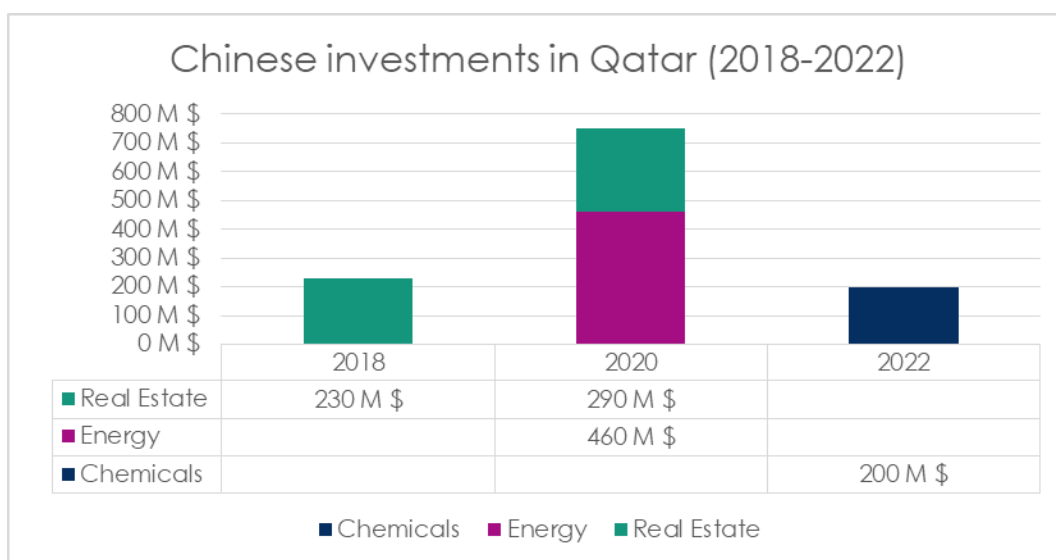


Figure 4. China Global Investment Tracker

JORDAN

A similar situation can be observed in Jordan's relations with China, as well as with Russia. For Jordan's historically developed relations with China, it can be said that the country, which is standing by foreign financial aid, aims not to be completely dependent on the West and especially not to be under the yoke of the USA. This balance policy, which is an effort to ensure its own independence between the West and the East and to achieve maximum benefit, was continued during the Arab Spring process. However, it is seen that the Jordanian regime is concerned about maintaining its existence, not getting the maximum benefit, in the relations it developed with China during the Arab Spring process, just like its relations with Russia. Therefore, it would not be wrong to state that Jordan's relations with China are close to each other, but with different concerns. While it was aimed to obtain maximum benefit with the balance policy followed in the period until the Arab Spring, in the process that started with the Arab Spring, it was aimed to ensure the maintenance of the regime, although it also included the same goal.

The beginning of diplomatic relations between two countries corresponds on 1977, which can be considered close. However, as a result of rapidly developing relations since that date,

China has managed to become Jordan's second largest trading partner after Saudi Arabia. While many countries in the region experienced instability since the 1970s, Jordan exceptionally maintained its stability and developed strong relations with China. As of 2011, the trade volume between two countries approached \$2.80 billion; moreover, this volume has increased by 35% compared to 2010. Although the size of China's exports to Jordan draws attention in the total trade volume, it can be mentioned that there is a considerable increase in Jordan's exports to China. Between 1999 and 2009, 17 grant agreements worth \$57.1 million were signed between the two countries alone. In addition, China has signed seven zero-interest loan agreements with Jordan since 1984, totaling \$70 million. Today, China is already continuing many projects in Jordan. In recent years, China, which has gained significant momentum in the global economy, has started to be more interested in Africa and the Middle East regions. The positive relations it has developed with Jordan will contribute to China's influence in the region. Thanks to the relations established between the two countries in many fields from education to culture, from health to energy, China finds room for itself through the Syrian Crisis, the Palestinian issue and other regional security problems. This situation, which gives China an advantage in the region, also overlaps with Jordan's interests. Although it cooperates closely with Western countries. Jordan sees no harm in increasing relations with politically anti-US countries on many global issues, especially Russia and China, within the scope of interests. With the awareness of China's economic potential, Jordanian authorities met with Chinese bureaucrats at every opportunity and made an effort to attract more Chinese investments to the country.

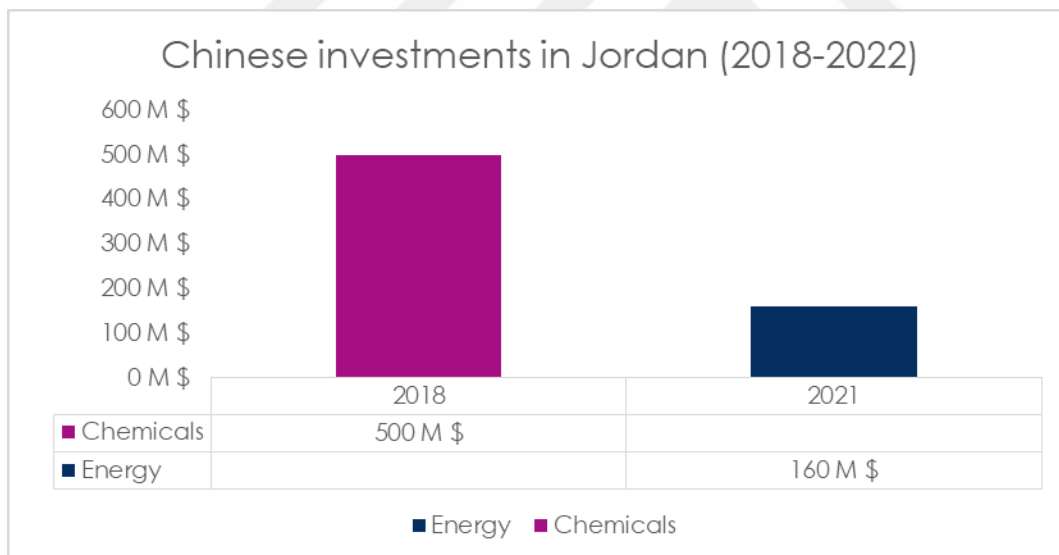


Figure 5. China Global Investment Tracker

The Arab geography, which is of great economic importance for China, is going through a chaotic period. Jordan, one of the rare countries with stability in the chaotic region, is also the gateway for China to the MENA market. For this reason, Jordan's stability and security are top priorities for China. Jordan, which has a key role in reaching a large market, needs China as a country that is 97% foreign-dependent in energy and spends 4.75 billion Jordanian Dinars annually on energy imports (Bozkurt, 2016).

ISRAIL

The character of Israeli- Chinese relations has altered over the times. In common, the initial decade of the kinship concentrated on the close connection between military joints and trades to the Israeli security diligence (beginning in the 1980s). The alternate decade was concentrated on ferocious agrarian partnership, which has been central to the conditioning of Israeli politic operations in China since the establishment of dealings in light of the decaying of the military- defense element after the Falcon and Harpy heads. This contained the joint of a number of Israeli demonstration granges in greenhouse crops, vegetable seed exploration and cultivation, and a dairy demo farm in Beijing. China has been linked as a target country for Mashav, the International Development Cooperation Agency under the Israeli Ministry of Foreign Affairs. As piece of this, hundreds of practice courses on farming, entrepreneurship, training and wellness were held in China and Israel, which were largely accelerated by the leaders of Beijing and varied businesses in China. The third and customary decade of interaction is labeled by the strengthening of economic dealings and partnership in the field of invention.

China worths and recognizes Israel as a universal technology mecca and sees it as a natural economic mate, despite big differences in population and size. China is Israel's third largest trading mate with \$9.8 billion in trade in 2017. The equilibrium is easily in China's turn \$6.5 billion of Chinese exports to Israel and around \$3.3 billion of Israeli exports to China. According to the first analysis of 2017 performance, Chinese exports stay stagnant, although the rise of the Intel product line in Kiryat Gat in the fourth quarter caused a impermanent stop in product and affected exports.

In addition, Israel is an public destination for Chinese investment. The sorts of investments vary through Israeli or Chinese chance center finances, private equity, nonpublic investors, nonpublic and authorized Chinese companies, accessions and combinations, and investments and participation in structure tenders. The Chinese State Investment Fund CIC has also made a number of investments in Israel.

ultimately, a number of Chinese companies have set up exploration and progression centrals in Israel, and the number is anticipated to raise following period (Shagrir, 2018).

The volume of investment in China is growing steadily, especially in science and technology. After China and Israel announced an innovative and comprehensive partnership in 2017, bilateral economic and trade relations have been changing day by day, and positive results have been achieved in various aspects such as trade, investment and industrial cooperation.

Chinese companies must first consider technology and industrial needs when developing their overseas investment business, which is also a key factor in gaining a competitive voice. There are usually three ways to acquire foreign high technology: the first is to buy technology patents; second, fight for a corporate technology alliance; third, mergers and acquisitions of high-tech enterprises.

Therefore, China is committed to expanding and expanding its high-tech industries through cross-border mergers and acquisitions. According to the situation in the relevant sector, the main components of the goals of Sino-Israeli M&A are TMT and the biomedical sector, with shares of 43.64% and 30.91%, respectively. Israil is so attractive to Chiness investments, because

- The Israeli government attaches great importance to technology and conducts research and development at a high level.
- Rich, high quality human resources.
- Capital and financial markets are developed and the business environment is favorable.

Also, Israel has resistance to Chinese investments so, Israel has access mechanisms for various industries, It is difficult for foreign residents to obtain land lease rights in Israel, Mismatch between supply and demand, Chinese companies are facing an acquisition premium. Direct China-Israel flights have grown from a few flights a week a few years ago to over 30 flights a week today as Chinese and Chinese companies reinvent Israel and Israeli innovation. It can be predicted that the continued warming of these superficial snatch investments will continue to clash with premium sales in Israel (Zhang, 2020).

The latter is important in the Israeli-Chinese context because Israel a major producer of intellectual property, and because China is simply not trying to change not from growth through investment to growth through innovation, but also because of the sharp increase in the number of patents in China. In addition, trade data covers only trade in goods, while trade in intellectual property will be trade in services. Trade in services data are of much lower quality than data on trade in goods, so it is useful to take into account the specifics of trade in services, including IP. The volume of the trade between Israel and China is growing steadily since the 1990s. The patent relationship between Israel and China was even more one-sided than the trade in goods. The number of Chinese patent applications and grants in Israel remained stable from 1994 to 2015, although the number of Israeli patent applications and grants in China increased. During this period, Chinese citizens filed an average of patent applications in Israel. An average of 283 applications filed by Israelis in China.

Chinese investment comes mainly to rich countries, while Chinese construction is usually carried out in developing countries, the exception is Israel. A node along the BRI highlighting China's connection to Europe, Asia, Africa and the Middle East through the high-tech sector and China's major infrastructure projects. As a result, Israel is a rare example of a country with high levels of both Chinese investment and construction.

Chinese organizations in Israel between 2007 -2018 like to the announced investments amounted to \$12.9 billion, and contracts for the construction and operation of infrastructure projects amounted to more than \$4 billion.

The agriculture and technology sector has been the main focus of Chinese investment, with about \$5.3 billion in agriculture and \$5.7 billion in technology in monetary terms. Together, these two sectors accounted for about 87% of all Chinese investment in Israel. The technology sector was by far the biggest target for Chinese investment in terms of the number of companies we looked at, with 54 of the 92 investments made in Israeli tech companies. Other sectors that received Chinese investment during this period include biomedical and pharmaceutical companies. We have also included venture capital as a separate category; Most Israeli venture capital firms funded by Chinese entities mainly invest in the technology or biomedical technology sector (Efron et. al., 2019).

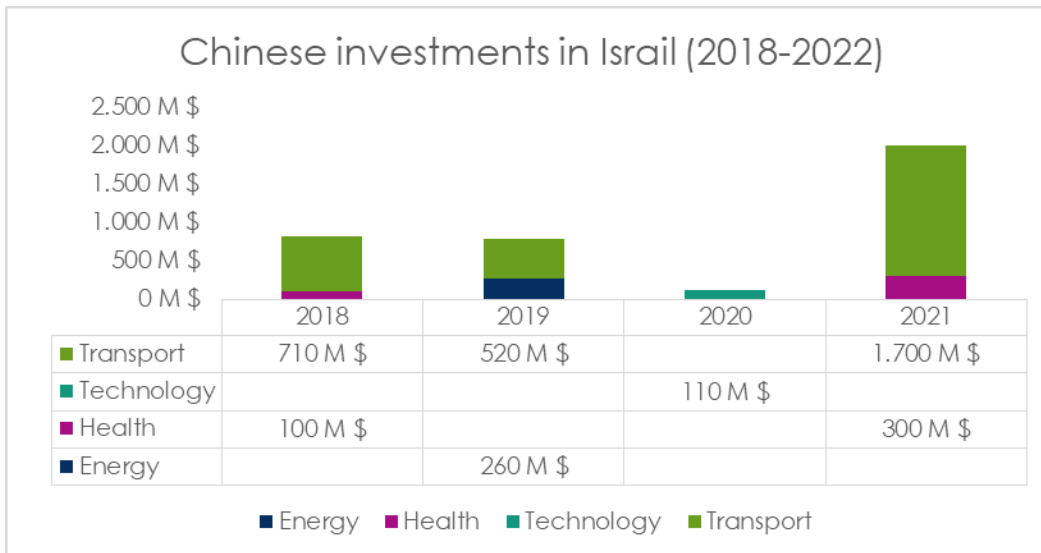


Figure 6. China Global Investment Tracker

IRAN

China-Iranian relations play an important role in shaping the political and economic climate in the Middle East and adjacent regions. In recent years, cooperation between Beijing and Tehran has received a powerful impetus to develop within the framework of Iran's integration into the Chinese global initiative One Belt, One Road, which was announced by the President of the People's Republic of China Xi Jinping in September 2013. In this regard, understanding the experience of interaction between the PRC, as the world's second economy, and Iran, acquires political and academic relevance, as one of the Middle East "heavyweights", in the context of the specifics, prospects and risks of their joint participation in the implementation of the projects of the New Silk Road. The essence of the Chinese initiative is not limited to the modernization of existing and the construction of new transport arteries between Europe and Asia. We are talking about the formation of a qualitatively new platform for global economic interaction, the creation of points of economic growth and an increase in the level of consumption in countries located along the land and sea routes of the BRI, which, in turn, will have a stimulating effect on the Chinese economy and will allow.

China to make an economic breakthrough to the West. China's integration concept is based on the principles of peaceful coexistence and mutually beneficial cooperation and is aimed at developing not only financial, economic and trade relations, but also the intensification of interaction between the countries participating in the project in the field of politics, science, culture and education in a bilateral and multilateral format interstate relations. Diplomatic relations between China and Iran were established in 1971 after Beijing's diplomatic breakthrough. On the world stage, which allowed him to get out of the matrix of bipolar confrontation and open the doors to the oil-rich Middle East.

During the Islamic Revolution of 1978-1979. China has become one of the main suppliers of weapons to Iran and was among the first to recognize the new state represented by Iran. This melted Tehran's previously certain distrust of Beijing and laid an upward trajectory in the development of bilateral relations, which were strengthened during the Iran-Iranian war

(1980-1988) as part of the large-scale military-technical assistance provided by the Celestial Empire to the Ayatollah regime. Further rapprochement between the two states was due to the events of 1989, namely, Tehran's approval, in contrast to the United States and Europe, of Beijing's actions during the mass protests on Tiananmen Square and Iran's course towards large-scale modernization and liberalization of the economy after the death of Rahbar R.M. Khomeini.

An important role in the rapprochement between Beijing and Tehran within the framework of the BRI is played by the geopolitical imperatives of both powers: the desire for peace and stability in the Middle East with its high conflict potential, Iran's bid for regional leadership, the strengthening of China's position in this part of the world as one of the new non-regional players, mutual desire to limit US influence on the global and regional arenas, etc. In addition, Iran's interest in cooperation with China is due to the desire to enlist support of one of the influential members of the UN Security Council and overcome the regime of international sanctions that limit the country's access to foreign investments and technologies that are vital for economic development and modernization of the country. In general, it can be stated that cooperation between China and Iran within the framework of the BRI meets the national interests of both states. Despite broad prospects for bilateral cooperation, Iran's deeper integration into China's Silk Road initiative creates a range of threats and risks for both sides. As the experience of many of China's other partners shows, participation in the BRI may prove too costly for Iran. The Iranian authorities fear that upon completion of the projects, the cost of loans provided by China will be prohibitive for the country's economy.

Significant differences in the potential of the economies of the two countries also play a certain role as a limiter. Both the PRC and the IRI have the necessary resources to diversify their trade, but their national economic policies are very different. The protectionism of the Iranian government, on the one hand, and the numerous sanctions imposed over the past three decades by the West and US against Iran, on the other hand, have had an extremely negative impact on the structure of the country's foreign trade, limiting the potential for developing mutually beneficial ties both with China and with other countries. countries integrated in the Silk Road (Valiakhmetova, 2020).

It is based on China's views of the Middle East and inevitably competes with US in the region. Among the current powers in the Middle East, China maintains good relations with all countries in the region and avoids taking a clear political position, entering into an alliance that Iran hopes for (Ramazani, 2020).

Iran is one of the key countries in the region with which China is building partnerships. In addition to the external factor, which has already been mentioned, the high level of interaction between China and Iran is due to the mutual interest of the parties in each other, based on complementarity. China needs to diversify its energy consumption structure, while Iran needs Chinese investment (Abilgaziev & Vasechova, 2020).

Statistically, Iran is home to only one percent of the world's population (70 million people), but the country has seven percent of the world's natural reserves, including 11 percent of the world's proven oil reserves and 16 percent of the world's natural gas resources, 133 barrels of oil (17 billion tons) and 27 trillion cubic meters of gas, totaling \$4,000 billion at current oil and gas prices.

Economic and trading relations between two countries develops in the trade of goods. The total trade volume between them increased significantly from 1996 to 2013. In numbers, it increased from US\$440 million in 1996 to US\$50 billion in 2013.

However, by 2019 and 2020, this figure has dropped significantly to \$10.9 billion and \$6.4 billion, respectively, due to US sanctions on Iran, but a \$400 billion deal is signed between both countries and goes into effect it can regenerate. The second important area of Chinese investment is the development of Iran's infrastructure such as bridges, highways, metro systems and shipyards.

China's investment in the development of Iranian railways is evidenced by the Tehran-Kum-Isfahan high-speed rail project and the electrification of the Tehran-Mashhad railway at approximately US\$4.2 billion (Belal, 2020).

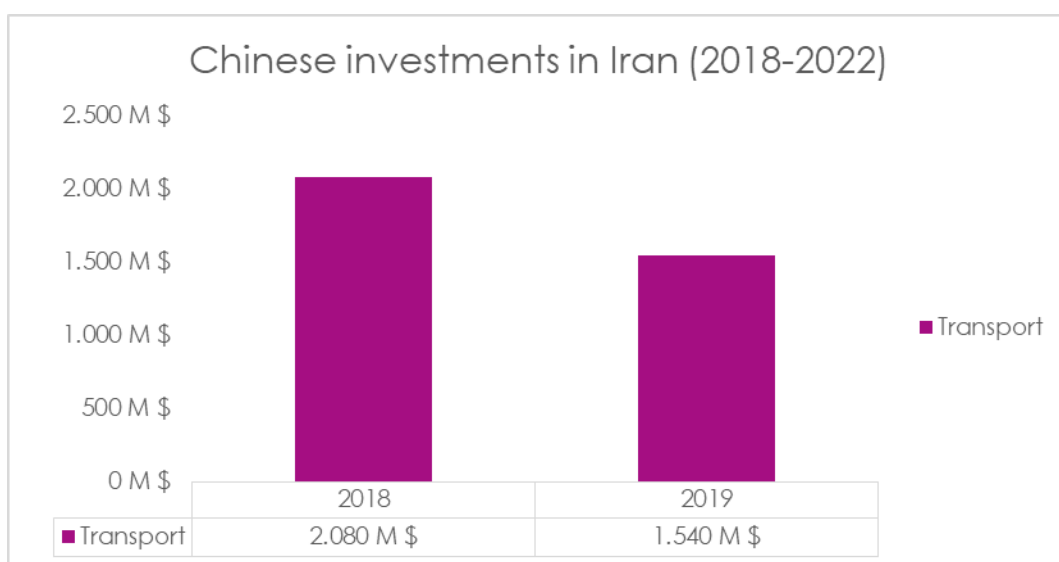


Figure 7. China Global Investment Tracker

SAUDI ARABIA

Saudi Arabia is of exceptional interest to China. Firstly, this state has the world's largest high-quality oil resources and has a strong position in OPEC, which allows it to influence the world oil price environment. Secondly, KSA is one of the regional "heavyweights" (along with Iran, Türkiye and Israel), whose actions largely determine the development of the military-political situation in the Middle East. Thirdly, Saudi Arabia is one of the key players in the Arab East and the Muslim world, an influential member of a number of international organizations:

the League of Arab States (LAS), the Cooperation Council for the Arab States of the Gulf (GCC), the Organization of Islamic Cooperation (OIC) and others. China-Saudi relations have gone through a difficult path from ideological confrontation to strategic partnership. After the collapse of the bipolar system, the interaction between Beijing and Riyadh demonstrates impressive dynamics. Numerous contacts at the highest level have created favorable conditions for mutually beneficial economic cooperation, the main vector of which since the early 2000s has been become the energy sector. In 2004, the Chinese petrochemical

corporation Sinopec won a tender to develop a gas field in KSA, outperforming American competitors. In 2005, the Saudi Arabia became China's main oil supplier (22.2 million tons), and the volume of bilateral trade exceeded \$16 billion Beijing. 2009 not only intensified the Sino-Saudi dialogue in energy, medical, educational and other fields, but also gave impetus to the development of China's relations with Arab countries in the multilateral formats of LAS, the OIC, the GCC and the China-Arab Cooperation Forum. In 2013, Beijing included the Arab world in its new BRI economic strategy. More than tripled, reaching a figure of \$50 billion (including Chinese imports - \$31.8 billion), and oil supplies from the Kingdom of Saudi Arabia to China - 2.5 times (22.2 and 52.18 million tons respectively).

The main deterrent to the development of China-Saudi relations at the present stage is the instability of the military-political situation in the Middle East, which forces the PRC to balance on the conflicting interests of numerous actors in the Middle East policy in order to avoid involvement in regional conflicts or open confrontation with the United States. The effectiveness of the actions of Chinese diplomacy is evidenced, for example, by the fact that both Saudi Arabia and Iran, despite their differences, are interested in increasing the political participation of the PRC in regional affairs, including as a counterbalance to the United States (Valiakmedova & German, 2018).

Trade between China and Saudi Arabia grew rapidly, rising from \$4 billion in 2001 to \$73 billion in 2012. Imports of products from Saudi Arabia have been an important part of China's production for global markets, while Saudi Arabian imports from China have helped meet rising Saudi demand. Reducing trade barriers opens up ample opportunities for mutual benefit. The flow of investment between China and Saudi Arabia increased more than 20 times from 2005 to 2015. Rising tensions in global trade and investment, escalating regional conflicts and increasing challenges to align local development priorities, opening up local markets in both countries and redirecting more investment from China to Saudi Arabia through BRI cooperation creates new opportunities for growth.

Promoting a Public-Private Partnership Model for Long-Term Financing There are structural problems with the financing infrastructure, including the requirement for long-term commitments of financial resources for often illiquid investments. Infrastructure financing must also counter the long-term risks arising from geopolitical uncertainty and structural changes in labor and investment policies. New Financing Models are needed to separate these two types of risk currently borne by the banking and public sectors and distribute them to a wider range of investors. This new model may include a transition to PPP model and a hybrid financing portfolio that includes infrastructure bonds, infrastructure funds, and securitized or collateralized infrastructure bank loans, also direct equity investments with loans. Unlike traditional engineering, supply and construction contracts, such a financing model will require the establishment of a legal framework for PPPs and a systematic description of the role that a broader group of investors can play at different stages of projects. Governments play a key role in developing investment projects and creating a comprehensive data platform for infrastructure and industrial development. Such a platform can provide investors with necessary information about the project and help them evaluate opportunities at low cost (Chen & Han, 2019).

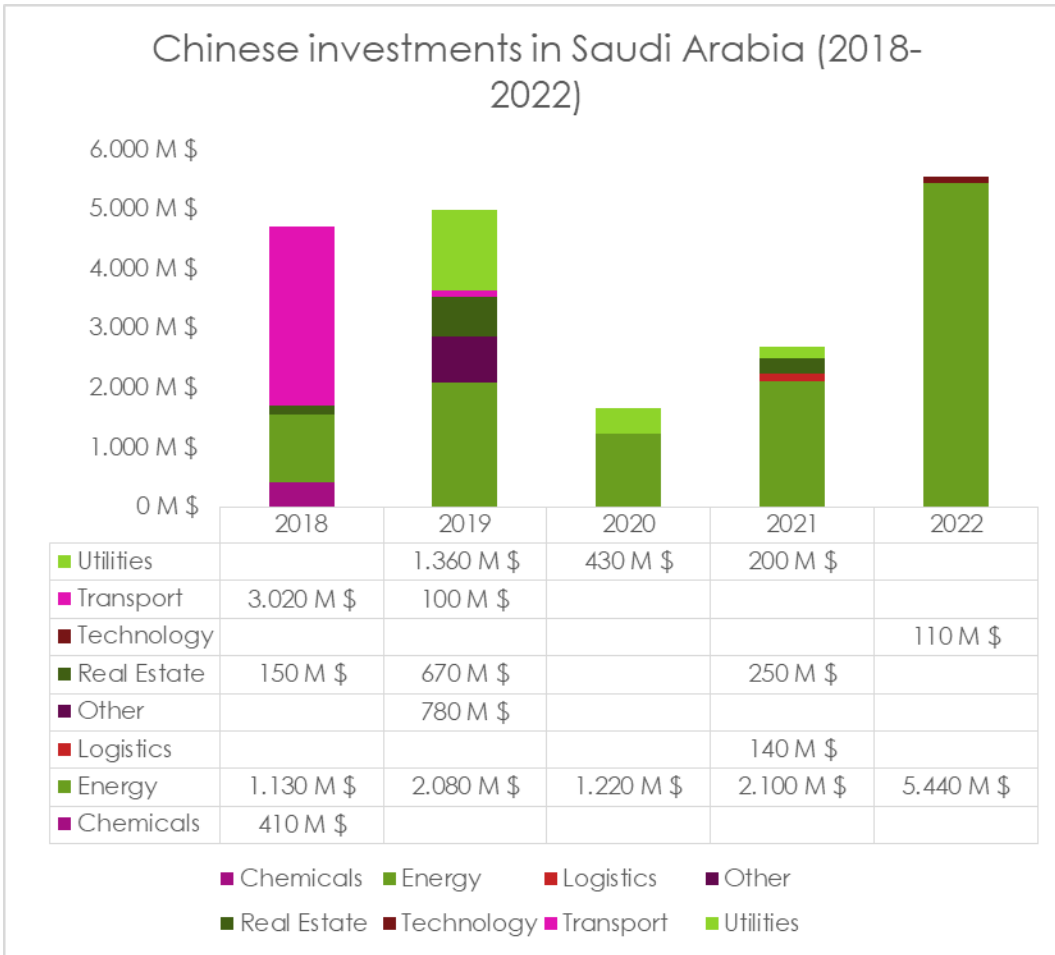


Figure 8. China Global Investment Tracker

UNITED ARAB EMIRATES

The development of the economy of many states is largely associated with participation in the international division of labor. For different countries, the degree of this relationship is not the same. But it is clearly manifested for small countries. One such country is the federation of seven states - the United Arab Emirates (UAE).

It includes seven absolute monarchies: Dubai, Abu Dhabi, Sharjah, Ajman, Umm al-Qawain, Ras al-Khaimah, Fujairah. Despite its relatively small size, the UAE is strategically located as it is close to the Persian Gulf. The country has developed land and sea transport routes. Dubai has an airport and a distribution center for goods. The country has proven reserves of oil and natural gas, which rank sixth and fifth respectively in terms of world reserves. GDP per capita in the UAE exceeded \$40,000.

Bilateral trade between China and the UAE reached nearly \$50 billion in 2020; for comparison, we note that, according to the database of international trade statistics of the UN, the trade turnover between China and Saudi Arabia amounted to about 32 billion dollars. The volume of Chinese investments in the Gulf countries in 2018 amounted to (in billion dollars): 16, Saudi Arabia - 4.8, Kuwait - 2.07, Oman - 0.32, Qatar - 0.23. The combination of strong emirate-level ties with China and strong complementarity between the two countries suggests that the UAE will be China's main economic partner in the Gulf in the coming years. Chinese exports to the UAE have grown by 15.6% per annum over the

past two decades, while exports from the UAE to China have increased by 22.8% per annum. By 2019, trade between the UAE and China reached \$43 billion and is expected to increase further by 2030. China remains the UAE's largest import trading partner, accounting for 13.9% of imports. The main products include machinery and electrical equipment, textiles, metals, plastics and chemicals, and furniture. It is also the country's third largest trading partner in terms of exports (7.2%). An important place in foreign trade cooperation is given to intermediary operations, in particular re-export, that is, the supply of goods to some countries, when direct deliveries are not possible due to political contradictions or due to sanctions.

Despite strong regional demand for Chinese investment and trade partnerships, the UAE has become China's main economic partner in the Persian Gulf. Chinese investments and contracts in the UAE totaled \$8.16 billion in 2018, \$3.4 billion more than Saudi Arabia, the second-largest recipient, according to the American Enterprise Institute's China Global Investment Tracker. UAE and China have established a number of partnerships in the energy sector since 2014, when ADNOC and CNPC formed the Al Yasat joint venture. China is actively developing investment cooperation with the UAE. At a virtual event in June 2021, the Sharjah Foreign Direct Investment Authority highlighted investment opportunities in various sectors for Chinese businesses and investors. These sectors include healthcare, pharmaceuticals, logistics, agricultural technology, green technology and other high-tech industries. In MENA, the UAE is China's largest non-oil trading partner. But there were about 600 Chinese companies registered in Sharjah alone. Among the industries chosen for cooperation, it is worth highlighting the oil and gas industry. For example, CPECC became the first Chinese contractor to win a major Engineering, Procurement and Construction (EPC) contract in the UAE when Adnoc awarded the Onshore Oil Production Enhancement Contract. Bab, valued at \$1.5 billion. In March 2018, CNPC acquired two stakes worth AED4.3 billion in offshore fields in Abu Dhabi.

The economic relationship between Abu Dhabi and China is based on supply and demand for hydrocarbon products. Crude oil, natural gas, refined oil and other petrochemicals have accounted for approximately 95% of the UAE's exports to China in recent years. It should be noted a new direction of cooperation - namely, the entry of UAE companies into the Chinese market and the beginning of the development of the Chinese market by Arab firms. For example, ADNOC has focused on expanding its market activity in China (as well as other Asian countries), where demand for petrochemicals and plastics, including light automotive components, main pipelines and cable insulation, is expected to double by 2040. ADNOC stands ready to work with existing and potential new partners to meet the growing demand for energy and petrochemical products in China.

The UAE Government is making broader efforts to transform the country into a knowledge economy and capitalize on China's ability to deliver technological research and innovation. A new area of cooperation was the decision of many private sector companies to relocate their research and development departments to the UAE.

China proposed to conclude a Sino-Arab cooperation agreement under the "1 + 2 + 3" scheme. The new agreement is based on cooperation in the field of energy and in the field of high technologies. The "two wings" of the agreement are the construction of infrastructure and the promotion of trade and investment. It also included three areas of breakthrough in

the field of high technologies: nuclear energy, space satellites and new forms of energy. In conclusion, it can be noted that the United Arab Emirates, which has large hydrocarbon reserves, has become an important partner in international trade and international investment activity. China is making significant efforts to develop trade and investment cooperation with the UAE. Chinese firms are expanding exports to the country and are involved in major hydrocarbon projects. In connection with the diversification of the economy, the cooperation between China and the UAE in the field of high technologies, in particular the use of artificial intelligence in the oil and gas industry, is interesting. In addition to developments in this area domestically, UAE companies are starting to establish their own companies in high-tech industries in China. Another important area of common interest is the creation of investment funds that accumulate free funds for investment in the UAE and abroad. All these areas of Sino-Arab cooperation are of interest to Russian companies as well (Gudzenko, 2021).

While Saudi Arabia sees China as a long-term and stable energy market, China sees Saudi Arabia as a stable oil supplier. In this direction, the two countries are developing mutual economic, cultural and diplomatic relations. Relations in the field of energy are especially striking. In 2010, China overtook the United States for the first time in crude oil exports from Saudi Arabia. One million barrels of crude oil flow from Saudi Arabia to China every day. This accounts for one fifth of all Chinese oil imports. China favored Saudi Arabia more in the energy sector due to international pressure on Iran over its nuclear program. In addition, after the occupation of Afghanistan and Iraq and various US policies (such as demands for democratic reforms or the recent agreement with Iran on nuclear power), the Saudi administration is becoming increasingly concerned and reinforcing the idea of shifting relations with China to a more strategic dimension (Ermağan & Üstünel, 2014).

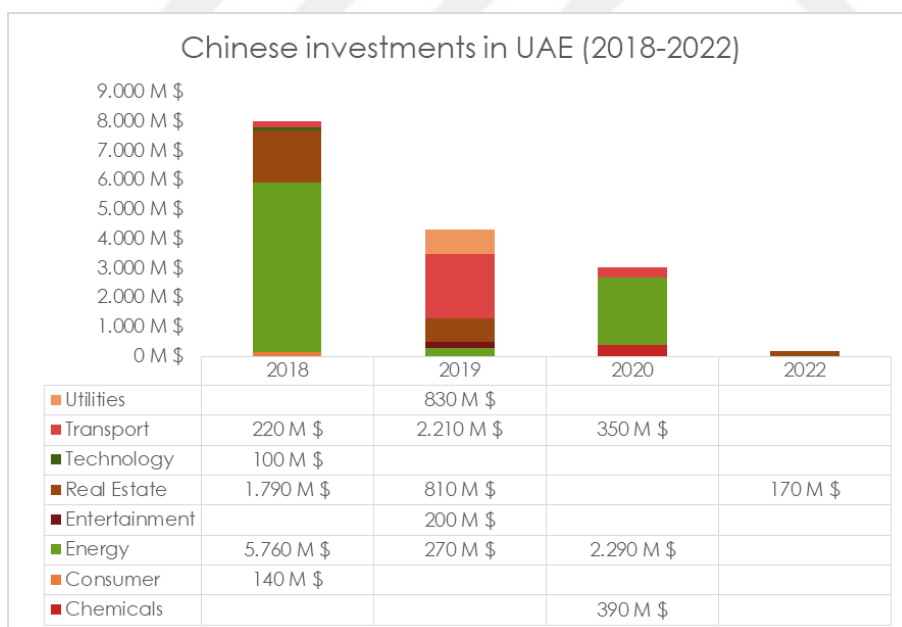


Figure 9. China Global Investment Tracker

OMAN

Following the change in China's foreign policy and the adoption of an open door policy under the leadership of Xia Boeing, Oman was one of the first countries to start diplomatic relations in 1978. Since then, relations between the two countries have improved in all areas,

especially economically, with China as the Sultan's first trading partner. In the 2010-2019 period, China's crude oil imports from Oman doubled from 41% to 83%, making it the largest importer. Chinese investment is the highest, reaching almost 93% of the total investment in SEZAD (Special Economic Zone Office at Dukma) (Yenigün & Maashani, 2020).

Unlike different Gulf countries, Oman is located in the southern part of the Arabian Peninsula, hence it isn't restricted to the geographical limitations of the Strait of Hormuz. Oman, with numerous excellent natural harbors, is arising as a bright trade path chaining Europe and Asia and presently serves further than 40 percent of world oil exports(Oxford Business Group, 2010). China and Oman have a long history of communication since old times. A voluminous number of vessels from both countries crossed the Indian Ocean to switch goods. The first ambition of China- Oman alliance is to elevate economic growth and strengthen profitable ties between the two countries. Either China or Oman needs peaceful progression in investment and construction systems. entering economic advantages for China is also an consequential factor. so, for China, the hazards of China- Oman alliance can be separated into macro and micro amplitude. Micro dangers are companied with specific troubles for companies in China. That threats can be defined as the following four points:

First, the race of power in Oman could effect political paroxysms that pose a considerable trouble to the durability and stability of Oman's public rule. Secondly, the deal in the classic border zones of Dhofar is veritably problematic . Investment and construction threats are much high. Third, Oman's economy is unsteady. The fund deficiency is serious. Fourth, geopolitical turmoil may affect the investment protection of Chinese businesses. Oman is located between two geopolitical masteries in the Persian Gulf Saudi Arabia and Iran(Chen & Han, 2018).

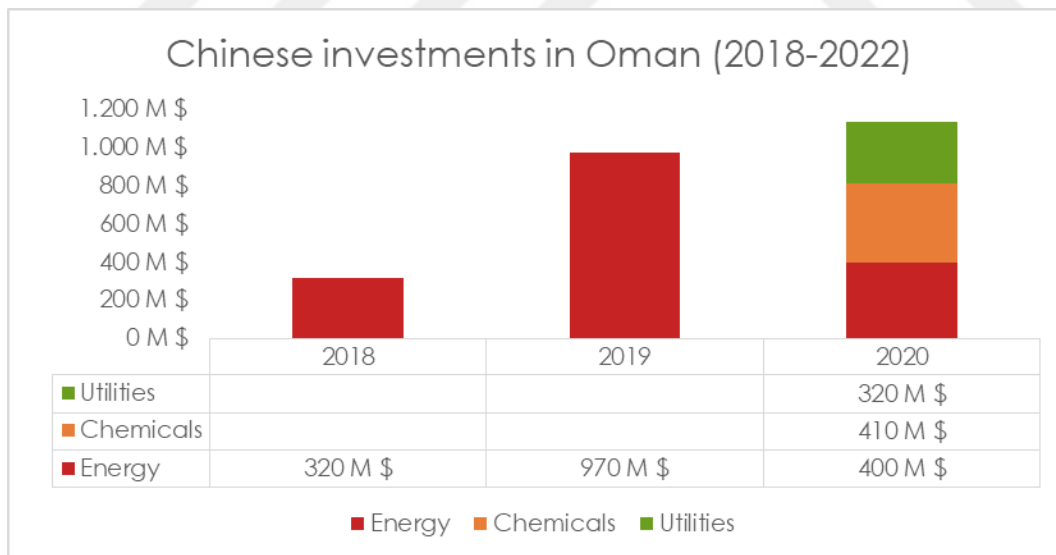


Figure 10. China Global Investment Tracker

KUWAIT

Kuwait is one of the world's largest oil exporters, owning 6-8% of the world's known oil reserves, and is the second largest oil producer in the Gulf countries. According to British Petroleum, they are estimated at 101.5 billion barrels (Grigoryan & Gogchyan, 2020).

Sino-Kuwaiti trade has expanded rapidly over the years, and today China is one of Kuwait's most important trading partners. According to official statistics, bilateral trade between countries rose from \$642 million in 2001 to \$3.67 billion in 2007 and \$6.78 billion in 2008. Kuwait's main imports from China are textiles, electrical appliances, toys, gifts, food and cattle. Its main exports to China are crude oil, urea and scrap metal. Kuwait is China's eighth largest supplier of crude oil. Kuwaiti oil accounted for 4.6% of Chinese oil imports, according to Chinese customs data. In 2007, 3.63 million tons of crude oil was imported from Kuwait, and in 2008 5.36 million tons of crude oil was imported. In the first quarter of 2008, Kuwait's oil exports to China amounted to 374,000 barrels per day. Kuwait Oil Company aims to increase its exports to China to 500,000 barrels per day by 2015. Investment Kuwait welcomes foreign investment in heavy and light industry and related modern technology.

Kuwait became the first Arab country to invest directly in China. Investments in both the public and private sectors were predominantly in the oil and gas sector, as well as in the banking and industrial sectors. SACF was established in 1985 as a China-Kuwait-Tunisia project. Sheikh Al-Sabah's visit to Beijing in 2004 in his capacity as Kuwaiti Prime Minister laid a solid foundation for constructive cooperation between the Kuwait PIA, an autonomous government body that manages the General Reserve Fund, also known as Kuwait. mutual fund. Management (KIA) and its Chinese counterpart, CIC. As a result, KIA bought a \$720 million stake in the Industrial and Commercial Bank of China.

ICBC is China's second largest bank as of February 2006. Both parties established the Kuwait China Investment Company (KCIC) with a capital of 80 million KD. China is also investing in Kuwait. It has won several major construction contracts, including the Bubyah Bridge and other dam projects. By 2006, Chinese companies invested about \$6.3 million in Kuwait. Currently, there are more than ten Chinese companies operating in the fields of communications, infrastructure, construction, labor, engineering services and more in Kuwait. Kuwait's oil wealth and China's oil ambition, as well as the expectation of a higher return on investment in China, underline the key to the rapid development of economic relations between the two countries. They are clearly linked by common interests, because their economies complement and complement each other. China's "going out" policy and Kuwait's "look east" stance make them natural partners in trade, trade, investment and industry. It seems that they want to further expand their cooperation in almost every field except automotive and defense (Niazi, 2009).

PRC's strategic partnership with Kuwait aims to remove barriers to free trade, investment, industrial cooperation and technical and engineering services to facilitate the integration of KV2035 under the BRI. Both countries should take a series of measures such as expanding free trade zones, improving trade structures, finding new potential areas for trade and developing trade. Balancing and developing new initiatives to promote traditional forms of trade.

While Beijing's rapidly increasing energy demand, particularly oil and other liquid fuels, makes Kuwait an important business partner, cooperation goes far beyond oil and gas. Chinese companies are also investing in infrastructure and construction projects under the BRI, which has become the main theme of bilateral relations and can create new partnerships between Chinese companies and Kuwait in promising sectors.

According to China's customs statistics, China's trade with Kuwait fell from US\$18.3 billion in 2018 to about US\$17.2 billion in 2019. More than 40 Chinese companies operating in Kuwait are implementing about 80 ongoing projects in the fields of oil, infrastructure, communications and banking.

Chinese investment and construction in Kuwait reached US\$7.9 billion from 2013 to 2019, according to the China Global Investment Tracker. The majority of Chinese investment is in the energy (\$3.8 billion), transport (\$1.3 billion) and real estate sectors. (US\$1 billion). In July 2018, a Chinese firm signed a \$709 million contract with the government of Kuwait to build infrastructure and roads for a new 18,000-unit residential project in Al Matlaa South, west of Kuwait. Chinese tech and smartphone giant Huawei will complete the second phase of its fiber project after signing a \$72 million contract. Since the Kuwaiti government needs foreign investment to diversify the economy, it has urged Chinese companies to increase their investment. High-level contacts and bilateral visits reflect the state of economic relations between the two countries, and during these visits, various bilateral economic, trade, oil and gas agreements were signed to increase bilateral trade and mutual investment. For example, during the state visit of the Kuwaiti monarch to Beijing, various agreements and memorandums of understanding aimed at strengthening bilateral relations were signed. While it is not clear how many of these agreements/MoUs are completely new projects and how many note the gradual progress of agreements concluded over the past 2 years, one thing is clear: these agreements/MoUs will be tested as they are implemented and promoted. transaction tracking (Chaziza, 2020).

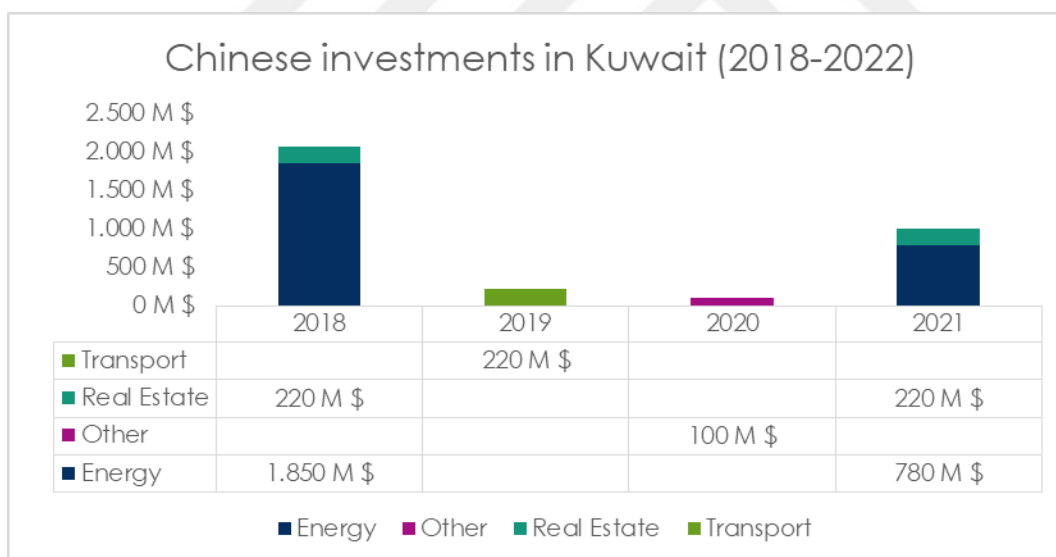


Figure 11. China Global Investment Tracker

NORTH AFRICA

Despite its reputation, China remains an important ally of Africa, which in recent years has had to overcome the 2008 financial crisis, the 2015 recession, the 2020 Covid-19 crisis, and even today's economic crisis due to the war in Ukraine on the one hand. and an embargo against Russia on the other.

In the midst of all this, China continues its expansion into North Africa, but on new terms. According to the Carnegie Organization, "Chinese development strategies are adapting to local realities." "Trade between China and North Africa has grown significantly since the

early 2000s, but largely follows patterns of unequal trade. Since its unveiling, the Belt and Road Initiative (BRI) and the Chinese government's 2016 policy paper on Arab countries have signaled the promise of a qualitative shift in China's involvement in the region. China is committed to increasing investment in high value-added sectors and strengthening scientific and technological cooperation with North African countries. In terms of numbers, China's relationship is not the same with all North African countries. The Middle Kingdom especially targeted Algeria and Egypt.

China-Algerian relations are of historical significance. More than 40,000 citizens live in Algeria. China has the biggest foreign associations in the country. In 2015, already 790 Chinese companies received infrastructure, goods imports or other contracts. At the end of March, the Chinese companies Wuhuan and Tian'an formed the Algerian Chinese Fertilizers Company (ACFC) with Sonatrach. The phosphate fertilizer mega project is estimated at \$7 billion. But in terms of trade, Algeria and the countries of North Africa as a whole are running a growing deficit, importing far more than they export to China. For example, in 2020, Algeria imported \$5.6 billion worth of goods from China, while exports did not exceed \$5.6 billion.

China is the world's leading producer and exporter of fertilizers And Chinese agricultural production far exceeds its own needs Beijing has no problem feeding its population- a quarter of the world's population - and even surpasses the United Arab Emirates in terms of food security, according to the International Development Fund and the World Food Program. China owes much of its progress to the production of phosphate fertilizers, in the market of which it controls 28% of production and almost 13% of exports to the world market (Le Journal del Afrique, 2022).

ALGERIA

Algeria, for its part, is the first country in Africa in terms of food security, as well as the production of fertilizers. Algeria is the eighth largest exporter in the world, in addition to being self-sufficient.

The project will produce up to 5.4 million tons of fertilizers per year, which will allow Algeria to become the third largest producer of fertilizers in the world.

Even by exporting half of the fertilizers produced under this project, Algeria will be well on its way to dominating, and therefore China, the world ranking of fertilizer exports.

First of all, phosphate (nitrogen) fertilizers are best suited for growing in arid and semi-arid regions. Algeria, despite its very good agricultural production, uses barely 18% of its territory for agriculture, in part because of the climate.

An economic choice that therefore raises questions: Is Algeria in the process of further developing its agriculture? In any case, time tells. As imports of grains and other agricultural products have ground to a halt due to the Russian-Ukrainian conflict, less westernized states - Algeria and especially China - fear that this will have serious consequences.

But this agreement is also very political. While Europe is increasingly fond of Algerian gas - a boon for the European Union in the face of energy shortages- Algerian diplomacy is in a very good position to initiate new projects with international partners, including China (Le Journal del Afrigue, 2022).

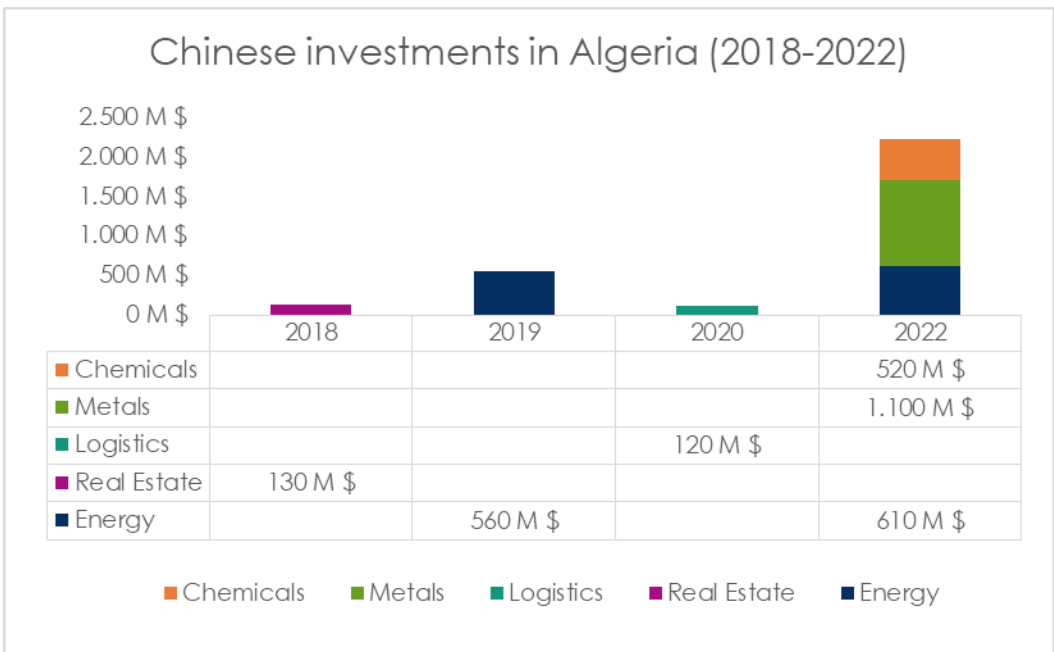


Figure 12. China Global Investment Tracker

MOROCCO

Morocco has become the focus of Beijing's attention since King Mohammed VI's 2016 visit to China. Unlike Algeria, this country does not have oil reserves, but its advantage is political stability in the unstable Arab region. In addition, Morocco recently re-joined the African Union. From 2011 to 2015, Chinese direct investment in Morocco grew by 195%. China has already made a significant contribution to the infrastructure of Morocco, having built the longest cable-stayed bridge in Africa, connecting the capital Rabat with the city of Sale and part of a large-scale infrastructure project to create the largest road network in Morocco - from the Mediterranean Tangier to the country's financial capital Casablanca. There are also plans to build a high-speed railway between Marrakesh and Agadir. In November 2017, Marrakesh hosted the China-Africa investment forum (CAIF) with the participation of more than 400 representatives of Chinese and African businesses, designed to expand business contacts between investors and entrepreneurs in the industrial sector and infrastructure (Deich, 2018).

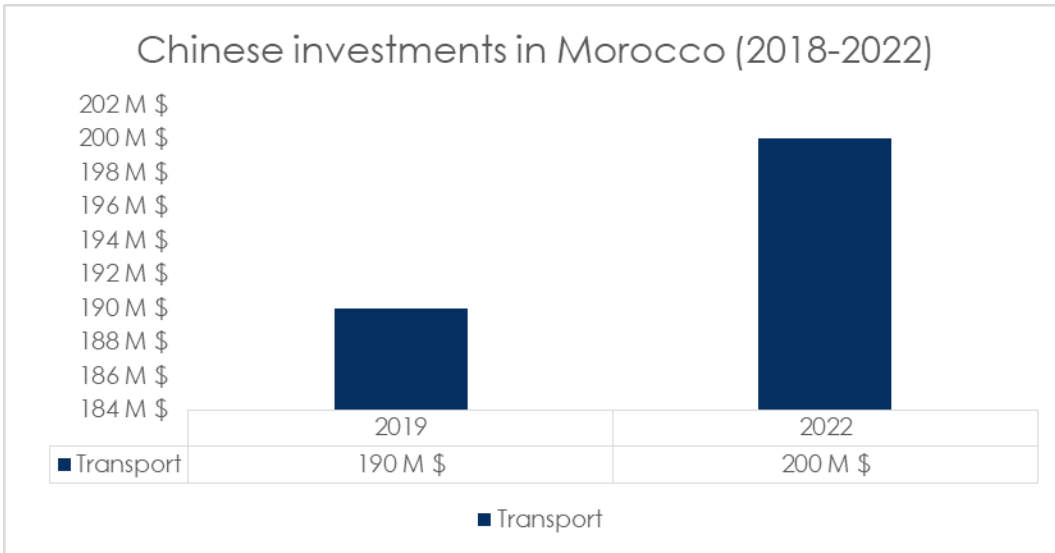


Figure 13. China Global Investment Tracker

EGYPT

Egypt is China's third largest trading partner among the Arab countries after Saudi Arabia and the UAE. China is in first place among Egypt's trading partners. Bilateral trade is \$11.6 billion. The One Belt, One Road concept has much in common with the Egyptian government's plan to advance the Suez Canal Corridor project, which creates significant opportunities for cooperation. Progress has been made in Sino-Egyptian cooperation in the field of production capacity, which has become the main feature of bilateral cooperation, while investing in Egypt, China uses the infrastructure of free economic zones of this country (Biryukov, 2017).

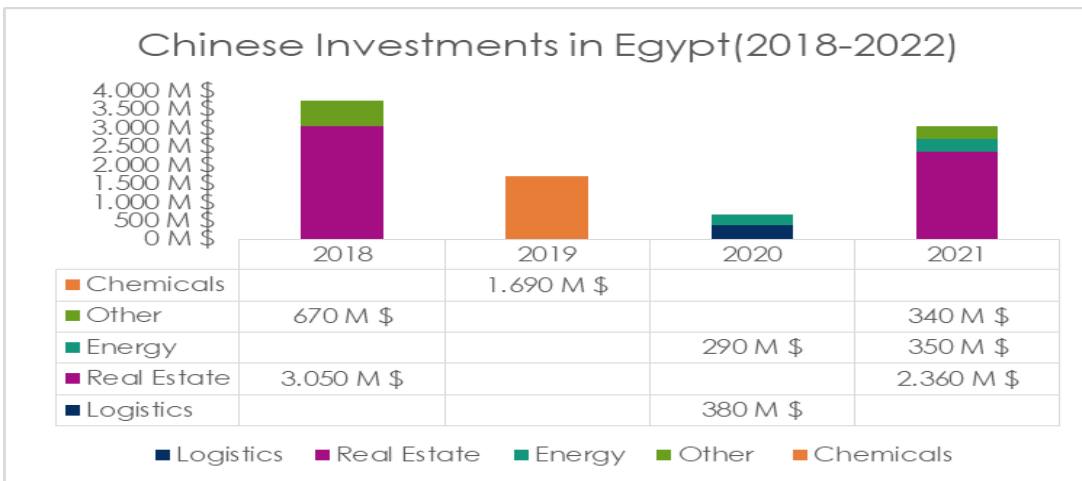


Figure 14. China Global Investment Tracker

SUDAN

A large-scale partnership is developing between the PRC and Sudan. Relations intensified in 1989 after the coup d'état in Khartoum and the coming to power of the National Islamic Front. Western countries imposed sanctions on Sudan, which contributed to the development of Sudanese-Chinese interaction. In 1996, the Chinese National Oil Company, along with Malaysian and Indian firms, gained control of the main deposits of Sudanese oil.

Since then, China's total investment in the Sudanese economy has amounted to \$15 billion. Currently, about 2/3 of Sudanese oil exports go to China. At the peak of production in the African country, 6% of the oil consumed by the PRC came from Sudan. Major bilateral cooperation projects included the construction of a railway from Khartoum to Port Sudan, a gas-fired power plant in Rabak, a coal-fired power plant in Port Sudan, and Chinese financing for the construction of the Meroe hydroelectric power station.

Using the example of the development of the situation in Sudan, one can trace the policy of Western countries aimed at destabilizing China's partners. In 2011, the US and the EU supported an independence referendum in South Sudan. As a result, 75% of the oil resources ended up in South Sudan. China was able to quickly build relations with the southerners, became one of the first countries to open a consulate and then an embassy in Juba. China currently owns 40% of South Sudan's oil industry. It led to the death of 50 thousand people, the emergence of 2.5 million refugees. The fall in GDP in 2016 was 13%, while the inflation rate was 500% (Biryukov, 2017).

2.2.2. The Political Economy of the Chinese Policy over the Region

China is one of the most rapidly developing states in the modern world, which inevitably entails a change in its role in world political processes. The PRC seeks to impose its own model of international relations based on pragmatism, rejection of geopolitical confrontation and recognition of common interests. It is no coincidence that many Western experts see the growing power of the Celestial Empire as a claim to global leadership. In this regard, the issues of studying the foreign policy strategy of the PRC in relation to the countries of the Middle East become especially relevant, since dominance in this region allows Beijing to control a significant part of the world's energy resources and gives it the opportunity to establish itself as a leading world player.

In general, China has been actively building relations with the countries of the Middle East for two decades and has achieved tangible political and economic success. And it was not just China's asymmetric response to the US strategy of "returning the US to Asia." Interest in the Middle East region is largely associated with the long-term objectives of China's foreign policy, which were determined in 2012 at the XVIII Congress of the CPC, in particular, with the construction in China by 2049 of a modern strong and stable state. It is clear that economic programs that Beijing is successfully implementing in various regions of the world, including the Middle East, are of priority importance in solving these problems (Glazunov & Saychenko, 2018).

Now is the right time to analyze and work with imperfect paradigms and their implications. Presenting a number of large-scale foreign economic initiatives and institutions, Chinese President Xi Jinping made it clear that the economic development process launched by China is aimed at achieving prosperity and security both in the region and in the world as a whole.

To correct their perspectives, scientists, policy makers, and other practitioners must recognize that they need to move beyond the rigid boundaries of their specializations—economics, geopolitics, or security. New ways must be found to understand China's growing international influence and to build synergies between economics and politics in general and economic development and security in particular.

Some scholars, politicians, and organizations have already begun research on the links between economics and politics, and on the mutual influence of economic development and security developments. It would be good if such studies become regular, and the participation of politicians and foundations becomes permanent (Ferchen, 2017).

The main focus of the media is on China's uneasy relations with its neighbors or with great powers like the United States, while the dynamics of China's international economic and political relations are changing - an increasingly important role in foreign policy. China play ties with the developing countries of Africa (Ferchen, 2017). The Middle East is also experiencing a boom in commodity ties with China, for which it has become a major oil supplier. Over the past 20 years, China's dependence on imports has grown so much that it has provoked discussions within the country about energy security, mainly issues of diversification of sources of supply and reliability.

The relationship between China and the Middle East in the field of energy gives an idea of how diverse and somewhat contradictory the complex interrelationships between global markets and geopolitics are. China's growing dependence on Middle Eastern oil and gas supplies raises the question of whether China intends to step up its political role in this complex and increasingly volatile region as well. The main discussion is why China is unwilling or unable, at least not yet, to put more effort into finding answers to the serious insecurities that are on the rise. As one Middle East political analyst put it bluntly, "In general, China has not had the opportunity to develop strategic relations with any of the countries in the Middle East. He pursued a policy of waiting, laissez-faire, inaction and aloofness from Middle East conflicts, focusing entirely on energy imports and limited trade. Economic ties based on the supply of raw materials with the countries of the Middle East did not develop into a fruitful strategic relationship, nor into a clear and stable strengthening China's position in the region.

Even close trade and investment relations with Iran at a time when it was under sanctions does not guarantee Beijing any special commercial or political influence on Tehran. At the same time, China's dependence on fossil fuel imports will almost certainly continue to grow, and with it the security of sources and supply routes, as well as China's involvement in complex chronic security problems in the region, will become even more acute. All this only confirms that China-Middle East ties will continue to be extremely important for understanding the economic and geopolitical aspects of China's increasing global role (Ferchen, 2017).

2.2.3. China's Perspective and Motivation over the Region

China has diplomatic missions and stable ties with all countries that make up the region called the Greater Middle East. One way or another, most of the states united by this concept take part in the international transcontinental project "New Silk Road". But besides this, many of them are connected with the PRC with the supply of mineral resources, agricultural products and other things.

The nature of China's relations with these countries ranges from "economic" and "strategic" to "comprehensive partnership." It is worth paying close attention to China's cooperation with the countries of the region, which are directly on the route of the historical Silk Road.

Nevertheless, China's relations with specific countries of the ME region, namely, with Iran, Syria and Iraq, deserve special attention and separate consideration.

However, it should be noted that the PRC plans to improve its own well-being by unloading the export-type economy and colossal production capacity, improving energy supply indicators and strengthening its positions in the region located in close proximity to Europe. All this will become possible for China with the implementation of the project of a new economic "Silk Road Belt".

As a general result, it is worth noting that the PRC already has a very strong position in the region, invests in the economy of the Middle East countries, and maintains political, economic and cultural ties. And if, with the beginning of China's active actions in the region, the anxiety of local elites and the press on the ground made one doubt the noble intentions and purely mutually beneficial economic initiatives of China in the region, then at present the position of the PRC on cooperation issues is clear. China is investing in the largest enterprises in the Middle East, even taking into account the risk, due to the political instability of the region. It expands the spheres of cooperation, not being limited only to the export of raw materials and energy resources. At the same time, while openly declaring its intentions to help the people of these countries, it allocates money to raise the standard of living of people, fight poverty and develop healthcare in countries participating in large-scale projects in China (Filippov, 2019).

The strategic tasks of the PRC in the Middle East determined the nature of China's foreign policy strategy. It was originally called "peaceful elevation", but then was renamed "harmonious world". This was due to the fact that the word "elevation" was perceived by some states of the region as aggressive, representing a certain threat or even a challenge. The "harmonious world" strategy is based on the technology that Europeans call "soft power".

As part of this strategy, China purposefully uses the following sets of active measures. First, the signing of various kinds of free trade contracts, the provision of interest-free loans on mutually beneficial terms for economic projects, the repayment of debts of the countries of the region to China, etc. Second, constant media coverage of the humanitarian and peacekeeping mission of the Celestial Empire and diplomatic assistance to the states of the Middle East. Third, the active and purposeful promotion of the Chinese language and Chinese culture in the countries of the Arab world, the use of the Chinese diaspora to solve the economic and political problems posed.

Moreover, in solving the tasks set, China is not only rapidly increasing economic cooperation with the countries of the Middle East, but is also taking serious steps to oust the United States and its allies from the markets of the region. An example is the special economic zones on the Arabian Peninsula, which were originally created by the efforts of Taiwanese transport and logistics centers (Glazunov & Savchenko, 2018).

All these events around the region in their totality fuel interest in regional and interregional processes within the framework of the Middle East policy of the main states with influence in the region. Among other things, of interest is the initiative of the "New Silk Road" from the PRC and its impact on all involved regions, as well as the international rise of China as an alternative leader of the global world to the United States. In this regard, within the framework of the WRC, the following hypotheses were developed. The interest and strategic importance of the Middle East regions for the PRC are as follows:

- 1) Energy and oil exports to provide resources for the transitional stage of the economy to a post-industrial type of production with a leading tertiary sector.

2) Transit zone for NSR from China to Europe.

3) Under the auspices of infrastructural modernization and economic cooperation, unite and lead the countries of Asia as an essential part of the third world, and thereby displace the United States in the rank of world leader.

Global economic initiatives today are a method of implementing the foreign policy strategy of the PRC and an alternative to "democracy for export" for third world countries (Filippov, 2019).

2.2.4. China's Global Target in the Context of a BRI and Türkiye's Attitude

At present, the world community actively supports the ideas of cooperation, mutual benefit, peaceful development, multilateralism, therefore, multidirectional and multilateral initiatives and projects are an important part of the development of relations between states (Abdurramanova, 2021).

The main producer of material goods today is China, and the main consumer of these goods is European countries. The volume of trade between the Asian and European regions is growing every year. In connection with the increase in cargo flow, it became necessary to find new opportunities for the delivery of goods and at the same time reduce transport costs.

The main idea of the One Belt, One Road project is to recreate the trade and economic routes between the countries of the Asia-Pacific region and the countries of Western Europe according to their ancient prototypes of the Silk Road.

Officially, Chinese documents use the name "Silk Road Economic Belt and 21st Century Maritime Silk Road". In addition, there is an abbreviated name: "One Belt - One Road". One Belt, One Road is China's most global economic project. The initiative was first proposed on September 7, 2013 by the General Secretary of the Central Committee of the Communist Party of China (CPC Central Committee) Xi Jinping during his visit to Kazakhstan.

The next mention of the project is dated October 3, 2013. Xi Jinping spoke at the Indonesian People's Representative Council on jointly building a community of common destiny "China-ASEAN".

Despite the fact that the project was proposed back in 2013, it only began to be implemented in 2015.

From what has been written above, it is already clear that One Belt, One Road has two parts:

- Economic New Silk Road;
- Maritime Silk Road of the XXI century

The economic belt of the New Silk Road is the land part of the project. According to the PRC government, it should serve as "a new bridge between Europe and Asia." The economic belt should unite "international transport corridors between China, Mongolia and Russia, between China, Central Asia (CA) and Western Asia (WA), between China and Indochina". The Economic Belt of the New Silk Road begins in China, it is divided into five parts:

1) Five countries of Central Asia: Kazakhstan, Uzbekistan, Tajikistan, Turkmenistan, Kyrgyzstan. In addition to a common border with western China, this region has overland communication routes with China, which contribute to maintaining very close trade and economic relations, Central Asia exports energy and natural resources, and the region is a market for Chinese investment and sales of material goods.

2) Iran, Türkiye, Saudi Arabia, Syria, Iraq and a number of other countries in Western Asia. The basis of the economies of this group of countries is the production and export of oil and gas resources, in addition, the structures of their economies have a relatively developed energy sector. However, there is a “but”: these countries are faced with the task of transitioning from a one-sided structure of the economy. For China, this region is a potential market for the export of its goods and the placement of its own industrial facilities, in turn, states can develop a number of sectors of their economy, as well as agriculture through inclusion in the One Belt, One Road.

3) Georgia, Armenia, Azerbaijan, Belarus, Ukraine, Moldova - this group of countries is located near the border of Europe and Asia, has a one-sided, but relatively developed economic structure, is aimed at economic integration with the European Union. The problem for China is that cooperation with the states of the West and East Asian regions is not at all of paramount importance for these countries now. However, in the long term, thanks to the participation in the One Belt, One Road project, the above states will be able to develop their diplomacy in an eastern direction and make profits from both the West and the East.

4) Russian Federation. China cannot but take into account the Russian factor for a number of reasons: due to its territorial features, the country is an integral part of the Economic Belt, the Russian Federation is an independent regional center, has close ties and a special influence on the Central Asian region, the Caucasus and Western Asia. The main goal of cooperation with the Russian Federation for the Chinese side is to ensure cargo transportation through its territory in the shortest possible time. However, today the railways of Russia are not ready to participate in the project due to technical reasons; numerous investments are required to improve the transport sector and create new transit routes. Russia's interest in this project cannot be considered only from the point of view of transport, the country will have the opportunity to develop its own agriculture (China is interested in the natural opportunities of the Russian Federation, thanks to which Russia will be able to develop agricultural production and supply it to the PRC) and host tourism (RF became one of the priority destinations for Chinese tourists, especially after the fall of the ruble) due to its inclusion in the project. One Belt, One Road is quite attractive for the Russian economy, as it is an excellent alternative to Western imports in the face of prolonged sanctions.

5) Afghanistan, Pakistan, India. The connection of this group of countries with the countries of the Central Asian region, which is the “central zone” of the Economic Belt, depends on the situation in Afghanistan. In the context of the development of the peace process in Afghanistan, the economic cooperation of the above countries with Central Asia will improve, otherwise relations between the regions will not be in the best position, and it will be extremely difficult for India, Pakistan and Afghanistan to join the “One Belt, One Road” and build an economic corridor through its territory.

The Maritime Silk Road of the 21st century is part of the One Belt, One Road project, which provides for the transportation of goods by sea. The initiative is to jointly create safe and efficient routes connecting major seaports along the Belt and Road. According to Beijing's plan, thanks to the joint construction of ports, an increase in the number of sea trade routes and cooperation in the field of maritime logistics between the participating countries, it will be possible to form one common infrastructure network among the sub regions of Asia. This maritime transport coordination mechanism will provide an opportunity to develop international standards and facilitate maritime transport. This part of the project has two transport corridors:

1) Through the South China Sea and the Indian Ocean;

2) South China Sea to the South Pacific.

The main goal of the 21st century Maritime Silk Road initiative is to redirect the flow of exports of goods and capital to countries that were not previously active participants in the international economy and trade. These are the countries of the African continent with which the PRC has begun active cooperation in recent decades. Today, China is the world's largest importer of energy resources, it has a colossal dependence on maritime supplies to the country, therefore, the control of sea routes will help China ensure its energy security and stop the threat of an "oil embargo" at sea.

There is another reason why the implementation of the Maritime Silk Road of the 21st century is extremely important for the PRC: it will provide an opportunity to smooth out some of the differences associated with territorial disputes in the South China Sea between China and neighboring states. Cooperation in the Asia-Pacific region (APR) contributes to the improvement of the regional political environment (Pimenova, 2021).

"One Belt, One Road" is a large-scale initiative. As of July 2019, 666 projects were completed in various fields, and 2207 were in the process of being implemented, as of 2021, 140 countries of the world are its participants. For a more visual consideration of the "One Belt, One Road" we will compile a SWOT analysis.

Strengths:

1. The Chinese side provides funding for the construction of the facilities of the initiative.
2. Construction of a multimodal transport system that provides a wide range of routes and delivery routes.
3. Infrastructure connectivity.
4. Growth in trade and investment.
5. Reducing trading costs.
6. Expanding global connections
7. Development of bilateral markets.
8. Cultural exchanges.
9. Linking the initiative with the national development strategies of the participating countries.

Weak sides:

1. Strategic conflict between major powers.
2. Corruption in the participating countries.
3. Discrepancies in legislation, quality control.
4. Changes in local legislation.
5. Political instability in a number of participating countries.
6. Presence of transport and customs barriers.
7. Discrepancies in technological standards of transport infrastructure

Opportunities:

1. Acceleration of industrial development.
2. Economic globalization.
3. Expanding China's export markets.
4. Promotion of the yuan as an international currency.
5. Conducting a joint fight against the so-called three forces of evil.
6. Solving the issue of overcapacity in China.
7. Increase in turnover.
8. New jobs.
9. Improve the quality and quantity of roads.
10. Construction of the "Green Silk Road".

Threats:

1. Geopolitical risks.
2. Security risks.
3. National, religious, cultural issues.
4. The low level of development of the economies of the participating countries, the insecurity of investments.
5. Cultural and religious differences of the participating countries.
6. Sanctions.
7. Trade wars.
8. Instability of the world economy.
9. Natural disasters and man-made disasters.
10. Threat to ecological safety.

Strengths + Opportunities

"One Belt, One Road" makes it possible to link the economies of Asia and Europe through the expansion of transport and logistics routes, facilitating the process of transporting goods. As part of the initiative, it is planned to simplify customs duties, create free trade zones that will facilitate economic exchange between countries. Infrastructure projects built within the framework of the One Belt, One Road will contribute to the economic growth of the economies of the participating countries, involving them in the process of world trade and increasing their share in world GDP.

It is supposed to link national strategies with the initiative. It should also be noted that in addition to economic interaction, a number of areas are being considered that contribute to strengthening ties between countries. For example, an important point is the fight against the "three forces of evil." Thus, this initiative contributes to the multipolarity of the world and economic globalization.

Strengths + Threats

The initiative covers more than 100 countries of the world that differ in political systems, level of economic development, legislation, beliefs, social norms. In the event of controversial issues, it is necessary to adhere to the position of finding a compromise, points of contact, actively deepening mutual exchanges, dialogue and cooperation. Strengthening economic ties, building infrastructure projects will contribute to the development of the economies of the participating countries. Changing traditional funding models, developing new models of cooperation, enhancing the interaction of countries within the framework of the initiative.

Weaknesses + Opportunities

A number of countries in the world community, including the United States, India, Australia and a number of other states, are expressing their concerns about the initiative. To prevent this kind of sentiment, it is necessary to contribute to the formation of a positive image of the initiative in the world, for example, this can be done by directing investments in local welfare projects of the participating countries. It is necessary to strengthen the interaction of states in resolving disputes, building a constructive dialogue with the powers expressing negative sentiments regarding the initiative. Development of relations based on mutual benefit and common interests. It is also important to form overall indicators of quality control within the framework of the initiative, it is also necessary to monitor investments directed to participating countries, build relationships with local enterprises and create jobs for the local population, conduct long-term and field inspections, analyze local conditions and characteristics of enterprises along the One Belt, One Road.

Weaknesses + Threats

One of the main problems is the difference in economic development, the insufficient development of infrastructure in the participating countries and the means for their implementation, which requires close cooperation between countries, including in the political and social sphere. The so-called three forces of evil act as a threat to the implementation of the initiative. To solve them, it is necessary to conduct joint military exercises, as well as the creation of a counter-terrorism center as part of the joint response initiative, strengthening security cooperation with participating countries, and active interaction with UN peacekeeping forces.

Thus, on the basis of the strengths and weaknesses of the initiative formulated during the analysis, it is possible to identify key areas for further development and changes of the "One Belt, One Road (Abdurmanova, 2021).

TÜRKİYE'S ATTITUDE TO THE ONE BELT-ONE ROAD

Türkiye is located in the "China-Central and West Asia Corridor", also known as the Middle Corridor, which is one of the six major economic corridors of the Belt and Road. It plays a key role in the implementation of the Maritime Silk Road and the Silk Road Economic Belt, so that the Belt and Road will reach its full potential in the future. In 2015, a Memorandum of Understanding was signed between Türkiye and China to harmonize China's Belt and Road Initiative and Türkiye's Middle Corridor initiative. The corridor, which includes a railway with a length of 4,256 km and a sea route with a length of 508 km, stretches from the Chinese-Kazakh border to Azerbaijan (through the Caspian Sea), and from there to Türkiye through Georgia. In particular, Baku-Tbilisi Kars, the Edirne-Kars railway project and Marmaray are of strategic importance for the Middle Corridor, stretching from Beijing to London. According to Turkish officials, the Middle Corridor initiative is likely to help

Türkiye become one of the ten largest economies in the world. Given the increase in investment from China to Türkiye and the growth of trade volumes, in addition to the growth of trade volumes along the Middle Corridor, we can predict that Sino-Turkish relations will continue to develop, and Türkiye will further strengthen its position within the Belt and Road.

Türkiye has developed various projects to revive the historic Silk Road. In this context, in addition to the “Caravanserai Project” on inter-customs cooperation in the context of the “Middle Corridor” connecting Türkiye with China through Central Asia, “Marmaray” connecting Asia and Europe, the “Yavuz Sultan Selim Bridge” opened on August 26, 2016, the Eurasian Tunnel Corridor, commissioned on December 20, 2016, and Istanbul Airport, opened on October 29, 2018, are among the completed projects. The Çanakkale Strait Bridge, the "Three-story Pipeline Project", "Construction of Filyos (Zonguldak), Çandarlı (Izmir) and Mersin Ports", and the "Edirne-Kars High-Speed Train and Link Railway Project", which will connect Asia and Europe, are still ongoing (Filieva, 2021).

Given the significance of the Middle Corridor for Türkiye, the importance of establishing a lasting peace in the South Caucasus region has been growing since the war in Karabakh. Peace in the region will make the Chinese believe that the South Caucasus is the most efficient route to Europe. It should be noted that the above-mentioned Zangezur corridor can have a positive impact on the political and economic development of Chinese-Turkish relations and the strengthening of interdependence between the two countries. In addition, the new corridor can play an important role in terms of speeding up the transportation of Chinese goods to Europe and strengthening Türkiye's strategic position in relation to China, the Middle East and Europe.

Thanks to the corridor, Türkiye's investments in Nakhichevan will increase, and Turkish-Nakhichevan relations will enter a new process. Türkiye's provinces on the borders of the Caucasus will become economically stronger. The new corridor will have a positive impact on the tourism relations between the two countries, as it will provide a more reliable and comfortable movement of tourists. The corridor in a broad sense is an alternative and shorter route for Türkiye to connect with the Turkish world in Central Asia. Therefore, the liberation of Azerbaijani territories and the restoration of communications will open up new prospects for the development of relations between the Turkish countries. Türkiye also plans to build a new railway to Nakhchivan to expand cargo transportation and increase the capacity of the Baku-Tbilisi-Kars railway. The new 230-kilometer railway will stretch from the Turkish city of Kars to the Nakhchivan Autonomous Republic. From there, the line can be connected to railway lines to Iran, Afghanistan and Pakistan and connected to Azerbaijan's railway network via the Zangezur corridor (Filieva, 2021).

2.2.5. The North, South and Middle Corridors

The interconnection of infrastructure is a priority for the joint construction of the "One Belt, One Road". Based on respect for the interests and concerns of the countries concerned about their own sovereignty and security, thanks to the joint efforts of all interested countries, a multi-vector, multi-level and complex infrastructure network is being formed at an accelerated pace, which mainly covers the network of railways, roads, water transportation, airlines, pipelines and convergent information networks. The cost of exchanging goods, capital, information and technology in the regions has noticeably decreased, which positively stimulated the streamlining of flows and the optimized distribution of resources and opportunities between regions. Mutually beneficial and win-win cooperation has been established for the purpose of joint development.

1) Significant progress has been made in the construction of international corridors and routes for economic cooperation. Six international economic cooperation corridors, including the New Eurasian Continental Bridge, the China-Mongolia-Russia, China-Central Asia-Western Asia, China-Indochina Peninsula, China-Pakistan and Bangladesh-China-India-Myanmar corridors, link the Asian economic space with the European Economic Area, play an important role in creating and strengthening partnerships between different countries in the field of infrastructure interconnection and creating a large, highly efficient and smoothly operating joint market of Asia and Europe.

— New Eurasian continental bridge. Over the past 5 years, cooperation in the region of the new Eurasian continental bridge has been deepening more and more, this has raised partnership relations characterized by openness and tolerance, mutual benefit and common gain to a new level, and has vigorously stimulated trade and economic ties between Asia and Europe. The "Budapest Program on Cooperation between China and Central and Eastern Europe" and the "Sofia Program on Cooperation between China and Central and Eastern Europe" were published, and practical cooperation is being implemented in an orderly manner within the framework of the Sino-European Interconnection Platform and the Common European Investment Plan. Construction began on a section of the Hungary-Serbia railway line on the territory of Serbia from Belgrade to Stara Pazova. The construction of an international highway from the western part of China to Western Europe (Western China-Kazakhstan-Russia-Western Europe) has been basically completed.

— Economic Corridor China-Mongolia-Russia. China, Mongolia and Russia are actively promoting the formation of a network of cross-border infrastructure, the main objects of which are railways, roads and border points. In 2018, the three parties signed a memorandum of understanding regarding the establishment of a mechanism for joint promotion of the China-Mongolia-Russia Economic Corridor, further improving the working mechanism of trilateral cooperation. In October 2018, the construction of the Chinese part of the railway bridge over the border river was completed, linking the Chinese city of Tongjiang and the Russian settlement with Nizhneleninskoye. The construction of a road bridge over the Heilongjiang border river, linking the Chinese city of Heihe and the Russian city of Blagoveshchensk, is being successfully completed. The Sino-Russian joint venture has largely completed the initial design of the Moscow-Kazan high-speed railway. The "Intergovernmental Agreement on International Road Transport along the Asian Highway Network", signed and approved by the three countries, officially entered into force. The construction of a cross-border terrestrial cable system (Erlian-Khoto) between China, Mongolia and Russia has been completed.

— Economic Corridor China-Central Asia-Western Asia. Over the past 5+ years, cooperation along this route has been continuously deepening in the fields of energy, infrastructure interconnection, trade and economy, and production capacity. Bilateral agreements on international road transport between China and Kazakhstan were signed in turn, Uzbekistan, Türkiye, etc., as well as multilateral agreements and agreements on international road transport between China, Pakistan, Kazakhstan and Kyrgyzstan, between China, Kazakhstan and Russia, between China, Kyrgyzstan and Uzbekistan. Infrastructural construction in the regions of Central and Western Asia is constantly improving. At the China-Saudi Arabia investment cooperation forum, in the light of the promotion of the linkage of production within the framework of the Chinese initiative "One Belt, One Road" and "Vision for 2030" of Saudi Arabia, cooperation agreements were signed for a total amount of more than 28 billion US dollars. China and Iran are realizing their own advantages

in various fields and are strengthening interfacing and cooperation in the areas of road construction, infrastructure and energy.

— China-Indochina Economic Corridor. Over the past 5 years, positive developments have been achieved in the region along this route in the construction of interconnected infrastructure and cross-border zones of trade and economic cooperation. The Kunming-Bangkok highway line has been put into operation, and China-Laos and China-Thailand railway projects are progressing steadily. The project of joint construction of the China-Laos economic corridor has been launched, the interface between the One Belt, One Road initiative and the Thai Eastern Economic Corridor is accelerating and economic cooperation is steadily developing between China, on the one hand, and Cambodia, Laos, Myanmar, Vietnam and Thailand (CLMVT) on the other. The China-ASEAN 10+1 Cooperation Mechanism, the Lancang-Mekong Basin Cooperation Mechanism and sub-regional economic cooperation in the Greater Mekong region are playing an increasingly active role.

— China-Pakistan Economic Corridor. An interaction scheme was approved, in which the emphasis is on cooperation in the field of energy, transport infrastructure, industrial parks and the construction of the port of Gwadar. China and Pakistan have established a Joint Commission for Cooperation in the China-Pakistan Economic Corridor and set up a mechanism for regular meetings. A number of projects are progressing well and several important projects have been launched, including the Gwadar Port Road, the Peshawar-Karachi High-Speed Highway (Sukkur-Multan Section), the second phase of the Karakoram Road Upgrade Project (Haveliyan-Takot Section), the Orange Line Rail transport in Lahore, a power plant in the port of Qasim with a capacity of 1320 MW. Some projects have already demonstrated their effectiveness and play an important role in regional and interregional development. Within the China-Pakistan Economic Corridor, cooperation with third parties has already begun, with an increasing number of countries joining this project that have expressed a desire to cooperate.

— Bangladesh-China-India-Myanmar Economic Corridor. Over the past 5 years, Bangladesh, China, India and Myanmar, within the framework of the joint working group, have been actively promoting the construction of an economic corridor through joint efforts, researched and developed a number of important projects related to the creation of mechanisms and systems of cooperation, interaction in the field of infrastructure interconnection, trade and the creation of industrial parks, openness, as well as cooperation in the field of international finance, humanitarian exchanges and interaction - all this is aimed at improving the well-being of the peoples of all countries participating in the project. China and Myanmar established the China-Myanmar Economic Corridor Joint Commission, signed a memorandum of understanding on the joint construction of the China-Myanmar Economic Corridor, a feasibility study document for the Mujie-Mandalay railway project, and a framework agreement on the construction of a deep water port in the Kyaukpyu Special Economic Zone.

2) The level of interconnectedness of infrastructure is growing rapidly. Uninterrupted road communication helps to stimulate the development of all industries without exception. The lack of investment in infrastructure is a bottleneck that hinders the economic growth of developing countries, so accelerating the pace and level of interconnectedness of infrastructure has become a key area and the main content of the joint construction of the "One Belt, One Road".

— Cooperation in the field of railways. Important advances have been made in the construction of a network of interregional and intercontinental railways, including the China-

Laos, China-Thailand, Hungary-Serbia and Jakarta-Bandung high-speed railway lines. Key design and survey work is actively progressing on the modernization of the eastern line of the Trans-Asian Railway and Pakistan Railway No. 1, as well as the construction of the China-Kyrgyzstan-Uzbekistan railway, and engineering studies on the feasibility of building the China-Nepal cross-border railway have been completed. A mechanism for the functioning of international railway routes running between China and Europe has been preliminarily formed, with the involvement of many countries in the discussion. Railway companies of seven countries, including China, Belarus, Germany, Kazakhstan, Mongolia, Poland and Russia, have signed an agreement to deepen cooperation in organizing container transportation by the China-Europe route. As of the end of 2018, the China-Europe railway route has already united 108 cities and 16 countries of the Eurasian continent; in total, more than 13 thousand trains have been sent, which transported over 1.1 million standard containers with various cargoes. The occupancy rate of containers departing from China reached 94%, and the occupancy rate of containers delivered to China reached 71%. China is also closely cooperating with countries along the Belt and Road in the field of customs clearance to improve the convenience of customs clearance. On average, since the beginning of cooperation in this area, the screening rate and transit time have been reduced by 50%.

— Cooperation in the field of roads. Successfully passed the trial commissioning of direct transportation along the international highways China-Mongolia-Russia, China-Kyrgyzstan-Uzbekistan, China-Russia (Dalian-Novosibirsk) and China-Vietnam. In February 2018, the China-Kyrgyzstan-Uzbekistan highway was put into permanent operation for direct international transportation. A road bridge No. 2 over the Beilunhe River was built and put into operation, linking China and Vietnam. China has formally acceded to the "Convention for International Transportation by Road" (TIR). China and 15 countries along the "One Belt, One Road" signed 18 bilateral and multilateral agreements on the provision of preferential conditions and facilities for international road traffic.

— Cooperation in the field of ports. The port of Gwadar in Pakistan has opened regular container sea traffic, the equipment of the first phase of its construction has been completed, and more than 30 enterprises have been attracted to the park. Sri Lanka's Hambantota Port Special Economic Zone has already completed the first preparatory work, defining the park's industrial orientation and developing an overall development program. The port of Piraeus in Greece is already operating as an important transit hub, and the third phase of its construction will soon be completed. In December 2018, the container berth of the second phase of the construction of the Khalifa port in the UAE was officially put into operation. China has signed thirty-eight bilateral and regional shipping agreements with forty-seven countries along the Belt and Road. The Ningbo China Shipping Trade Bureau continuously improves the water transport index on the Maritime Silk Road, the China-CEEC Trade Index (CCTI, the trade index of China and 16 countries of Central and Eastern Europe), as well as the index of the port of Ningbo, has been published.

— Cooperation in the field of air transport. China has signed bilateral intergovernmental agreements on air transportation with 126 countries and regions of the world, expanded the openness of airspace through cooperation programs with Luxembourg, Russia, Armenia, Indonesia, Cambodia, Bangladesh, Israel, Mongolia, Malaysia, Egypt, etc. Over the past few years, China and countries along the Belt and Road have opened an additional 1,239 international airlines, accounting for 69.1% of the total number of new international airlines.

— Cooperation in the construction of energy facilities. China has signed a number of framework cooperation agreements and memorandums of understanding with countries along the Belt and Road, has launched extensive cooperation in the fields of electricity, oil

and gas, nuclear energy, new energy sources and coal, and together with relevant countries protects safe. The safe functioning of the network of oil and gas pipelines stimulates the optimization of the distribution of various energy sources and resources between countries and regions. Sino-Russian oil pipelines and China-Central Asian gas pipelines are operating stably and safely, the eastern line of the Sino-Russian gas pipeline will be partially put into operation in December 2019, and will reach full operational volumes in 2024. The oil and gas transportation pipeline system between China and Myanmar is fully operational.

— Cooperation in the construction of facilities and communications infrastructure. Notable results have been achieved in the construction of cross-border fiber optic cable information channels between China and Myanmar, China and Pakistan, China and Kyrgyzstan, China and Russia. China and the International Telecommunication Union signed a Memorandum of Understanding to strengthen cooperation in the field of telecommunications and the development of information networks under the "One Belt, One Road" initiative. China and Kyrgyzstan and Tajikistan and Afghanistan signed an agreement on cooperation in the field of fiber optic cables within the framework of the Silk Road, using the existing project and the experience of building fiber optic cables in countries along the Silk Road (One Belt, One Road, 2019).

2.3. The Political Economy of Russian Regional Investment Policy

Russia occupies one of the leading positions in the world in terms of the amount of national wealth and, by virtue of this circumstance, has reason to declare itself as a global power, and not just a big state. This fact is especially important now, when the process of globalization has embraced the majority of states and is actively invading the functioning of the world's commercial and industrial networks, forming a serious set of vectors for intra- and intercontinental trade and commercial relations. Behind this, one can clearly see the struggle for the profitability of foreign economic routes, in which the more mobile and enterprising players become the beneficiaries of the benefits. Under such conditions, the economic consolidation of Russia in the East is an important factor in ensuring its national interests. The region consistently demonstrates high demand for products of the fuel and energy complex, military-technical cooperation, investment goods, etc. (Zvyagelskaya, 2021).

This gives Russia an incentive to deepen its own modernization, develop industry, scientific and technical potential in order to be at the level of the requirements of the eastern markets. Based on the results of such a course, it will have a real opportunity to substantively demonstrate to the East its ability to serve as a counterbalance in its difficult relations with Western capital. The main thing is that Russia will find a worthy place in the huge and capricious Arab market. Such considerations should seriously determine the content of its economic component of the Eastern policy. At the beginning of the century, Russia stepped up economic contacts with the Arab East. The volume of annual trade exchange is growing quite consistently (from \$1.4 billion in 2000 to \$8.4 billion in 2012). The overall result is in favor of Russia: 90% of the transaction value is formed by its supplies of fuel and energy products and metals, timber and food, machinery and equipment. Imports consist of food, petrochemicals and textiles. Egypt, the United Arab Emirates, Morocco, Syria and Yemen (70% of the total value of Russian-Arab trade) have recently been the main counterparties. Economic cooperation, on the other hand, includes infrastructure facilities, investment deals, contracts for one-time projects, and is estimated at modest rates - over the years, a maximum of 100–300 million dollars and the Middle East (Bogacheva, 2021).

In 2011, the share of the five Central Asian republics in Russia's total trade with foreign countries was \$28 billion. For Türkiye and Iran, the figure was \$32 billion, and by 2015 it

could triple due to trade with Türkiye alone. In other words, the gap between the Russian Federation and the Arab countries has every chance to widen. The turbulence within the Arab world echoes the wholeness of Russia's transition to civilized capitalist economy (Davydov, 2021).

Although Russia remains the world's key energy producer, it has lost its status as a great industrial power. While it does not have the productive forces of the fifth technological order, the importance of a major regular international supplier of modern goods with high added value and is inferior in terms of competitiveness to its rivals in the countries of the Arab East. Only raw materials and energy products, metals, pipes, wood, certain types of machinery and equipment can be exported in industrial quantities (Ibragimov et. al., 2021).

North Africa has never been at the center of Russian foreign policy interests. Attitudes towards this region, starting at least from the 19th century or even from the end of the 18th century, was determined by its geographical remoteness, on the one hand, and its inclusion in both the Middle Eastern and Mediterranean subsystems of international relations, on the other. In the context of the foregoing, it makes sense to consider Russia's relations with the five main states of North Africa, drawing attention both to the general features of Moscow's regional policy and to its ability to diversify approaches, taking into account the specifics of the internal political dynamics of each of the countries and the accumulated experience of bilateral relations. At the same time, apparently, it is necessary to separately analyze Russia's relations with Egypt, Tunisia, Algeria and Morocco - the four stable states of North Africa, and Russia's policy in Libya - a country still engulfed in armed conflict (Kuznetsov, 2018).

2.3.1. Russian Investments in Region

BAHRAIN

Long-term cooperation with the Kingdom of Bahrain is of strategic importance for Russia, given the geographical position of the Kingdom and its status as a key partner for the pivotal actors in the region - Saudi Arabia and the United States. Cooperation with Manama will allow Moscow to consolidate its own positions in the sub-region of the Persian Gulf, as well as the Middle East as a whole. For the Kingdom of Bahrain, partnership relations with Russia are an element of national economic security. In addition to the obvious advantages of diversifying trade relations, Bahrain gains access to an influential center of power in the region. For this reason, the purchase of products with high added value not only saturates the domestic market, but also guarantees the loyalty of a great power. In the short term, there is a need to strengthen direct contacts between the countries between representatives of business communities, since the occasional return to the development of bilateral economic relations cannot be a stable basis for building contacts. In turn, work on a regular basis will provide an additional incentive to establish direct ties between Bahrain and the regions of the Russian Federation, this will be facilitated by direct flights that have been operating since 2014. An example of cooperation of a more niche nature is the practical implementation of agreements between the Tatarstan company Chelnybroiler and the Bahraini retail segment on the supply of halal meat products to the Kingdom of Bahrain. An indirect argument in support of the stated thesis about the strategic importance of Russian-Bahraini economic cooperation is the fact that experts attribute this partnership to one of the most promising vectors of cooperation in the Gulf. For example, the meeting of the Russian-Bahraini intergovernmental commission on trade, economic and technological cooperation, held in

February 2017 in Manama, chaired by the ministers of industry and trade of the two countries, received wide coverage in the local press.

Given the positive nature of the materials and the symbiosis between the authorities and the media in the Arab countries of the Persian Gulf, such interest indicates the direct involvement of the leadership in this process. Taking into account the volume of political and financial capital that has already been invested in bilateral partnership, one can conclude that the activities of the two states on the trade and economic track are not exclusively demonstrative. The trade turnover between Russia and Bahrain since 2008 has shown a noticeable upward trend. It increased by 2.5 times to \$13.5 million by 2011. Then Russia ranked 43rd among export destinations and 18th among importing countries to Bahrain. After a decrease in volumes in numerical terms in 2014 due to the fall of the national Russian currency, the countries restored a positive trend in trade turnover. In 2016, the trade turnover between the countries increased by almost 5 times compared to 2015, amounting to \$61 million.

The main items of Russian exports, which grew by more than 11 times by 2016, were ferrous metals, paper and cardboard, equipment for laser processing of materials, and products of the chemical industry.

The legal support of bilateral trade and economic cooperation is represented by several types of regulatory documents. The most comprehensive in terms of coverage of regulated issues is the Agreement on Trade, Economic and Technical Cooperation of 2001. One of the fundamental documents in the Russian-Bahraini economic cooperation is the 2014 Agreement on the Promotion and Protection of Investments, the main subjects of which are RDIF and Mumtalakat. Agreements with a more niche specialization are memorandums of understanding. This type is especially popular in the oil and gas sector: Rosgeologiya and the state oil and gas corporation of Bahrain National Oil and Gas Authority (NOGA) signed a memorandum of understanding on strengthening cooperation in the field of oil and gas exploration; Gazprom and NOGA signed a memorandum of understanding on expanding cooperation in the field of liquefied natural gas.

The institutional dimension of cooperation is also provided simultaneously at several levels. The Russian-Bahraini Business Council, which has been functioning since 2007, is the founding body and platform for bilateral cooperation. Scheduled meetings at the highest and high levels can be singled out as a separate category, since the manual style of management, characteristic of both states, makes it possible to agree on a wide range of issues in one visit. For this reason, the impetus for all current mega-projects - from cooperation in the aluminum industry to the exchange of experience in the petrochemical industry - was given in the meetings between King Hamad ibn Isa al-Khalifa, Crown Prince Salman al-Khalifa, Prime Minister Khalifa al-Khalifa, commander-in-chief of the defense forces Caliph bin Ahmad al-Khalifa and their counterparts from the Russian side. The next significant format for the development of the Russian-Bahrenian agenda are multilateral events, such as the forum-exhibition "Commercial and industrial dialogue Russia - the Persian Gulf", the international forum "Russia and the Islamic world - dialogue through art", which are not only a way to strengthen the foundation of cooperation due to the involvement in the process of agents of the second direction of diplomacy, but also civil society. A distinctive feature of such events is the high dispersion of participants, which allows the maximum number of interested

parties to be included in the agreements. At the same time, it remains possible to discuss issues that are not directly related to the agenda, since the format implies the representation of the parties not only with expert functions, but also with executive powers (ministers of relevant industries and their deputies). The economy of Bahrain is largely dependent on oil - revenues from the oil and gas sector exceed 80% of all receipts. However, most of the income (80% of oil and gas revenues) comes from the oil refining sector, since the Kingdom's own hydrocarbon reserves are relatively small. The country is developing only two oil fields, one of which is jointly with Saudi Arabia (300 thousand barrels of oil, which the countries share in half). Bahrain's natural gas reserves are also small at 0.2 trillion cubic meters. The country's only refinery is capable of processing almost 270 thousand barrels per day, which is higher than the country's oil production or consumption, so the Bahrainis buy some of the raw materials from Saudi Arabia (227 thousand barrels per day) and sends about 80% of the oil products produced at its refinery to the kingdom, thus earning its "margin". Petrochemical technologies, as well as models of self-sufficiency of such enterprises, are of interest to the Russian Federation, which seeks to meet at least the internal needs of the market. Despite the key role of the oil and gas sector in the Bahraini economy in the 13 years to 2015, this area of budget revenues was in third place in terms of foreign direct investment (16%), losing first and second places to the tourism sector (27%) and real estate (19%), which is additional evidence of the success of the business model of the national economy of Manama.

It should be noted that Russian oil and gas companies are stepping up their policy in the Middle East region. For example, Rosneft, previously a relatively passive player in the oil and gas market of the Middle East, has been actively involved in the development of projects in various countries of the region since the second half of 2016: the purchase of a stake in Egypt's largest gas field, Az-Zuhr, the start of exploration in Iraq, an unprecedented agreement with the Northern Iraqi Region. The logic of Russia's relations with Bahrain is also built into this course. For example, a permit obtained by the state corporation "Rosgeologia" to conduct seismic and geological exploration for a period of five in Bahrain (Altamimi, 2017).

In the context of stable growth in fuel consumption in the Persian Gulf region due to the fact that all players (with the exception of Qatar and Bahrain) meet the needs of the domestic market at the expense of oil, but plan to reduce its role in their energy balances, one of the most promising areas of development is the expansion of infrastructure for the use of LNG. Following the visit of the Russian delegation, the Minister of Industry and Trade of the Russian Federation Denis Manturov confirmed that Russia is studying the possibility of building an LNG import terminal in Bahrain, as well as the possibility of gas supplies to this country. Bahrain's goal is to form a regional gas hub on its territory, through the LNG terminal of which "blue fuel" will be re-exported to neighboring countries. The goal of the Russian Federation is the formation of a strong diversified base in the region. The implementation of the project, which correlates in scale with the construction of infrastructure for the LNG terminal, which is scheduled to be launched in 2019, implies a large number of contracts for related services: in the field of education and training of engineering and technical personnel, processing and interpretation of seismic data, oil and gas prospecting in transit and deep water zones, monitoring the state of the geological environment of the continental shelf and land of the kingdom, geophysical exploration of wells, supply of geophysical equipment and machinery. Finally, Bahrain is not the only Gulf

country to consider building LNG, it has direct competitors with much greater economic and infrastructure potential to implement such a large-scale project. The UAE and Oman already have a plant to receive this fuel. Moreover, Oman plans to start buying Iranian gas through a direct pipeline from Iran over the next three years. Preparations for the construction of the pipeline are progressing rapidly, and Oman has already agreed with Iran on the possibility of re-exporting Iranian gas. Under these conditions, it is cooperation with Russia that can become the variable that will allow Manama to take the place of a gas distribution hub in the subregion.

The "aluminum direction" plays a significant role in the bilateral agenda and continues to develop at the present stage. Thus, as a result of the meeting of the intergovernmental Russian-Bahraini Commission on trade, economic, scientific and technical cooperation on February 22, 2017, it was decided to create a specialized multilateral international organization for the industrial production of aluminum and create an alternative model for assessing the aluminum market. Such a measure will contribute to a more favorable pricing for manufacturers, stabilization of this part of the non-ferrous metals market. Such concepts are very popular today among non-Western countries - the formation of alternative financial institutions, such as the BRICS Bank, the Asian Development Bank, the development of a project for a gas analogue of OPEC, national systems for assessing investment potential. Such initiatives are aimed at combating the monopoly of the countries of developed capitalism on the formation of the rules of the market, which they received only because they had previously "entered the open market", acting as the architects of the global interstate trade system.

The main idea is that there is a demand not only for integration into existing niches in established markets, but also for the formation of the very rules for the functioning of the system in industry-specific areas of interaction. For obvious reasons, such methods do not receive support among the Western powers and their satellites, so interaction at this level by default indicates the strategic importance of relations with a partner. Due to the close interweaving of industrial sectors of modern economies, complex cooperation in one of the areas of production provokes the emergence of ties in another. During the second meeting of the Russian-Bahraini working group on cooperation in the aluminum industry on February 8, 2016, agreements were reached on establishing an exchange of information on potential projects of interest to the Bahraini side for the production of value-added aluminum products in Russia, which implies a comprehensive exchange of experience, expansion of cooperation in the field of R&D and safety standards (Altamimi, 2017).

UNITED ARAB EMIRATES

In recent years, the UAE has occupied a leading position in the trade and economic cooperation of the Russian Federation with the Arab countries of the Persian Gulf. Thus, in 2018, the trade turnover between the Russian Federation and the Emirates reached \$1.7 billion, which exceeded its level in 2017 by 3.6%.

In 2018, Russia and the UAE signed a Declaration on Strategic Partnership, which provides for cooperation between two countries in various fields: in politics, security, economy, culture, as well as in the humanitarian, scientific, technological and tourism fields. During the visit of Vladimir Putin to the Emirates, held on October 15, 2019, six documents were signed, including an investment agreement between the Russian Direct Investment Fund

(RDIF) and the UAE sovereign fund Mubadala Investment Company, according to which it is planned to conclude transactions for a total amount of \$3 billion in energy, high technology and healthcare. It is important to note that the volume of investments between the two countries on a joint basis in the Russian economy has already reached \$2.3 billion. At the same time, bilateral cooperation between the RDIF and the Muba Dal fund is estimated at about \$7 billion.

The Russian Federation and the UAE are implementing projects in the field of creating startups in the energy sector and in the development of peaceful nuclear energy. They continue to coordinate their efforts and policies in the global hydrocarbon market, including within the framework of the OPEC Plus agreement. The Emirates have become a popular destination for Russian tourists. According to the Central Bank of the Russian Federation, the number of visitors from Russia in 2018 increased by 23% compared to the previous year. At the same time, Russian tourists spent \$1.3 billion, which is comparable in volume to the trade turnover between the two countries.

Russia and the United Arab Emirates are developing cooperation in the space sector. As a result, Emirati astronaut Haz zaa al-Mansoori became the first Arab citizen to reach the International Space Station in September 2019 and spend eight days there.

The UAE is an attractive business hub for Russia in terms of expanding business ties with the countries of the Middle East, Africa, Asia and Europe. In the 2010s, Russian state and private companies participated in tenders held in this country and carried out various business projects. The UAE is investing in Russian gas, oil, real estate, infrastructure and logistics. The Emirates are also seeking to stimulate their presence in the Russian food production sector (Rudenko, 2020).

PALESTINE

Russia's current policy towards Palestine, determined by the country's leadership headed by V.V. Putin, is based in general on the centuries-old history of the Russian presence in the Middle East region and, in particular, on the relationship between the Palestinian leaders and the leadership of the USSR.

In post-Yeltsin Russia, contacts between Palestine and Russia in the economic and humanitarian spheres have become more energetic and fruitful. For example, in April 2002, an urgent delivery of a cargo of foodstuffs, medicines, and essential items was organized for the PNA. On July 20, 2004, on the initiative of the Ministry of Foreign Affairs of Russia, the Ministry of Emergency Situations of Russia supplied a batch of medical equipment and medicines for a total amount of 15.5 million rubles. for the PNA population as humanitarian aid.

In recent years, according to the Russian Foreign Ministry, Russia has allocated four tranches of \$10 million each for the needs of the PNA budget in the areas of education and healthcare. About 300,000 Russian tourists visit the Palestinian territories every year. Palestinian students are provided with hundreds of places a year in Russian universities at the expense of the federal budget. Despite this, in 2012 the trade turnover between the Russian Federation and Palestine decreased by 61.8% compared to 2011 and amounted to 580 thousand dollars. The trade turnover between Israel and Russia is many times higher than the Russian Palestinian one and amounts to approximately 3 billion dollars.

At present, a new program is being implemented to provide gratuitous aid to the Palestinians, including writing off the Palestinian embassy in Moscow (\$1.3 million), financing the construction of two schools on the West Bank of the river. Jordan (\$1.7 million), the supply of a new batch of armored personnel carriers for the Palestinian police and two helicopters for the leadership of the PNA, training of police officers, security personnel, diplomats, etc., as well as participation in financing the mission of the Quartet's special representative for development Palestinian territories (\$1 million).

At this stage, the active development of Russian-Palestinian trade, economic and cultural relations is hindered by the difficult military-political situation in the region. Nevertheless, in 2014, Russia supplied flour to Palestine for \$2 million. The possibility of purchasing large quantities of vegetables and fruits from the PNA and building a canning factory is being considered. Large-scale plans have also been developed in the energy sector. Among them are Gazprom's plans to develop a field on the Mediterranean shelf of the Gaza Strip.

Estimated volumes of gas production may amount to 30 billion m³/year, and the cost of the project is estimated at \$1 billion. In this case, Israel also lays claim to these gas fields, which must be taken into account. In addition, Russia is ready to participate in the construction of a thermal power plant with a capacity of 200 MW on the West Bank of the river. Jordan. The development of economic cooperation will be dealt with by a high-level working group, which is already being formed. It should be noted that Russia cooperates with Israel in the military sphere as a leader in the production of high technologies. Thus, Moscow is interested in mastering the technology of unmanned aerial vehicles. However, the Russian armament agreements for Egypt and Syria are an obstacle to the development of relations in the military sphere. The Israeli leadership tried unsuccessfully to persuade Russia not to move towards the lifting of sanctions against Iran. All they managed to achieve was the Russian president's promise that Moscow would become the guarantor of Israel's security in the Middle East region: Russia would not agree to the US proposal to convene an international conference on nuclear disarmament of the countries of the Middle East.

The consistent foreign policy line of the Russian leadership in the Middle East as a whole, as well as the relations between Palestine and Russia that have developed over decades, have formed a clearly expressed reality. For the Palestinian society and the elite, Russian President V.V. Putin is not only an engine for the development of cooperation in the trade, humanitarian and energy spheres, but also a major player in the Middle East settlement and a key mediator in establishing a negotiation process with Israel. Russia is in a strong position to defend its interests in the region, being a member of the Quartet (which, however, does not play a leading role in the negotiation process), an observer of the Organization of Islamic Cooperation, and thanks to constructive relations with the Arab world (Alivaivi, 2015).

IRAQ

The oil and gas sector of Iraq is of direct interest to the economic security of the Russian Federation (Kuznetsov, 2018).

Russian-Iraqi cooperation in the oil and gas sector has a rich history and is one of the key areas of Russia's oil and gas strategy in the region. This is confirmed by constant contacts between Russian and Iraqi officials. Thus, on March 17, 2019, Iraqi Oil Minister Tamer Ghadban met with Russian Energy Minister Alexander Novak. Novak noted that Russia and

Iraq "have built strong contacts at the inter-ministerial and corporate levels, which constitutes a solid foundation for the development of cooperation between the two countries."

The Iraqi market opens up broad prospects for Russia due to the high export opportunities for Russian engineering products in Iraq and the solvency of the importing side, supported by significant energy reserves. The priority direction of the Russian energy policy in the country is cooperation in the development of oil and gas fields. Currently, several Russian companies engaged in field development and oil production are represented on the Iraqi market, in particular PJSC Lukoil, PJSC NK Rosneft, PJSC Gazprom Neft.

On December 12, 2009, PJSC Lukoil received the right to participate in the development of the West Qurna-2 field, the initial recoverable reserves of which amount to about 14 billion barrels. This project has become the largest global project implemented by a Russian company. After the purchase of the Norwegian share in 2012, Lukoil's participation in the project is 75%. In January 2013, Lukoil signed an additional agreement with Iraq, which fixed the target production level for the project - 1.2 million barrels of oil per day for 19.5 years, extending the total contract term to 25 years with the possibility of extension for 5 years.

For all the time, Lukoil has invested more than 30 billion US dollars in this project. In 2018, the Company launched the second phase of the field development, which provides for an increase in production to 480 thousand barrels per day in 2020, followed by reaching the "shelf" of 800 thousand barrels per day by 2025.

In 2019, Lukoil started drilling new production wells as part of the second stage of field development, which will increase production at West Qurna-2 from the current level of 400,000 bpd to 480 in 2020.

Lukoil's second project is hydrocarbon exploration (appraisal drilling) at the Eridu field, carried out jointly with the Japanese company Inpex Corporation since 2012. Eridu is part of the little-studied Salman zone, which can be very promising in terms of oil production. In accordance with the contract, upon confirmation of the presence of oil, the Russian company has the right to produce oil at the site for 20 years with a possible extension of 5 years. The compensation for the produced oil is \$5.99 per barrel. In early 2017, the parties announced the successful testing of the first exploration well at the project. More than 1,000 barrels of oil per day was received. The second Russian company in terms of investment in the Iraqi oil and gas complex is Gazprom Neft PJSC. In 2009, the Company won a tender to develop the Badra field, whose reserves are estimated at 3 billion barrels of oil. The share of participation of Gazprom Neft in the project was 30%, Kogas - 22.5%, Petronas - 15%, TRAO - 7.5%. The share of the Iraqi government, which is represented by the state-owned oil exploration company Oil Exploration Company (OEC), is 25%. The right to exploit the deposit will be maintained for 20 years with the possibility of extending the contract. Investments in the project amount to 2 billion US dollars. Commercial production at the field began in September 2014.

In January 2018, D. A. Sugaipov, Head of the Directorate for Major Projects at Gazprom Neft, said that oil production at the Badra field had reached 85,000 barrels per day. Gazprom Neft has a unique status among foreign companies, which is reflected in the implementation

of joint projects with both Baghdad and Erbil. A subsidiary of PJSC Gazprom Neft, Gazprom Neft Middle East, is developing three blocks (Jackal, Halabadzha and Garmian) in the Kurdish Autonomous Region (KRG). The political risks of this project are assessed as low, since the deposits are located on the territory of KRG itself, east of the territory of Kirkuk disputed with Baghdad. The federal agreement between Erbil and Baghdad assumes the right of KRG to independently conclude contracts with foreign companies for the development of deposits located on its autonomous territory. Currently, oil production is carried out on all three blocks. Official Baghdad has a negative attitude towards Erbil's independent energy policy, discriminating against a number of companies involved in the development of oil fields in the territories disputed with KRG.

However, Gazprom Neft remains active in KRG without being subject to sanctions by the Iraqi government. E.O. Kasaeva notes that this status of a Russian company is explained not only by the powerful lobby of Russian state structures, but also by the active social policy of PJSC Gazprom in Iraq, which contributes to the formation of well-deserved authority both among the authorities and the population of this state. On the basis of the Scientific and Technical Center of PJSC Gazprom Neft, which cooperates with the largest Russian universities (Mining University, I.M. Gubkin University of Oil and Gas, etc.), training for citizens of Iraq is constantly implemented. The Russian company is actively involved in the development of infrastructure in the mining area. Thus, the company's efforts in Badra modernized the power supply system, reconstructed the power grid, purchased the necessary transport and equipment for the local hospital, built and completed new buildings for local schools. In addition to social policy, PJSC Gazprom's competitive advantage is the use of new technologies. Thus, in 2017, a gas plant with a capacity of 1.6 billion m³ per year was put into operation at the Badra field, based on the use of new technologies for capturing associated gas, providing a 95% level of associated gas capture.

Rosneft has a less strong position in the Iraqi market, which is associated with the transfer of Bashneft, which cooperated with the government of KRG, under the control of Rosneft. In this way, Rosneft secured its presence in the region, and the agreements concluded in 2017 made it one of the leading energy companies in the KRG. In particular, PJSC NK Rosneft entered into a number of agreements with the KRG for the development of deposits in Kirkuk, disputed with official Baghdad. The agreement was concluded in the form of a production sharing agreement and covers five blocks (estimated total reserves - 670 million barrels) located at the time of the conclusion of the agreement on the territory of the KRG. The share of subsidiaries of PJSC NK Rosneft is 80%, the amount of payments for entering the project and obtaining geological exploration information was estimated at almost 400 million US dollars, half of which was planned to be compensated. However, the operation of the official Baghdad to restore security and stability in the province of Kirkuk, which followed the KRG referendum on independence, leveled this success. After establishing control over Kirkuk, Iraqi Prime Minister al Abadi called for dialogue within the framework of the constitution. With the transfer of Kirkuk under the control of the armed forces of Baghdad, the Iraqi Oil Ministry announced its non-recognition of the separate agreements concluded earlier. The Iraqi government has stated that Rosneft's participation in the development of the Kirkuk fields is not based on existing contracts and needs to be coordinated with the British company BP, which received the right to develop from the Iraqi government in 2013. In February 2018, Iraqi Oil Minister Jabbar al -Laibi said that Rosneft could gain access to Kirkuk oil fields through cooperation with BP.

The high risks of Rosneft's strategy in Iraq, due to separate cooperation with the KRG in the development of fields disputed with Baghdad, were offset by the geopolitical advantages obtained: the company came closer to the KRG, strengthened its position in the autonomous region, which expanded the opportunities for developing other fields. In early 2019, Rosneft invested in a joint venture that will operate the main export oil pipeline in KRG, to the Turkish port of Ceyhan. The volume of investments amounted to 1.8 billion US dollars.

Iraq has colossal energy resources, the high quality and low cost of Iraqi oil production make the oil and gas industry attractive for foreign companies. Attracting foreign investment as a condition for realizing the country's economic potential has become a priority in the policy of the Iraqi government. The investment policy of Baghdad and the resource potential of the country have become the reasons for the increased interest of international energy corporations in Iraq. The Russian oil and gas companies Lukoil, NK Rosneft, and Gazprom Neft also began to show interest in developing cooperation with Baghdad in the oil and gas sector. Gazprom Neft has the most stable positions in Iraq, the implementation of the company's projects is subject to the least risks, which also applies to KRG projects. The company's positions ensure both lobbying of its interests by Russian state structures responsible for relations with Iraq, and effective adaptation to Iraqi realities: the company's social policy and its infrastructure projects ensure its reputation as a socially responsible partner. An important aspect of Gazprom Neft's activities is the integration of innovative technologies into the Iraqi oil and gas complex, for example, a new efficient technology for capturing associated gas from oil fields. Broad prospects are also open to Lukoil, which is implementing the world's largest Russian project - the development of the West Qurna-2 fields. Lukoil's activity in Iraq is stable and risk-free. Unlike Gazprom Neft and Lukoil, Rosneft is pursuing a risky strategy in Iraq. Separate cooperation of the company with the KRG in the oil and gas sector may affect its relations with Baghdad. However, Rosneft's new positions in the region provide not only economic preferences, but also Russia's geopolitical advantages. The high activity of Russian energy companies in Iraq contributes to the realization of the potential of Russian-Iraqi cooperation in the oil and gas sector, strengthens bilateral relations, Russia's economic and political positions in the region (Mikhailovich, 2020).

IRAN

Trade and economic cooperation has always been one of the main areas of bilateral cooperation between the Islamic Republic of Iran (IRI) and the Russian Federation (RF). Russia is among the main trade partners of Iran, and Iran is a major trade partner of Russia in the Middle East, a state with significant economic potential and a large market for Russian products.

According to the data of the Federal Customs Service of the Russian Federation, the trade turnover between the IRI and the Russian Federation was: in 2013 - 1.59 billion US dollars, in 2014 - 1.68,

2015 - 1.24,

2016 - 2.1, in the 1st quarter of 2017 - 0.4 billion US dollars.

During this period, Russia exported to Iran metals and metal products, foodstuffs and agricultural raw materials, wood and pulp and paper products, machinery and equipment,

mineral products and chemical industry products. From Iran, Russia imported foodstuffs and agricultural raw materials (vegetables, fruits, nuts), chemical products, mineral products, machinery and vehicles, plastics and products made from them. The Permanent Russian-Iranian Commission on Trade and Economic Cooperation (Intergovernmental Commission - IGC) is the main mechanism of intergovernmental cooperation between Russia and Iran. As part of its work, eight working groups operate on a permanent basis in such areas as trade, energy, financial and banking, interregional cooperation, transport, space, industry and water management issues (Khafizova, 2017).

In 2016, Russia's trade with Iran amounted to \$2,184,322,496, an increase of 70.54% (\$903,479,332) compared to 2015. Russia's exports to Iran in 2016 amounted to \$1,881,772,385, an increase of 84.94% (\$864,280,985) compared to 2015. Russian imports from Iran in 2016 amounted to \$302,550,111, an increase of 14.88% (\$39,198,347) compared to 2015. The balance of trade between Russia and Iran in 2016 was positive in the amount of USD 1,579,222,274. Compared to 2015, the surplus increased by 109.41% (USD 825,082,638). The share of Iran in Russia's foreign trade turnover in 2016 was 0.4670% against 0.2434% in 2015. According to the share in the Russian trade turnover in 2016, Iran took 42nd place (in 2015 - 53rd place). Iran's share in Russia's exports in 2016 was 0.6591% against 0.2961% in 2015. In terms of the share of Russian exports, Iran ranked 34th in 2016 (48th in 2015). The share of Iran in Russian imports in 2016 was 0.1660% against 0.1442% in 2015. In terms of the share of Russian imports in 2016, Iran ranked 59th (in 2015 – 61st).

- Machinery, equipment and vehicles - 35.84% of Russia's total exports to Iran (in 2015 - 10.79%);

- Food products and agricultural raw materials - 22.77% of Russia's total exports to Iran (in 2015 - 47.13%);

- Metals and products from them - 15.01% of the total volume of Russian exports to Iran (in 2015 - 20.61%);

- Timber and pulp and paper products - 7.64% of total Russian exports to Iran (in 2015 - 17.15%)

- Products of the chemical industry - 1.55% of the total volume of Russian exports to Iran (in 2015 - 3.03%).

The largest reduction in Russian exports to Iran in 2016 compared to 2015 was recorded for the following commodity groups:

Cereals - \$120,804,830 reduction;

Wood and products from it; charcoal, a reduction of \$22,524,327;

Products of inorganic chemistry; inorganic or organic compounds of precious metals, rare earth metals, radioactive elements or isotopes - reduction by USD 10,845,112;

Mineral fuel, oil and products of their distillation; bituminous substances; mineral waxes, a reduction of \$8,175,916;

Paper and cardboard; articles of paper pulp, paper or paperboard - a reduction of \$8,099,039.

In today's environment, international business opportunities in Iran are a rare opportunity that occurs in the world once every few decades. Russian companies should not hesitate, because in Iran, when receiving investment projects, the principle of first come, first served plays a significant role. Russian business should take the initiative as soon as possible and pay special attention to the country that has reopened its doors in order to have time to occupy a niche in the Iranian market. Business in Iran is built both on interstate agreements and on the initiative of private business. Although the Russian authorities are making considerable efforts to establish trade relations and conclude agreements, things are moving slowly, not all agreements are being implemented. Under these conditions, as the experience of companies already in Iran shows, Russian private business, not only large, but also medium, can be more successful than state companies tied to an interstate dialogue. Russian companies in Iranian markets are facing serious difficulties and the toughest competition. Tough competition is due to the fact that there will be many applicants for the same Iranian projects, first of all from the EU countries, China, and then the United States. Difficulties are due to ignorance of the country, lack of experience and connections, as well as the fact that Iranian firms are traditionally oriented in business to Western (Anglo-Saxon) countries, have personal connections and commercial interests there. Difficulties are also determined by the fact that over the years of the "Economy of Resistance" and due to historical traditions in business, representatives of Iranian companies are trying to get the most favorable conditions for themselves when concluding contracts (Ashkalov et. al., 2018).

ISRAEL

Russian-Israeli trade and economic cooperation has been characterized by stability both in structure and in its scale for quite a long time. Moreover, even if the two countries sign an agreement on the establishment of a Free Trade Area, significant progress in this area is unlikely to be expected.

The main obstacles to the development of relations are, in our opinion: the difference in business models, geopolitical restrictions (Israel's fear of excessive dependence on Russia and Western pressure on it to limit cooperation in the field of security and sensitive technologies; strengthening in Russia tendencies towards partial autarky) and the absence of an orderly and complete financial infrastructure. In addition to efforts to remove these barriers, it is recommended that in the coming years, the two countries focus on deepening mutual economic and business culture familiarity, which will make it possible to use the huge potential for developing cooperation in the field of research, development and innovation. In the 1990s and 2000s, Russia and Israel went a long way in the development of bilateral trade, economic and business relations: the necessary legislative base was developed, the corresponding infrastructure appeared, and contacts of different levels were established. A number of Russian and Israeli companies have opened their representative offices in the partner country. It is obvious that both countries, due to a number of circumstances, have chosen a strategy aimed at rapprochement and strengthening of relations. We note that over time, bilateral trade and economic relations depend less and less on the political component of Russian-Israeli interaction, although, of course, these spheres are not completely independent of each other. According to Russian statistics (which are somewhat different from Israeli ones) (Foreign Trade, 2021), in 2020 Russia's trade with Israel amounted to \$2.1 billion: 1.3 billion of exports from Russia to Israel and 827 million of imports. Israel's share in Russia's foreign trade turnover in 2020 was 0.4%, while Russia's

share in Israel's foreign trade turnover was 1%. At the same time, apart from fluctuations associated with economic phenomena of an exogenous nature, there are no significant changes in Russia's share in Israel's foreign trade operations, and vice versa. Today we can talk about a fairly high level of complementarity between the economic structures of Russia and Israel.

At the same time, the raw material orientation of Russian exports hardly corresponds to the place in the international division of labor that Russia seeks to occupy (Maryasis & Bizyaev, 2021).

Trade and economic relations between Russia and Israel are at a high level, and Israel is an important partner of Russia in the Middle East. The volume of bilateral trade between Russia and Israel in 2008 exceeded \$2.5 billion. In January-June 2009, the trade turnover amounted to 759.9 million dollars, while the volume of exports of goods from Russia reached 417.0 million dollars, imports - 342.9 million dollars. The structure of Russia's exports is mainly made up of rough diamonds (45-55% of total exports), oil and petroleum products (30-30%), rolled metal products, sawn timber, paper and paper products, cereals. Imports from Israel include mainly machinery and equipment, including equipment for telephone, telegraph and radio communication, medical devices and devices (45-60% of total imports), chemical and food industry products, medicines. In the field of energy, OAO Gazprom continues to study the issue of deliveries of natural gas to Israel via a pipeline through Türkiye. There are good prospects for the joint implementation of a project to develop an oil shale deposit in Israel. Russia and Israel work closely in the field of telecommunications, agriculture, bio- and nanotechnologies, in the diamond industry, medical equipment, and tourism. Of course, more and more emphasis is placed on high technologies. In particular, at the beginning of 2010, an agreement was signed on cooperation in the field of industrial R&D (research and development work) between the ministries of industry and trade of the two countries.

To coordinate work in priority areas within the framework of the mixed Russian-Israeli commission on trade and economic cooperation, permanent working groups have been created for cooperation in the innovation sphere, agriculture, energy and tourism. To help strengthen business contacts and mutually beneficial cooperation between Russian and Israeli entrepreneurs, it was decided to create a Russian-Israeli business council, which has already begun work. All this is a fact of close and effective interaction, which steadily contributes to the development of economic cooperation between the two countries. It should be noted that the issues of bilateral cooperation in the trade and economic sphere are constantly in the field of view of the leadership of both countries.

So, trade and economic relations between Russia and Israel are at a high level, and Israel is an important partner of Russia in the Middle East. Close and effective bilateral cooperation contributes to the development of bilateral relations.

The development of trade and economic relations with Israel is of interest to Russia due to Israel's highly developed economy, which uses the latest technologies and world-class developments. Trade and economic ties with this country, which resumed in 1990, have been developed. Among the main areas of Russian-Israeli cooperation can also be identified such as telecommunications, information technology and communications, technology and industrial innovation, agricultural technology (Dimitrieva, 2016).

LEBANON

The development of trade and economic relations is largely facilitated by the activities of the Intergovernmental Russian-Lebanese Commission on Trade and Economic Cooperation, as well because the Russian-Lebanese Business Council among the structure of the Russian Compartment of Commerce and Business . Despite the fact that the delegations of the countries hold regular annual meetings, expressing support and interest in cooperation, the dynamics of trade turnover in recent years has seen a downward trend.

In 2020, Russia's trade with Lebanon amounted to \$327.9 million, down 37.6% compared to 2019. Russia's exports to Lebanon amounted to \$315 million (-38%), imports – \$12.9 million dollars (-14.6%).

It follows from the data presented that the Russian-Lebanese trade turnover has rather modest volumes and is characterized by a strong preponderance in favor of Russia (the share of Russian exports in the period under review was more than 95%). Russian imports from Lebanon averaged \$13 million for the year, reaching a maximum value of \$19 million in 2011.

Despite the fact that in 2014 the trade turnover reached a record high of USD 803.9 million, including exports to Lebanon amounted to USD 790.2 million.

USA, imports - 13.7 million US dollars, and Russia entered the six foreign economic partners of Lebanon, by 2020 the trade turnover between the countries decreased, with a slight increase in 2017 and 2019. by 59%.

As can be seen from the above data, before 2016, most of Russia's exports were goods of the "mineral products" group, such as mineral fuel, oil and products of their distillation; bituminous substances, mineral waxes. Since 2016, there has been an increase in sales to Lebanon of goods from the "food products and agricultural raw materials" group and a simultaneous decrease in the supply of mineral products. However, by 2019, sales of goods from this group began to grow again, their share of Russia's total exports to Lebanon reached 60% (USD 307.6 million), while the share of food products decreased to 29% (USD 152 million) . In 2020, there was an overall decline in exports (-38%).

As for other commodity groups, the share of wood and pulp and paper products averaged 6% (USD 28.5 million) of all Russian exports to Lebanon in 2010–2020, metals and metal products - 4.8 % (USD 22.8 million), machinery, equipment and vehicles - 1.5% (USD 7 million), chemical industry products - 2% (USD 9.5 million).

Russian imports from Lebanon in 2020 by main commodity groups are as follows: food products and agricultural raw materials (\$8.4 million, 65.4%) of which the main share was tobacco and its substitutes (\$8 million). United States, 61.5%), chemical products (USD 1.8 million, 13.7%), textiles and textile products (USD 0.6 million, 4.4%), wood and pulp paper products (\$0.5 million, 4%), precious metals and stones (\$0.4 million, 3.5%).

The participation of the Russian gas producing company NOVATEK in the development of the Lebanese shelf of the Eastern Mediterranean is of great importance for Russian-Lebanese business activity. In February 2018, NOVATEK, France's Total and Italy's Eni signed agreements with the government of the Lebanese Republic on the exploration and production of hydrocarbons in offshore blocks 4 and 9 in the eastern Mediterranean Sea. The share of

participation of NOVATEK is 20%, the shares of Total and Eni are 40% each, the operator of the project is Total. In this event, in addition to the purely economic component, there is a serious political background, since the 8th and 9th blocks are located on the disputed section of the Lebanese-Israeli border. Moreover, the draft agreement on military-technical cooperation between Russia and Levant, which was mentioned above, was made public literally 6 days before the agreement. NOVATEK's activity in Lebanon is another factor in the Russian-Lebanese rapprochement (Savicheva et. al., 2021).

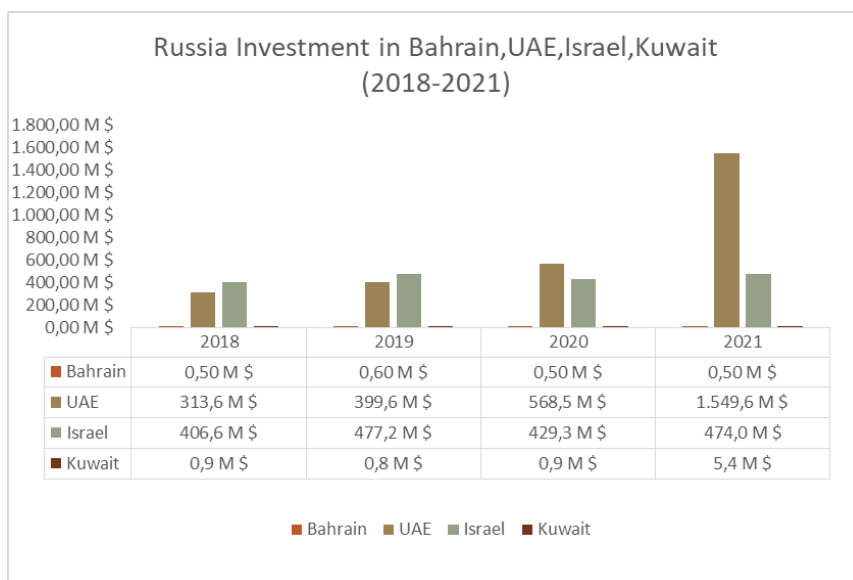


Figure 15. Russia Central Bank

SYRIA

In the recent history of trade, economic and military-technical cooperation between the Russian Federation (Russia, RF) and the Syrian Arab Republic (Syria, SAR), external manifestations show a classic economic cycle with phases of crisis, recovery and recovery.

In the 90s, Russian-Syrian relations had a pronounced decline. The constitutional reforms in Russia and the focus of the country's top leadership on internal problems, and in the external sphere on debugging mechanisms in a qualitatively new paradigm of interactions with industrialized countries, have led to the creation of an environment (situation) in relations with Syria, characterized by vagueness of prospects and activity by inertia behind account of the potential of relations of past years. By the potential of relations, we mean mutually beneficial sources of funds, wealth, income and advantages in various fields (military-political, natural, labor, financial): common views on issues of war and peace, joint production capacities and reserves, the possibility of continuing and completing economic and cultural projects.

The beginning of the revival in relations between Russia and Syria, with a perceived degree of conventionality, can be considered the signing in 2000 by the Chairman of the Government of the Russian Federation V. Putin of the Long-Term Program for the Implementation of the Agreement between the Government of the Russian Federation and the Government of the SAR on trade, economic and technical cooperation dated April 15, 1993.

The modern rise in relations between the Russian Federation and the SAR dates back to January 25, 2005, with the signing in Moscow by V. Putin and B. Assad of the Joint Declaration on the Further Deepening of Friendship and Cooperation between the Countries and the Agreement on the Promotion and Mutual Protection of Investments. Within the framework of the principles of interstate relations enshrined in the Declaration, in May 2005, Russia "write off" Syria's debt in the amount of 13.4 billion dollars. April 27, 1994.

Trade and economic interstate relations include the economic component of military-technical cooperation, which is both the content and the consequence of military-political territorial processes, which in turn reflect the domestic policy in countries on a wide range of issues, the general foreign policy of states and its situational specification. Everything is intertwined and it is impossible to clearly and narrowly single out (differentiate) any relationship that does not bear the imprint of other relationships. The key point of participation in geopolitical processes is the realization of national interests and the achievement of the most favorable possible geopolitical position in terms of spheres and temporal prospects.

During the period of macroeconomic stability and favorable external economic and political situation in 2006-2010, GDP. Syria grew from 1726.4 billion Syrian pounds in 2006 to 2791.7 billion pounds in 2010, or about 62%.

With regard to the quality of the information provided on the economic development of the SAR, it should be said that they (information) have secondary sources of information. Primary sources, i.e. state statistics are not available or limited to a wide audience: public official information is minimally fragmented and does not allow to form the dynamics of indicators. The website of the Syrian Central Bureau of Statistics is not available. The website of the Central Bank of Syria is uninformative in the required respect. There are practically no data on Syria in statistical collections and on the Rosstat website (Yuzhakov, 2018).

SAUDI ARABIA

Russia is not the main partner of the KSA, it occupies about 1% in the country's foreign trade turnover, since export-import operations are carried out by the Kingdom, primarily with countries that consume Saudi oil. The key trading partners are Asian countries (about 40% of foreign trade), as well as the European Union and the United States (15% of total foreign trade each).

As for the key items of Russian exports to Saudi Arabia in 2016, they include: food products (71%), chemical products (13%), wood and pulp and paper industry (7%), metals and metal products (6%), machinery, equipment and vehicles (2%), mineral products (1%).

Imports to Russia in 2016 consist of products of the chemical industry (95%), textiles and footwear (3%), machinery, equipment and vehicles (1%), timber and pulp and paper industry (1%). As a member of the Eurasian Economic Union (EAEU), Russia develops a trade policy taking into account the interests of the members (Belarus, Kyrgyzstan, Kazakhstan, Armenia) of this integration association. The legal framework for trade in goods between Saudi Arabia and the EAEU countries is based on a unified system of tariff preferences, according to which the Saudi Arabia is included in the List of developing countries approved by the Commission of the Customs Union dated November 27, 2009 No. 130. Therefore,

any goods imported from Saudi Arabia into the territory of the EAEU member states are subject to tariff preferences (import customs duty rates in the amount of 75% of the import customs duty rates of the Common Customs Tariff of the EAEU).

In 2017, for the first time in history, the King of Saudi Arabia Salman Bin Abdulaziz Al Saud paid a state visit to Moscow. During the visit, 14 interstate agreements were signed. In terms of trade, one of the key results of the visit was the signing of a \$2 billion contract for the supply of four battalions of S-400 missiles. The Russian Direct Investment Fund (RDIF) has entered into agreements totaling \$2.1 billion, RDIF will create with partners from the Saudi sovereign fund Public Investment Fund (PIF) a \$1 billion fund for investments in energy projects, a fund for investments in technology projects in the amount of \$1 billion and invests \$100 million in projects for the construction of an understudy of Kutuzovskiy Prospekt in Moscow and light metro lines in St. Petersburg. In addition to agreements with RDIF, a memorandum was signed on the purchase and localization of products of the military-industrial complex, in particular on the conditions for organizing licensed production of AK-103 Kalashnikov assault rifles in Saudi Arabia. Rosatom and the Ministry of Energy of Saudi Arabia have signed a program of cooperation in the field of atomic energy for peaceful purposes. Gazprom Neft and Saudi Aramco have agreed to expand bilateral cooperation in the oil and gas sector, which involves cooperation between companies in such areas as the development of drilling and well workover technologies, the improvement of pumping systems, and the development of large non-metallic pipes. Thus, Saudi Arabia is an important trade partner of Russia from the GCC region. At the same time, the share of Saudi Arabia in Russia's trade is quite small compared to Western countries and is increasing at a slow pace. The low trade flow between Russia and Saudi Arabia is explained by the similar export specialization of the Russian Federation and Saudi Arabia, institutional barriers and differences in socio-cultural factors. At the same time, both states are interested in developing cooperation. In a rapidly changing world influenced by the processes of globalization and regionalization, trade and economic relations between Russia and Saudi Arabia are a new area of cooperation for both countries. As for the economic aspect, the course for the transformation of the economic life of the KSA, laid down in the Vision 2030 program, will help intensify bilateral cooperation with Russia. The main areas of cooperation are the defense industry, mining and manufacturing industries, infrastructure and civil construction, nuclear energy, the financial sector, and tourism (Biryukov, 2017).

OMAN

In recent years, trade and economic relations between the Russian Federation and Oman have improved markedly compared to the previous period. Thus, the Russian-Omani trade turnover in 2020 increased by 1.8 times against its volume in 2019 and reached \$203.8 million. At the same time, Russian exports to the Sultanate in 2020 amounted to \$202.4 million. Russia supplied to Oman in the specified year mainly grain (48.8% of exports to the Sultanate), mineral fuels and oil products (24%), ferrous metals, steel and products from them (18%). As for Russia's imports from the Sultanate, it consisted mainly of the following commodity items: plastic materials and products from them (43% of imports from Oman), products from stone, cement, asbestos, mica and similar materials (27%), as well as essential oils, resins, cosmetic and toilet preparations (15%).

In this regard, it should be emphasized that, despite the fact that trade and economic cooperation between the Russian Federation and Oman still remains at a lower level compared to other Arab countries of the Persian Gulf, in the foreseeable future the sultanate can become a promising partner for Russia. This country is one of the rather capacious, solvent and dynamically growing markets in the region of the Middle East and North Africa. At the same time, the sultanate is very interested in the supply of agricultural products from Russia, since, due to its specific natural conditions and high growth rates of the local population, it is not able to provide itself with the necessary volume of food products. In trade and economic relations with the Russian Federation, Oman, like other GCC countries, enjoys the most favored nation regime. This means that the sultanate is included in the list of states-users of the scheme of preferences of the Russian Federation applied by Russia in respect of goods imported into its national customs territory and originating from these countries, for which import rates are 75% of the level established for states not having the most favored nation treatment in trade and political relations with the Russian Federation. The regulatory framework for Russian-Omani investment cooperation is based on an agreement on joint investments in projects in the oil and gas and chemical sectors, signed in 2017 between the National Oil Company of Oman (Oman Oil Company) and Rosnano of Russia with the assistance of the Russian-Omani business council. It seems that the most promising areas of investment cooperation between the two countries are the following: industries related to energy resources; oil refining, natural gas production, nuclear power; agricultural production; area of information technologies; construction, mechanical engineering, electric power industry, etc. An important role in the further development of trade and economic ties and investment cooperation between the Russian Federation and Oman could be played by the projects of the Russian-Oman Business Forum established in 2016 (The Russia-Oman Business Forum) , as well as the relaxation of visa requirements for Russian citizens (Rudenko, 2021).

JORDAN

Over the past ten years, a number of important documents have been signed between Russia and Jordan, including the following agreements: on the establishment of the Russian-Jordanian Business Council (2007); on the encouragement and mutual protection of investment capital (2007); on cooperation in the field of the use of atomic energy for peaceful purposes (2009); on the exploration of oil and gas fields in the territory of Jordan (2011). Since 2013, cooperation between the countries has been coordinated by the Intergovernmental Russian-Jordanian Commission for the Development of Trade, Economic, Scientific and Technical Cooperation.

The trade turnover between Russia and Jordan in 2016, according to the data of the Federal Customs Service of the Russian Federation, amounted to 175 million dollars, and in 2017 - 124 million dollars. Russia exports agricultural products to the kingdom, as well as oil products, ferrous metals, transport equipment, it also supplies chilled and frozen meat, poultry, and live small cattle. Jordan imports products of the pharmaceutical industry, inorganic chemistry, clothes, and vegetables into the Russian Federation.

One of the main areas of bilateral economic cooperation is nuclear energy. Thus, on November 1, 2013, the Russian state corporation Rosatom won a tender for the construction of the first nuclear power plant in Jordan. It is planned that the nuclear power plant,

consisting of two power units with a total capacity of 2,000 MW, will be built by a joint venture in which 51% will be received by the kingdom, and 49% by Rosatom or one of its subsidiaries. The total cost of construction of two NPP units is estimated at 10 billion dollars. At present, the technical and technological conditions of the project have been fully coordinated. To conclude a contract, it remains only to solve the issue of financing. In addition, in September 2016, on the sidelines of the 60th IAEA conference, Russia and Jordan signed a memorandum of understanding on training personnel for the nuclear power industry and other related fields. December 3, 2017, Rusatom Overseas (part of the state corporation Rosatom) and the Jordanian Atomic Energy Commission signed an agreement on cooperation in the field of small power reactors. The parties agreed on the possibility of preparing a joint feasibility study for the construction of a low-power reactor in Jordan. It is important to note that in the last two years Russian-Jordanian meetings and negotiations have discussed the prospects for further development and deepening of trade and economic ties. Thus, the Jordanian side, in addition to expanding the exchange of supplies of finished agricultural products, proposed to create an industrial zone in the kingdom, within which to organize the production of agricultural machinery and equipment. As an additional argument in favor of this form of cooperation, she pointed out that the assembled equipment would have export potential not only for Jordan, but for the entire region, since the Arab countries are bound by agreements that facilitate mutual trade. Russia and Jordan also agreed to explore the possibility of using the Jordanian port of Aqaba to promote Russian goods to the markets of the Middle East and North Africa. Jordan, in turn, seeks to expand its exports not only to Russia, but also to other countries that are members of the Eurasian Economic Union, with which it signed a memorandum of understanding in 2017. Moreover, the kingdom intends to apply to the EAEU with a proposal to conclude a free trade agreement and create a free trade zone on the territory of Jordan (Rudenko, 2019).

YEMEN

The Middle East has traditionally been one of the most important areas of Russian foreign policy. The main reason for Russia's active participation in regional processes in the Middle East is the importance of this region for world politics. The Middle East, being at the epicenter of many world problems, is an important component of the system of modern international relations.

In particular, the importance of this region is evidenced by the fact that more players are involved in the Middle East than in any other region of the world. One of these key players is Russia. Not only is the Middle East an important region for Russia's foreign policy, but Russia is also an important partner for many countries in the region, including Yemen.

In recent years, Yemen has become a regular buyer of various types of weapons, having spent \$2 billion on this since 1998, of which \$1 billion has been spent on the purchase of Russian weapons. Military contracts for the supply of fighter jets and helicopters continue to be concluded. A few years ago, the President of Yemen received a Mi-17 VIP helicopter. Russian military factories are ready to prepare programs for the modernization and repair of weapons for the Yemeni army, as well as to provide large quantities of spare parts and equipment. In a memorandum dated April 3, 2013, on the eve of the meeting of Russian Prime Minister D.A. Medvedev with the President of Yemen, Abed Rabbo Mansour Hadi, it is said that Yemen is interested in acquiring Russian air defense systems and light weapons.

Sana'a is also interested in purchasing PTR-80A armored personnel carriers, BTR-60BP and BDRM-2 air defense systems and armored vehicles for the Yemeni army, modernizing combat and transport helicopters, maintaining MiG-29 fighter jets, repairing Il-76 and AN-26 Russian specialists. The memorandum also states that Yemen is a traditional importer of Russian military products. But the volume of military-technical cooperation is quite modest. The value of all Russian military exports to Yemen over the years of cooperation amounted to \$9 billion.

Economic and trade relations with Yemen have been developing since 1956. The total volume of the obligations of the USSR, fulfilled in the 1960s and 1970s, was mainly about 6% of foreign economic assistance received by the Yemeni Arab Republic. Cooperation with the People's Democratic Republic of Yemen (South Yemen) began in 1969. With the help of the Soviet Union, a large number of industrial and social facilities were built in the country. The share of the Soviet Union in foreign loans received by South Yemen for economic development amounted to more than 50%.

In February 1991, Russia and the Republic of Yemen signed a trade agreement on the establishment of a joint government committee for economic, trade and scientific and technical cooperation, as well as a protocol on a trade representation in Sana'a. In 1996, a protocol on cooperation was signed between the Federation of Chambers of Commerce and Industry of Yemen and the Chamber of Commerce and Industry of Russia. At present, the agreements contained in the memorandum on the development of trade, economic and technical cooperation, signed on December 11, 2002 in Moscow, are being implemented at full speed. In December 2007, the Russian-Yemeni Business Forum was held in Sana'a. The volume of trade between the two countries in 2007 reached \$178.9 million, doubling since 2006. So far, Yemen's exports to Russia are few and at the level of \$1 million. Grains are traditional Russian export commodities for Yemen (59.7%), machinery and equipment, including transport and military products (28.2%), as well as instrumentation, household appliances and medical equipment (10.8%). Representative offices of such Russian companies as Technopromexport, Rosoboronexport, Technostroyexport, Zdrav export are present in Yemen. Many contracts are being finalized and are being commissioned, such as the Hasva hydroelectric power plant in Aden. More than 260 doctors work for Zdravexport. Recently, there has been a tendency to replace Russian doctors with specialists from the CIS countries. In November 1997, the Paris Club met to discuss the issue of restructuring Yemen's external debt and signing a document on the repayment of Yemen's debt to the Russian Federation on favorable terms for Sana'a. As a result of the meeting, an agreement was signed between Russia and Yemen on debt cancellation. In December 1999, about 80% of Yemen's \$6.4 billion debt was written off (Alesbili, 2018).

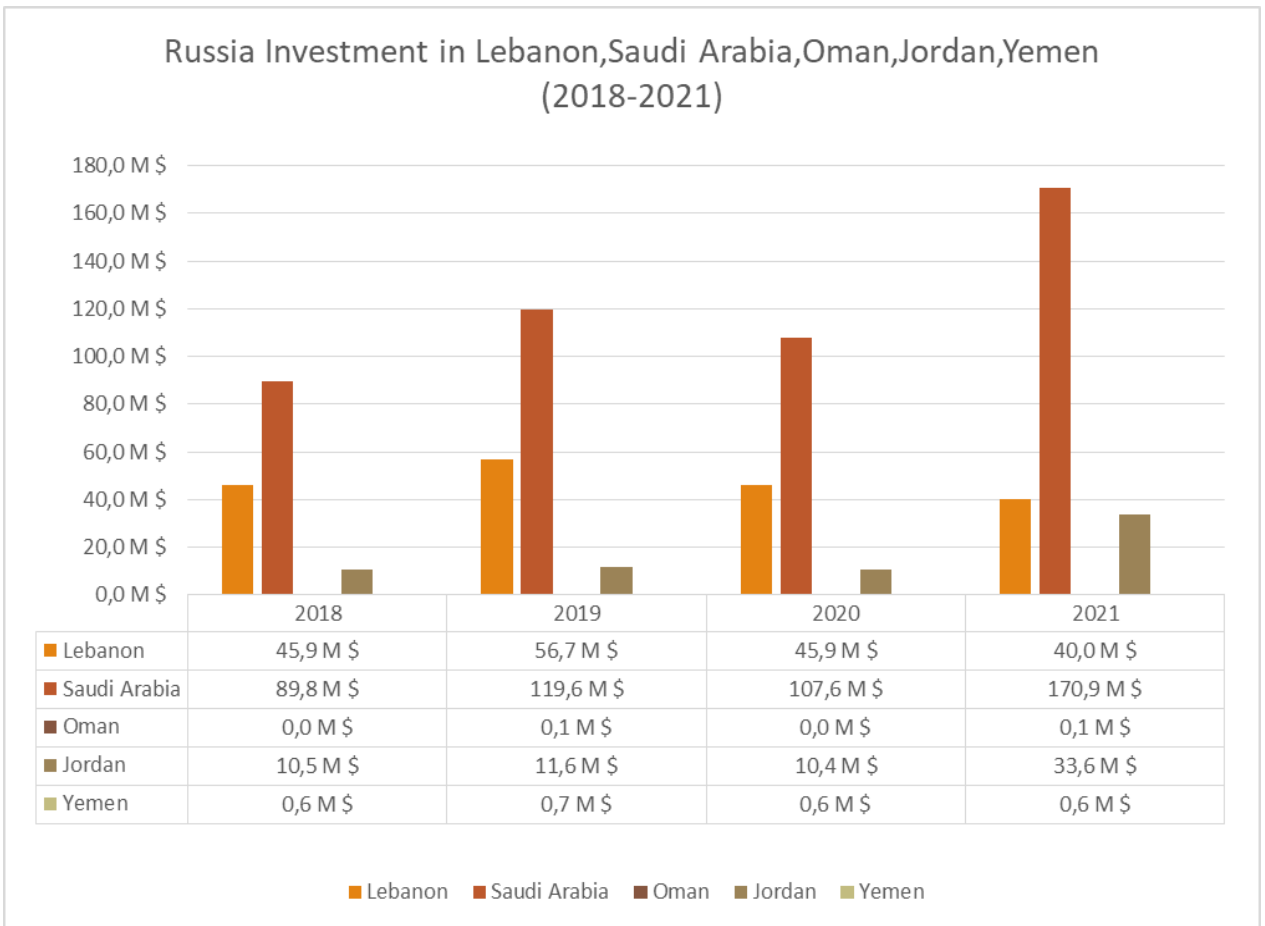


Figure 16. Russia Central Bank

NORTH AFRICA

One of the manifestations of the law of uneven development of individual countries in the world economy in the XXI century. will be, along with the rise of the Asian states, outpacing the development of a growing number of countries on the African continent, which has entered the last period of significant economic growth. This happens mainly due to two factors. First, external economic expansion, which is intensifying primarily due to a number of dynamically developing new industrial countries in recent decades, as well as the PRC and India. Second, the accelerated process of the formation of national capital and strengthening its orientation towards the domestic market in order not to lose its own positions on it under the onslaught of foreign capital (Currently, a significant part of African capital is placed in developed countries and offshore). A prerequisite for the accelerated economic growth of the countries of the Black Continent, along with other factors, will be the demographic dividend, which has already begun to bear its first fruits. Between 2000 and 2015, 53 million permanent paid jobs were created in Africa. Their average annual growth rate over 15 years reached 3.8%, which was 1% higher than the growth rate of the economically active population.

A significant contribution to the acceleration of the development of the continent, especially in the first half of the 21st century, according to forecasts, will be made by the North African region. According to the classification of the UN Department of Statistics, it includes Algeria, Egypt, Western Sahara, Libya, Morocco, Sudan and Tunisia. In the foreign

economic strategy of the Russian Federation until 2020, adopted in 2008, due attention was paid to the development of economic relations with the states of North Africa, which determine the level of relations with the entire continent. However, the goals and objectives outlined in it may not be implemented in practice or only partially implemented for many reasons: international sanctions, volatility of world markets, etc. (Volkov & Tkasenko, 2019).



Figure 17. Russia Central Bank

EGYPT

The country with which relations have become a kind of model for Moscow's entire Middle East policy in recent years was Egypt. Caution, unhurriedness, the desire to diversify contacts, unwillingness to “burn bridges”, readiness to work with practically any forces, given the understanding of the fragility of the current situation - all this determined the specific style of Russian diplomacy. At first, despite the rise to power of the Muslim Brotherhood in the country after the 2011 revolution, the Russian authorities did not exclude this movement from the list of extremist ones. Such an unfortunate circumstance, however, did not prevent President V. Putin from meeting twice with his Egyptian counterpart Mohammed Morsi in 2013, but after A. al-Sisi came to power in the summer of that year, the inclusion of the Brothers in the list of extremist organizations became the basis for rapprochement between the two countries: the Egyptian leadership, disappointed in the hastily supported the Muslim Brotherhood and now at a loss for the United States, sought to find new non-regional partners. In addition, the military, who regained the reins of power, were in the eyes of the Kremlin both more reliable and more understandable than the overthrown moderate Islamists, and the special relationship of the new leadership of the country with Saudi Arabia, an important but difficult partner of Moscow, gave a special significance to rapprochement with Cairo.

Putin visited Egypt in 2015 and 2017, and President al-Sisi came to Moscow three times in the last four years. During this time, a regular format of bilateral ministerial meetings emerged and became established, helping to clarify the positions of the two countries on key regional issues, primarily Libya and Palestine.

Military-technical cooperation (MTC), which is implemented through the Joint Commission established in March 2015, has acquired particular significance. After the signing of several bilateral agreements, Moscow declared that it was ready to provide Egypt with any necessary weapons, with the exception of strategic nuclear weapons. According to available sources, the volume of military-technical cooperation has reached \$3.5 billion since 2014, and the range of weapons supplied to Egypt includes Mi-8MT/Mi-17 transport helicopters, Buk-M2 air defense systems, S-300VM air defense systems, anti-tank and anti-ship missiles.

Additional deliveries of Mistral are also being discussed. In 2016, the two countries held joint anti-terrorist exercises "Defenders of Friendship - 2016", in which 500 military took part, and in 2017 a preliminary agreement was signed allowing the Russian Aerospace Forces to fly in Egyptian airspace and use the country's military bases. In the event of its full implementation, Russia will be able to concentrate in Egypt the largest foreign military contingent of all North African states. Interaction, however, is not limited to military-technical cooperation. If in 2015 bilateral trade fell sharply due to lower oil prices, then in subsequent years there was a steady increase.

In 2017, it reached 61.73% - the total trade turnover amounted to 6.73 billion dollars, of which 6.2 billion were Russian exports to Egypt, which consisted mainly of cereals, hydrocarbons and ferrous metals. Russia that year sold 6.7 million tons of wheat to the Egyptians, while the total import of wheat into the country amounted to 11.2 million tons. As a result, Egypt entered the top twenty economic partners of Russia and became the largest importer of Russian agricultural products, overtaking China. At the same time, the volume of Egyptian exports to Russia did not exceed \$500 million.

Another important area of cooperation is energy and industry. Back in 2015, the long-awaited agreement on the construction of a 1200 mV nuclear power plant in Egypt was signed, which had been discussed even under X. Mubarak, and two years later the deal was sealed with a long-term contract for servicing the station. Then, in October 2017, Rosneft, having concluded a deal with the Italian company Epi, bought 30% of its shares in the concession for the development of the Zohr gas field.

The plan to create a Russian commercial and industrial zone in the Port Said area is also on the agenda. Finally, one cannot fail to mention tourism, which until 2015 remained the most prominent area of bilateral cooperation. In 2013, 2.4 million Russians visited Egypt, in 2014 - already 3.1 million. When the total income of Egypt from tourism was about 7.3 billion dollars, Russian tourists brought about a third of this amount - 2.5 billion. After the cancellation of direct flights in 2015 in 2016-2017. The number of Russian tourists did not exceed 100 thousand people a year. Despite the resumption of air transportation in the spring of 2018, achieving the previous volumes seems unlikely - the need for ground transfer from Cairo to the Red Sea resorts will remain a serious obstacle to the development of the sector.

MTC, trade in agricultural goods, cooperation in the field of energy, industry and tourism remain the main areas of bilateral interaction between Russia and other countries of North Africa (Kuznetsov, 2018).

ALGERIA

Algeria plays a special role among them. In 1962-1989 Moscow loaned Algeria \$11 billion worth of weapons, which accounted for 80% of the country's entire military stock. Then,

however, the civil war of the 1990s. in Algeria and a general decline in Russian activity in the region brought bilateral relations to naught. The return began in the 2000s, when in 2006 Moscow forgave a \$4.7 billion debt to Algeria, concurrently concluding an agreement on the sale of tanks, missile systems, combat and training aircraft in the amount of \$7.5 billion.

In 2007-2016 Algeria's trade with Russia increased from \$700 million to \$4 billion, with two thirds of this amount being military goods. Algeria entered the top five countries - clients of the Russian military-industrial complex, purchasing more than 80% of weapons from Moscow and occupying 10% of the total amount of Russian arms exports.

However, in other areas, the trade turnover between Russia and Algeria is small and does not matter much for both countries. Even the strategic partnership agreement concluded back in 2001, which was supposed to become a “new impetus” for bilateral ties, did not play any role here. In the first four months of 2017, Algeria's exports to Russia, which consisted mainly of dates and some manufactured goods, did not even reach \$3 million, a paltry amount even compared to other North African countries. In the same year, exports from Tunisia amounted to \$37 million and from Egypt \$137 million.

In the energy sector, cooperation is also limited, despite the fact that in 2006 a memorandum of understanding was ratified between OAO Gazprom and the Algerian state corporation Sonatrach, and in 2014 a joint venture project for exploration and production was signed. The fact that Algeria is the largest producer of natural gas in Africa, the third (after Norway and Russia) supplier of gas to Europe, and its oil production volumes among African countries are second only to Nigeria, makes the two countries not only rivals for the European market, but and potential partners. A similar scenario has already been partly demonstrated by Moscow in its relations with Riyadh. Such a prospect cannot but unnerve the Europeans. As in the case of Egypt, in Algeria Russia is very active in the field of "peaceful atom". In 2017, a memorandum of understanding was signed between the Algiers Atomic Energy Commission (COMENA) and Rosatom.

Representatives of the latter said that the Algerians plan to build a nuclear power plant with pressurized water reactors by 2025. Close ties with Algeria do not prevent Moscow from building a dialogue with Rabat, despite the sharp contradictions between the two African countries, primarily on the issue of Western Sahara. The adjustment of the position on this conflict and the rejection of the consistent support of the Polisario Front towards “positive neutrality” were important factors that made it possible. The undoubted diplomatic success of the Alaouite kingdom, however, did not mean Moscow's complete refusal to cooperate with the "liberated territories" of Western Sahara, as evidenced by the regular visits of POLISARIO representatives to Moscow (Kuznetsov, 2018).

MOROCCO

Trade and economic cooperation with Morocco seems to be more balanced and diversified than with other North African countries. Agreements were signed between the two countries on education, air transportation, fishing, environmental protection, military cooperation, energy and agriculture. The latter is especially significant for Rabat: Morocco's exports to Russia are 97% food products, which, in turn, account for about 18% of the country's total food exports. In 2016, the kingdom sold 351 thousand tons of agricultural products to the Russians, primarily citrus fruits and tomatoes. For tomatoes and frozen sardines, it became

the largest supplier, for citrus fruits it came in second place. In 2017, the trade turnover between the countries exceeded \$3 billion, with a positive balance for Russia, which supplies fertilizers, sulfur, coal, etc. to the kingdom.

In 2017, the countries also began to cooperate in the nuclear field - the Ministry of Energy, Mineral Resources and Sustainable Development of Morocco and Rosatom signed a memorandum of understanding on the "peaceful atom" (Kuznetsov, 2018).

TUNUSIA

Finally, one cannot fail to mention Tunisia, a country whose political significance in the region far exceeds its geographical significance. Historically, the leaders of Tunisia - both Habib Bourguiba and Zine al-Abidine Ben Ali - were drawn rather not to Russia, but to Europe and the United States, but to the political forces that came to power after 2011, despite declaring aspirations for a multi-vector foreign policy, remained true to this tradition. In 2015, the country became a US ally outside of NATO, receiving the same status as, for example, Morocco and Jordan, and enlisting American help in repelling threats from Libya. Under these conditions, Moscow, as always, sought to demonstrate its readiness to work with all players - both with the Islamist al-Nahda party, which renounced power in 2014, but already in 2018 won the municipal elections, and with representatives of old" elite - President Beja Kaid Al-Sebsi and his party "Nidaa Tunis". In recent years, Tunisian leaders have repeatedly met with their Russian colleagues, while both sides regularly declare their intention to develop cooperation in trade, economy, science, technology and security. Nevertheless, the basis of relations is not politics, but the economy, and above all tourism. Tunisia has not been particularly popular among Russian tourists before. In 2014, when more than 3 million Russians visited Türkiye and more than 2 million vacationed in Egypt, Tunisia was chosen by only 250 thousand people, and among Russian tour operators there was an opinion that this was a country of non-return tourism. After the 2015 terrorist attacks in the resort town of Sousse and in the capital's Bardo Museum, the number of foreign guests dropped to a minimum, and there were only 50,000 Russians among them.

However, the next year the situation changed: in the list of countries from which the most vacationers came to Tunisia, Russia took third place, behind Algeria and Libya. At the same time, Algerians and especially Libyans who entered the country can not always be qualified as tourists in reality. There are two main reasons for the growth in tourist flow from Russia: the cancellation of direct flights to Egypt and the crisis in Russian-Turkish relations. As a result, the number of Russians visiting Tunisia has increased dramatically and reached 650 thousand people in 2016. In 2017, 6.7 million guests visited Tunisia, about 520 thousand of them Russians, in 2018 their number is expected will exceed 600 thousand.

Given the fact that about 8% of Tunisia's GDP comes from the tourism sector, the growth of tourist flow from Russia can become an important factor in Moscow's economic influence(Kuznetsov,2018).

LIBYA

Despite the fact that both experts and politicians periodically talk about the possibility of Russia replicating the Syrian experience in Libya (Haftar's press secretary actually called for this in August 2018), an analysis of Moscow's real actions over the past seven years has not gives grounds for such conclusions. It is true that the events of 2011 caused an extremely

painful reaction in Moscow. Russian public opinion as a whole was inclined to sympathize with Colonel M. Gaddafi, who was overthrown by the forces of the West, and President D. A. Medvedev's refusal to use the right of veto in the UN Security Council voting on Resolution No. 1973, which actually legitimized the armed intervention, caused misunderstanding even among part of the country's political elite. According to a number of analysts (in particular, F. Lukyanov), it was the irresponsible behavior of the international community towards Libya that largely predetermined the Syrian policy of Moscow, which realized the unacceptability of new military interventions to change regimes in the region.

All this, however, had little to do with Libya itself. Immediately after the 2011 revolution, Russian activity in this country dropped to zero. Old contracts worth about \$4.5 billion burned out, there was practically no economic cooperation with the new authorities, while politically Russia demonstrated neutrality, limiting itself to regular rhetorical criticism of the West.

Almost the only reason for interaction with the new Libyan authorities was the fate of Russian sailors who were imprisoned in Tripoli and Misrata and needed urgent assistance. In essence, it was precisely for this purpose that the Russian Contact Group for an intra-Libyan settlement was created in Moscow. An unusual structure, connected not only with the Ministry of Foreign Affairs, but also with the State Duma and the leadership of Chechnya, was headed by a young diplomat Lev Dengov, well versed in Libyan affairs. While rescuing Russian citizens, the Group simultaneously focused on diversifying political ties and building trusting relationships with the widest possible range of Libyan political actors. It is no coincidence that rather quickly the main thesis of all L. Dengov's public speeches became the idea of Moscow's "equally approximate" course. Working mainly with Tripoli and Misurata, the Contact Group initiated a number of visits by Libyan politicians to Moscow and Grozny.

At the same time, Moscow began to show increasing activity in the east of the country, building relations with Marshal Haftar. Despite the natural distrust of a military man who spent 20 years in the United States, the Russian military elite managed to establish with him, apparently, completely trusting relations. In 2015-2018 the marshal visited Russia more than once, and in January 2017 he was received on the aircraft carrier Admiral Kuznetsov, which became a sensation for the entire international community, part of which became convinced that Moscow was striving to establish the power of the "new Gaddafi" in Libya. The appearance in Cyrenaica of Russian sappers, who arrived in the country at the invitation of a private company, quickly began to be interpreted as the beginning of a repetition of the Syrian experience, and Russia's assistance to Tobruk in overcoming the liquidity shortage was evidence of a desire to finally split the country. Numerous suspicions generated by the strange rapprochement between Moscow and Tobruk (mainly at the initiative of Tobruk) have not yet found real confirmation and have remained just vague rumors. At the same time, in 2018, Russia began to show an obvious desire to convert the accumulated experience of political and diplomatic interaction with all parties to the conflict into the economic sphere. In 2017, the trade turnover between the two countries, which consists mainly of Russian grain exports, doubled compared to 2016, approaching the figure of \$135 million, while Libya climbed ten positions in the list of Russia's trading partners.

In the first quarter of 2018, despite a slight reduction in grain supplies (47% of all exports), the list of goods expanded. A third of all exports were occupied by metals and products from them, and 10% - products of the chemical industry: neither of these were previously supplied to Libya.

Interest in returning to the Libyan market is shown, according to L. Dengov, by large Russian companies, primarily in the oil and gas industry, such as Tatneft. It is clear that their activities in this country are complicated by the security situation and require the constant cooperation of Russian representatives with the Libyan authorities on the ground - not only with government officials, but also with tribal leaders, heads of municipalities, etc. Apparently, these tasks will partly be decided by the Contact Group.

All this indicates a change in the Russian attitude towards the situation in Libya, which was previously perceived almost exclusively as chaos and anarchy: "chaos" cannot be integrated into the world economy, it is pointless to talk about economic ties with "chaos" in public space, they do not talk with representatives of "chaos" high-ranking officials at international conferences. All this can happen only with a normal state, the situation in which is considered as difficult, but still stable enough for the development of trade and economic relations with it (Kuznetsov, 2018).

2.3.2. The Political Economy of the Russian Perspective and Motivation over the Region

Defining the "strategic national priorities of the foreign policy activities of the state", which is currently in force and approved in November 2016 by President V. V. Putin, the Concept of the Foreign Policy of the Russian Federation emphasized, first of all, the importance of "strengthening the position of the Russian Federation as one of the influential centers of the modern world".

The Middle East is a region with a long history of contacts with Russia. These contacts were modified depending on the change in its vision of itself - the Orthodox empire, which considered local fellow believers the basis of its regional presence, the Soviet power, which sought to interact with the states of the Middle East region not only relying on the communists, but also on the left nationalists, who qualified in the Soviet capital as "forces of progress. It was only on the eve of the collapse of the Soviet Union that these contacts acquired the features of pragmatism. An indicator of this process was the establishment (or restoration) of relations with the "conservative" monarchical states of the Gulf.

This was facilitated by Kuwait, the only country in the Gulf region that had diplomatic ties with Moscow since 1963. Thanks to his efforts, in 1985 Oman established diplomatic relations with the USSR, in 1986 there was an exchange of diplomatic missions between the USSR and the UAE, and in 1988 diplomatic relations were established between the USSR and Qatar. In September 1990, relations were restored with Saudi Arabia and established with Bahrain. Building the priorities of the Russian foreign policy course, the Foreign Policy Concept of the Russian Federation arranged them in a hierarchical order: the Middle East followed the European Union, the USA, the Asia-Pacific region and the leading Asian powers. In September 2015, this hierarchy was broken – the geopolitical motive, which determined the desire to restore the status of Russia as a global power, put the Middle East

at the center of Moscow's foreign policy activity. The factor that provided this correction is the permanent instability of this region, the manifestation of which was the situation in Syria.

The time that has passed since the crisis around Kuwait in 1990-1991 has narrowed Russia's options. The military operation in Syria that began at the end of September 2015, the tasks of which the Russian president described as helping to "stabilize the legitimate government" and delivering a "decisive blow against international terrorism," took place in the context of a deteriorating position of Russia in the international arena due to sanctions imposed by the West. In the Middle East, Russia had to compete with the United States present there and the growing regional actors, finding a place in the system of existing relations, balancing between regional powers and maintaining a dialogue with them, not always based on the coincidence of positions. In the words of Foreign Minister Sergei Lavrov, it was about the desire to declare itself as a "responsible" and "independent" partner.

Formally, this course was successful. Acting together with Iran (and relying on the capabilities of Hezbollah), Moscow was able to maintain the regime of Bashar al-Assad. By initiating the process in Astana, Russia won concessions from Saudi Arabia, which recognized it as an addition to the Syrian-Syrian negotiations in the Geneva format. Interaction with Iran, which has become a Russian strategic partner, did not prevent Moscow from maintaining mutual understanding with Israel. Overcoming the consequences of the incident with the Russian plane made it possible to include Ankara in the Astana process, as well as soften the Turkish rejection of the official Damaska. Russia has maintained contacts with non-state players: Hamas, Hezbollah and the Syrian Kurds are Moscow's partners, regardless of how they are treated in Tel Aviv, Riyadh and Ankara. Nevertheless, Russia is far from being able to influence (outside of Syria) the evolution of the situation in the Middle East and the resolution of conflict situations. While present in the region and developing contacts with participants in other regional conflicts (Libya and Yemen), Russia does not seem to be an active participant in the process of their settlement, remaining a neutral party in resolving newly emerging regional crises. This was demonstrated during the outbreak of the Qatari crisis in June 2017, when four Arab countries - Saudi Arabia, Bahrain, the United Arab Emirates and Egypt broke off diplomatic relations with Qatar and imposed a blockade against it. The talks between Putin and the Emir of Qatar, Tamim bin Hamad Al Thani, held in Moscow on March 26, 2008, did not become a reason for changing Russia's neutral position (Kosach & Melkumyan, 2019).

The need to ensure regional security determined the orientation of the Arab monarchical states towards an alliance with the United States and Europe, which did not prevent these states from establishing cooperation with Russia. Actions in this direction were hampered by the complications that arose in relations between individual states and Russia. It was, in particular, about Qatar, where in February 2004 Russian special services eliminated one of the leaders of the Chechen separatists, Zelim Khan Yandarbiev. In November 2011, at the international airport of the Qatari capital, an incident occurred with Russian Ambassador Vladimir Titorenko, which became the reason for Russia's unilateral downgrading of the level of diplomatic relations. A new Russian ambassador to Qatar was appointed only in 2013. In 2007, the Russian president made an official visit to Saudi Arabia and the United Arab Emirates, which became an incentive to improve relations between Russia and the regional organization, the Cooperation Council for the Arab States of the Gulf (GCC), united covering all six Arab monarchies of the Gulf.

After lengthy consultations in November 2011, the parties signed a memorandum of understanding that created a mechanism for ongoing consultations between the Council States and Russia - the Russia-GCC Strategic Dialogue. Strategic Dialogue meetings were held in 2014 and 2016. In the Joint Closing Statement of the May 2016 meeting in Moscow, it was noted that “both sides have a common intention to strengthen and develop friendship and cooperation in the scheme of this important discussion among Russia and Gulf Arab States Cooperation Council”. A general agreement was expressed to continue working in this format for further coordination and convergence of points of view on international and regional problems, as well as to expand practical cooperation in business and humanitarian issues.

During this meeting, areas of possible interaction were named - the fight against terrorism and control over the use of nuclear energy. The parties called for the transformation of the Middle East region into a zone free from nuclear weapons and other types of weapons of mass destruction.

The visit to Moscow in October 2013 of Kuwaiti Foreign Minister Sabah Al-Khaled Al-Sabah confirmed the willingness of the parties to strengthen cooperation, including political dialogue, socio-economic cooperation, and investment cooperation. An agreement was reached on the accelerated resumption of the work of the Joint Russian-Kuwaiti Intergovernmental Commission on Trade, Economic, Scientific and Technical Cooperation. The coincidence or closeness of approaches to the problems of the Middle East and North Africa was noted. The talks took place at a time when both sides supported the process of implementing the decision of the Organization for the Prohibition of Chemical Weapons and the UN Security Council on the control of chemical weapons in Syria and their subsequent destruction.

Both sides were interested in a speedy resolution of the Syrian conflict and supported the convening of an international conference on the Syrian settlement.

In October 2014, President Putin met with the King of Bahrain, Hamad bin Isa Al Khalifa, who was on a working visit to Russia. Commenting on the results of this meeting, the Russian president limited himself to stating that the two countries are connected by "regular and strong contacts." In August 2015, the King of Bahrain announced his country's desire to strengthen military cooperation with Russia, primarily referring to Russia's potential impact on Iran's regional course.

The contacts of the Arab states of the Gulf with Russia were intensified after the start of the Russian military operation in Syria in September 2015. The leaders of these states tried to get concessions from it, first of all, to abandon the idea of retaining Bashar al-Assad. In 2015 and in the first half of 2016, the heads of Kuwait, Qatar and Bahrain visited Russia. The main topic of bilateral talks was issues related to the Syrian settlement. Despite all the efforts of the Gulf States, it was not possible to bring their positions closer to Russia's on the Syrian issue. However, contacts between them continued.

Russian trade and economic interaction with the Arab states of the Gulf is insignificant. The total volume of Russian-Omani trade at the end of 2018 was estimated at less than \$90 million, Russian-Qatari trade at the beginning of 2018 - \$73.3 million, in 2017 - \$1.6 billion. Trade and economic relations between Russia and Kuwait are also insignificant - in 2015,

the volume of Russian exports to this country amounted to \$45.1 million, and imports - \$3.8 million (Kosach & Melkumyan, 2019).

There are no significant Russian investments in the local economy in the area of these links. Against this background, the UAE is an exception, where more than 40 representative offices of Russian companies specializing in oil and gas production, as well as nuclear power, such as LUKOIL, Rosatom, Gazpromexport, Gazpromneft, Rosneftegazstroy, are registered. Developing military-technical cooperation with the UAE, Russia is a participant in the international exhibition of military equipment IDEX in Abu Dhabi, as well as the international exhibition Dubai Airshow. In 2017, more than 500,000 Russian citizens visited the UAE, a significant area of Russian-Emirati cooperation, visa-free tourism. Meeting in February 2007 in Riyadh with representatives of business circles, Putin noted that trade and economic relations between the two countries are characterized by "very small numbers".

According to Russian statistics, in 2016 the volume of trade between Russia and Saudi Arabia amounted to \$491.7 million (46.9% less than in 2015). Russian exports decreased by 54.4% - from \$770.7 million in 2015 to 350.9 million in 2016. The volume of imports from Saudi Arabia decreased by 9.3% - from \$155.4 million in 2015 to 140.7 million in 2016. The share of Saudi Arabia in Russia's foreign trade turnover in 2016 was 0.105% against 0.176% in 2015 (75th place). Saudi Arabia ranks 70th in Russian exports (0.12% in 2016), and 75th in Russian imports (0.077% in 2016). The results of the Future Investment Initiative forum held in Riyadh in October 2018 inspired optimism. According to the head of the Russian Direct Investment Fund Kirill Dmitriev, "Russian companies from the petrochemical industry" are ready to invest "billions and tens of billions of dollars of investments in Saudi Arabia." In October 2018, Saudi Energy Minister Khaled al-Faleh announced the possibility of investing in the Arctic LNG-2 liquefied gas project. At the end of 2018, the volume of Saudi investments in the Russian economy amounted to more than \$2 billion. The Russian business community emphasized that cooperation with Riyadh "allows compensating for US sanctions against the Russian energy sector", using "the US-Saudi crisis due to for the killing of Jamal Khashoggi."

Since 2000, Russian launch vehicles have launched 14 Saudi satellites for communications and remote sensing of the Earth. Roskosmos and the Saudi Center for Science and Technology are preparing agreements on space exploration, although activities in this direction are successfully contested by the Chinese side. There are Russian companies on the Saudi market - LUKOIL (in June 2016, this company announced the possibility of leaving the Saudi market) and Stroytransgaz. Having experience in military-technical cooperation with Kuwait (in the early 2000s) and the United Arab Emirates, Moscow sought to extend it to Saudi Arabia. On the sidelines of the international exhibition of arms and military equipment IDEX in Abu Dhabi, Russia signed several major arms deals. The UAE signed a contract with Russia for the purchase of Kornet-E anti-tank systems and Pantsir anti-aircraft systems for almost \$52 million. Saudi Arabia has begun purchasing Kalashnikov assault rifles from Russia and is considering the possibility of creating their licensed production on its territory. An important indicator of the significance of Russian-Saudi cooperation was the achievement at the end of 2016 of the OPEC+ agreement, which was extended in December 2018 with Russia's consent to reduce oil production. Russian Energy Minister Alexander Novak, commenting on the views of both sides regarding the oil

market, said: “We may have different opinions, but we come to a consensus.” (Kosach & Melkumyan, 2019).

The main features of Russia's Middle East policy in the post-Soviet period were the departure from the ideological basis of Soviet policy and the desire to expand its geographic presence in the Middle East. Due to the transformation of the outwardly political paradigm, Russia sought to maintain a balance in international relations with both the Arab states and Israel. Interaction with the countries of the region was increasingly built on market principles, and the economic component of the foreign policy of the Russian Federation became dominant. In the 1990s Russia's foreign policy style towards the Middle East region has repeatedly changed. Existing in the first half of the 1990s. The approach can be substantively characterized as a “democratic partnership”, in which the settlement of key Middle East conflicts became possible only through interaction and recognition of the leading role of the United States. Second half of the 1990s was distinguished by a new external political rhetoric that assumed Russia's distancing from the United States in the Middle East and the use of its own political resources in matters of a Middle East settlement (Saduni, 2020).

Russia's policy in the Middle East is dominated by the geopolitical dimension. This region, not being a priority for the Russian Federation, has become an arena where it can demonstrate its increased role in world affairs, its newly acquired military strength and the ability to establish relations with various local forces.

Russia's return to the Middle East was not and could not be a continuation of Soviet policy. But the Soviet experience still partially shapes the attitude towards Moscow. Memories of the large-scale construction of enterprises and infrastructure facilities, the creation of jobs, and education in the USSR are still the subject of nostalgia for the former Soviet allies and often give rise to inflated expectations in relation to modern Russia. Moscow's Middle East policy is devoid of ideological content and is not aimed at promoting values. The role of Islam and Orthodoxy in Russia gives it the opportunity to use the religious factor (participation of Russian Muslims in the police forces in Syria, the peacekeeping mission of the Russian Orthodox Church, Muslim-Orthodox dialogue, the role of an observer in the Organization of Islamic Cooperation - OIC) to position itself as a country close to peoples of the Middle East. One can sometimes detect similarities in the approaches of Russia and regional states to certain aspects of modern international relations, including assessments of the role of the West.

The main goal of Russia's policy in the Middle East is to maintain stability and balance of power, which can provide it with the role of one of the key non-regional players. Key interests of the Russian Federation in the region:

- ensuring a military presence in the interests of the security of the Russian Federation and its allies;
- containment of extremism and terrorism, which are also considered as an internal threat;
- expanding cooperation in the military-technical, nuclear, oil and gas, food and other fields, protecting Russian business, attracting investment and influencing oil prices.

In 2015, the development of the situation in Syria provided Moscow with a “window of opportunity”, and it came to the region as a significant military and political player. The Russian Federation has shown that it is capable of projecting power, resolutely intervening in crises and influencing their course. Russia has been able to strengthen or establish ties with key state and non-state actors. This can be explained not only by its ability to achieve its goals at relatively low cost, but also by the desire of regional forces to see Russia in the region as a counterweight to the US, which they have lacked since the collapse of the Soviet Union. Russia is quite flexible and selective in its use of its set of tools in various Middle East sub-regions. Thus, in Mashriq, local players see her as a guarantor of security and a mediator (Syria, the Palestinian-Israeli conflict, the situation in Libya). Moscow's lack of use of "soft power" remains a problem, although there are opportunities for this. Moscow is promoting its interests in North Africa, where Egypt and Algeria occupy a special place in its policy (primarily in the area of military technical cooperation - MTC). In Libya, political and diplomatic relations are seen as an opportunity for the development of trade and economic ties in the future. Russia is beginning to play an increasingly prominent role in the Persian Gulf and is proposing its own concept of creating a system of collective security. At the same time, there is a clear understanding in Moscow that in the medium term, Washington will remain the main guarantor of security for the Arabian monarchies. In the trade and economic sphere, Moscow is looking for niches in which it has competitive advantages compared to other major world players. This concerns food security, nuclear and space technologies. Participation in OPEC + gives Moscow the opportunity to influence the level of oil production and prices.

Moscow's interaction with regional actors is not devoid of contradictions and conflicts, which are based on a mismatch of interests. Crises were repeatedly resolved through personal contacts between the Russian president and the leaders of the respective states - R.T. Erdogan, B. Netanyahu. Interaction between the Russian Federation and the United States continues in certain Middle Eastern directions, which, in the context of tense relations between them, can have independent value. The conflict in Syria is a field of both conflict of interests and maintaining contacts. A system of mutual information is still in place to prevent possible incidents involving the military of the two countries. Attempts are continuing to search for opportunities for constructive Russian-American cooperation on Syria.

Following the meeting of Presidents V. Putin and J. Biden in June 2021 in Geneva, a compromise resolution of the UN Security Council was adopted, allowing the delivery of humanitarian aid through Idlib for another six months. This was done despite serious disagreements regarding sanctions (the latest package is the “Caesar Act”) and the supply of humanitarian aid to the territories controlled by Damascus. Russia and Syria are in favor of the reform of the mechanism of cross border humanitarian aid (THM) and advocate its distribution from Damascus. On the issue of settling the Palestinian-Israeli conflict, Russia's position is traditionally closer to the positions of American politicians from the Democratic Party. During the escalation of the conflict in May 2021, Russia and the United States, within the framework of the Middle East Quartet of international mediators, demonstrated more synchronous approaches than before (Zvyagelskaya et. al., 2021).

Thus, the Middle East direction in Russia's foreign policy occupies one of the priority places, since the region is located in the most problematic southern strategic direction of Russian

national interests. The intensification of efforts in resolving Middle East conflicts, promoting the creation of a regional security system and a favorable environment for the realization of economic interests in the region favors Russia's sustainable development, enhancing prestige on the world stage and ensuring national security (Saduni, 2021).

2.4. Concluding Remarks and Policy Advices

China is clearly a country with growing influence, increasing its share in the economy of the Arab region and striving to strengthen its economic interests. China among all countries is the largest investor for the countries of the Arab world. It is worth noting that China seeks to become, first of all, the largest economic player in the Arab region, and to a lesser extent, political, trying to avoid participation in regional conflicts. China's interest in the Arab region is due not only to the energy resources of some countries, but primarily to their geographical location. In particular, the GCC countries and Egypt are strategic partners in the implementation of the One Belt, One Road initiative. It is especially important to note that China is the country with the largest volume of exports of goods, 90% of which are transported by sea. The strategically important regions for China are the shipping channels and seaports of the countries. The construction of infrastructure provides China with the safe movement of goods to the countries of Europe and Africa through the Middle East.

Initiatives in a number of countries are being implemented extremely slowly or frozen due to the unstable situation or military conflicts (Libya, Syria, Yemen). However, China supports the resolution of conflicts in these countries so that the work on the One Belt, One Road project can continue. This will both help achieve China's global goals and contribute to the recovery of the economies of the affected countries. In general, China's strategy does not focus only on providing transport infrastructure. The specifics of cooperation with the Arab world, which is very diverse economic, depends on the level of economic development of the country and its stability. For less developed countries, the construction of roads, railways, and the development of ports is paramount. As for richer countries, Sino-Arab cooperation goes beyond just infrastructure projects: cooperation in technology, digitalization, education, telecommunications, tourism, finance, and more.

In connection with new trends in the world political and economic arena, the strategic importance of Russia's cooperation with the countries of the region is growing. It is superfluous to recall the geopolitical and geo-economic importance of the Middle East, especially in an environment where energy resources act as a powerful political tool. Russia and the Middle Eastern states are the central players in the global energy market, since they account for over two thirds of all explored oil and gas reserves, which necessitates a coordinated policy in the energy sector, the implementation of which is possible only with long-term and mutually beneficial partnership relations. This requires the development of the most multi-vector foreign policy course, including, among other things, the monarchies of the Persian Gulf, relations with which are stagnating at this stage. It is also important that in matters of economic cooperation with the Middle East, Russia can act as a developed state exporting goods of medium and high technology, while in relations with Western countries, Russia is mostly perceived as a "raw material appendage". In addition, the countries of the Middle East are the largest arms importers in the world, and the Russian military-industrial complex is still the most high-tech sector of the economy in need of large and long-term investments. For Russia, a country with a multimillion Muslim population, cooperation or

confrontation with the world of Islam can have no less important strategic consequences than the nature of relations with Western countries and China.



CHAPTER 3. FOREIGN DIRECT INVESTMENTS AND INTERNATIONAL TRADE IN MENA ECONOMIES

3.1. Introduction

In modern conditions, foreign direct investment (FDI) and foreign trade directly affect the economic development of any country. At the same time, the volume of FDI, as one of the methods for entering foreign markets, increasingly affects the size, direction and composition of international trade, as well as FDI policy. In turn, foreign trade and trade policy can have different effects on the size, direction and composition of FDI flows. Moreover, in addition to the autonomous impact of each FDI and global trade on the economic development of the country, there is a relationship between these two processes that must be taken into account, which will create a synergistic effect and contribute to even greater development of the economy. Otherwise, the effect may be reversed, and the contribution of each of the processes to the economic development of the country will be less than potentially possible. Understanding the relationship between FDI and global trade will help shape the national FDI policy and trade policy not independently of each other, but in conjunction, which will also create a synergistic effect. All of the above necessitates a detailed study of the relationship between FDI and global trade.

The important thing is whether FDI flows and international trade represent complementary or substitutive processes. The first argument that FDI and foreign trade are substitutes for each other is that they represent two alternative ways to enter the foreign market. At the same time, FDI facilitates the creation of a wider distribution network and thus allows for a wider range of products sold on the foreign market (compared to exports). In addition, production abroad requires the import of investment and intermediate goods from the investment donor country. If the foreign affiliate produces goods more efficiently, then it exports them to the donor country or to other countries.

At the same time, the nature of this relationship, as well as issues of causality, are not unambiguous and are the subject of many theoretical works and empirical studies. The purpose of this work is to study the mutual influence of FDI and global trade in the MENA countries.

In this Chapter, also empirical analysis has been done. Firstly, literature review is made and the author, data sets, methods, empirical results are researched for Global Trade and FDI. Afterward, the Data and Method chosen for this empirical research. Test on panel data model is Cross sections dependency, panel unit root test, varying variance test, autocorrelation test. The data was 11 MENA countries, time range 10 years (2011-2021), and variables are –

-IMP (dependent variable)

-EXP (dependent variable)

-FDI (independent variable).

The countries which are selected are Algeria, Egypt, Arab Republic, Iranian, Islamic Republic, Iraq, Israel, Jordan, Kuwait, Morocco ,Oman, Qatar, Saudi Arabia.

Then, Fixed Effect Model was used and 2 results were given. In first Panel Data model effect of FDI on imports model results are presented. In second Panel Data model effect of FDI on EXP results are presented.

3.2. Integration into the Global Economy and the Rentier State Theory in MENA Economies

MENA is, on the whole, a socio- politically homogeneous, but economically miscellaneous area. The literal asymmetry in the growth of the MENA countries, which for a long time were corridor of the British, French and Ottoman social conglomerates with an profitable or strategic part determined by them, created the necessary for the posterior profitable isolation of the countries of MENA. During the times of independence, the irregular progress of the originally analogous agricultural- Bedouin economies has sprucely increased due to the socio- profitable policy pursued by their autonomous administrations and in agreement with the resource capabilities of each country (Abramova & Futini, 2017).

As we know, the size of a region or country's economy is confirmed by its GDP. Looking at the historical past-to-day GDP of the MENA region, we can have a general idea of the basic structure of the economy (World Bank, 2020). The Middle East and North Africa region includes almost two dozen states that differ greatly in terms of development level, income and degree of influence on the world economy and commodity markets. Most of the countries of the region are united not only by a common geographical position, but also by historical and civilizational bonds (Abramova & Futini, 2017).

The MENA faces some of extreme fiscal control difficulties. These encircle inordinate child severance, weakness to worldwide commodity business shocks, water failure, endangered governance, and hamstrung public sections. The Arab Spring has unleashed a alluvion of demurrers throughout the location, presenting voice to notorious frustrations with exclusive, ineffectual, and hamstrung content choices. The emplacement's leaders are touchy to the requires reform and are accelerating steps to enhance regime , stimulate procedure accretion, make the fiscal boost system lesser inclusive, and foster notorious participation within side the enhancement system (Rouis & Tabor, 2013).

Natural- climatic and resource factors rather strictly decided the economic outline of the region, which, in turn, destined the crucial structural and macroeconomic imbalances that affect the socio-economic progress of the MENA. Eventually, nearly all the usual socio-economic troubles of the region as a total are ever related to two of its abecedarian specific characteristics colossal rental profit(substantially of oil and gas source) and approximate overpopulation (Abramova & Futini, 2017).

The merchants and explorers who discovered the MENA and the people who used this land created a prosperous global economy with the help of developed trade links across much of the world map, namely from the Mediterranean to the Chinese Sea. Thus, the cities of this region went to integration very easily (Sayim, 2011).

Economic integration can help manage the region's progress challenges by hardening impulses and openings for growth, economic diversification and employment. While economic integration isn't a nostrum or a cover for domestic reform, it can assist attract the investment demanded to produce further and better jobs by taking off trade and investment walls and perfecting the enabling atmosphere for domestic and foreign investment (Rouis & Tabor, 2013).

Economic integration can have long- term good request, effectiveness and welfare effects. The increase of public requests offers openings for major economies of scale and helps to harden access to requests through perfected connectivity. Economic integration can give openings for expanding economic exertion through common action to defeat political and institutional walls to the inflow of goods, services, capital and labor. When the dismantling

of interregional fences leads mate countries to develop product and exports internationally (Rouis & Tabor, 2013). The contrary of economic integration would be insulation, which can easily bring drawbacks. As a result, insulated economies have lower diversified product structures and are more endangered to shocks than voluminous and additional economically assimilated economies (Abedini, 2020).

Regional and universal integration are reciprocal procedures. Stronger indigenous economies have the assurance and capability to contend effectively in extensively competitive and unpredictable global demands, while evolving strong links between countries within area and between those countries and larger and further prosperous demands outside the region can assist elevate norms and produce impulses for deeper indigenous integration. Regional integration contributes to universal integration by taking advantage of geographic propinquity, promoting learning through action, and upgrading competitiveness (Rouis & Tabor, 2013).

The costs and advantages of economic integration aren't the equal for all MENA countries, which explains why integration precedencies tend to vary across the region. For some MENA countries, the topmost implicit boons come from near integration with a small number of bordering economies. For others, the most significant implicit benefits come from the integration of public economies with others at the sub regional or indigenous position. In addition, expressive efforts have been made in recent times to upgrade economic integration between the MENA countries and the EU and the United States, both of which are consequential trading and investment mates (Rouis & Tabor, 2013).

Rentier's state theory was conceived in the Middle East in the 1980s, following the studies of Anderson in the interest of the natural resources accessible in this region (Altunışık, 2014). The share of oil deals revenues in government revenues is more than 40%, this allows us to say that that state is rentier. In this case, the development in the country is weak compared to income, the country's income is natural resource-weighted rather than tax-weighted, and oil revenues are directly accrued by the state by selling them abroad (Yorulmaz & Demirdöğen, 2020).

Rentier states have been described via 3 key characteristics: Firstly, oil sales are paid for government within side the shape of renting. Secondly, oil sales are apparently generated thru advertising within side the international economy. Third, oil sales are at once amassed with the aid of using the state. Beyond this, however, there was no readability within side the definition of the term (Altunışık, 2014).

Resources become a curse because they bring rent - a kind of gift that does not require efforts to develop the economy and society, competent state policy and good institutions. The higher the value of resources, the greater the size of the rent and the greater the temptation to pursue it for all those who directly or indirectly, legitimately or illegitimately, have the opportunity to influence the processes of resource development or receive benefits from this process - for rulers and governments, bureaucracy and business, oligarchic groups and criminal communities, various kinds of social coalitions, the Rent-oriented behavior becomes the general norm, hindering the progress of good ones and promoting the development of bad - usually informal - institutions that mediate the processes of distribution, redistribution and rent appropriation.

The state, whose revenues are formed mainly on the basis of resource rent, is losing interest in pursuing a rational socio-economic policy, slipping into a game of charity, subsidizing businesses in non-primary sectors of the economy and the population through low taxes, low prices for energy resources, multiple social guarantees and others. Sooner or later—or sooner

rather than later- the costs become too high to be covered by current rental income. Looking to the statistical phenomenon resource curse and reflects the negative impact of resources on the growth rates of rich oil economies in the 1970s-1990s, one interesting circumstance related to the leveling of economic evolution in the previous period of time should be noted. For example, already by 1950 in Kuwait and Qatar, with their then very tiny population, the parity per capita GDP reached \$42,000 and \$45,000 respectively (in 2007 prices) and was about three times higher than the American figure (Shmat, 2014).

The second wave of transformations, which included all spheres of lifestyles in Iran and become mentioned as the "White Revolution". Shah Mohammed Reza Pahlavi, with the assist of a "innovative breakthrough", divided into five-year making plans periods, meant to deliver the country into the mainstream of global wide capitalist development, sought to show Iran right into a nation wherein superior Western technology could be blended with Iranian lifestyle and traditions. Investment interest has received an extraordinary scale: in 1960-1977. The yearly quantity of capital investments accelerated 12 times (private - 10 times, nation - nearly 18 times). In Iran, a land reform become carried out, new industries had been created (consisting of automobile construction and radio-electronics), nuclear electricity started to develop, the structures of healthcare, education, and social safety of the populace had been modernized. In 1963–1977 the common annual GDP increase charge in regular costs become 10.5%, consisting of 11.5% of non-oil increase. The "non-oil" economic system of Iran advanced with regular acceleration, accomplishing a median annual charge of 15.3 % in the 3rd year of 5-year plan (1973-1977). But even this sort of speedy increase of the financial system and the wellbeing of the populace become now no longer rapid sufficient to save you immoderate aggravation of inner social contradictions and conflicts, which finally ended with the Islamic Revolution of 1978–1979, which overthrew the Shah's regime and laid the inspiration for republican rule (Shmat, 2014). In fact, the oil-rich Arab world is also oil-poor and has a rentier-minded, only oil-based economy, as a result, this has determined the role of Arab countries in the world (Beblawi, 1987).

3.3. Literature Review

There is now a large body of empirical literature related to the assessment of the interaction between FDI and Global Trade. The study of the Shalupayeva (2017) about mechanism of the relationship between FDI and international trade led to the following conclusions:

- In modern conditions, in most cases, international trade and FDI complement and enhance each other;
- FDI and trade have become more intertwined as a result of the growth of efficiency-oriented FDI and the spread of the international production strategy of TNCs;
- The activity of TNCs contributes to a change in the type of international division of labor, the spread of a single international division of labor, primarily through the development of international value chains and the fragmentation of production within TNCs;
- FDI contributes to a more effective integration of national markets into the world economy, into the international division of labor, than international trade itself;
- Trade- oriented FDI can be a factor in the innovative development of the economy, labor productivity growth and sustainable economic growth to a greater extent than non-trade-oriented FDI;
- Free trade policy promotes the trans nationalization of capital.

The results of the assessments Smirnov (2021), confirmed that using aggregate demand adjusted for import intensity to estimate trade equations provides a better fit than using GDP, including during recessions. The analysis carried out by the researchers also indicated that there are certain risks for the growth of international trade in the future, which was already confirmed in the conditions of the previous global crisis, when trade was adversely affected by growing protectionism. Therefore, the growth of barriers in international trade, as well as the departure of countries from cross-border integration, in the future may adversely affect international exchange.

Friedt (2021) shows that there are industries that are most vulnerable to the effects of GVC(Global Value Chains) contagion, and this vulnerability, in addition to the complexity of the production process in some industries, arises in part due to the uneven distribution of dependence between foreign suppliers. The author concludes that in order to strengthen the sustainability of GVCs, it is necessary to expand rather than break international industrial and trade relations, as well as to stimulate the development of more diversified GVCs.

The purpose of Drapkin et al. (2020) work is to study the mutual influence of FDI and Global trade in the modern world economy. The toolkit used is an empirical assessment of the database using regression-correlation analysis. The econometric model is based on the gravity approach, the estimation is carried out using the Poisson pseudo-maximum likelihood method on the basis of a database of 67 importers and 109 exporters of FDI for the period 2001–2016. The paper tests hypotheses about the mutual positive influence of FDI flows and international trade flows. The authors found a statistically significant positive impact of export and import flows on the inflow of FDI into the country. The strongest positive impact of imports and exports on the inflow of FDI into the country is observed with a two-year time lag. No statistically significant impact of FDI on export and import flows was found either for observations within one year or for lagged values of FDI. The authors conclude that a pro-trade foreign policy aimed at integrating the country into the system of world economic relations is a significant factor stimulating the inflow of FDI into the country.

In the study Şeker and Şentürk (2022), the effect of FDI on the import and export of N-11 countries was analyzed. The method used was panel cointegration analysis. As for the results, it has been determined that there is a long-term relationship between foreign investments both imported and exported to N-11 countries. In this study, Panel causality test was performed and it was concluded that there is a bidirectional causality relationship between the inflow of FDI to N-11 countries and import-export, and a one-way causality relationship between outflows of direct investments to N-11 countries and imports-exports.

Lipsey and Weiss (1981) were among the first to show that there is a complementarity between international trade and FDI, who showed that US foreign investment has a positive effect on US manufactured goods exports. The authors applied a gravity model for 44 destination countries with 14 different industries for outward FDI from the US and exports. The authors explain the result obtained by the horizontal and vertical integration of American subsidiaries with parent companies. The increase in the volume of exports of the manufacturing industry can be associated with trade in both intermediate and final products.

Bloningen (2001) claims that the exported goods replace the goods produced by the affiliate of the Multinational Companies. Head and Ries also conclude that trade and FDI are fungible, noting that "...it would be misleading to interpret the simultaneous increase in exports and foreign investment caused by an exogenous increase in foreign demand as

evidence of a complementarity effect." In other words, the authors pay attention to the fact that correlation is not identical to causality.

Kumari et al. (2021) analyzed in their study (VAR) and Johansen cointegration model. The analysis was made with data sets belonging to the years 1985-2018. As a result of the cointegration analysis, no long-term relationship was found between the variables. As a result of the (VAR) model, it was found that there is a bidirectional relationship between FDI AND GDP.

Sun (2021) measured the impact of FDI on export data for the China region for the period 1984-1997. According to the results, it was revealed that FDI had a positive effect in the central and coastal regions and a negative effect in the western region. The positive effect was described as statistically significant, and the negative effect as insignificant. At the same time, the influence of the central and western regions was weaker than the coastal region.

In their study for China, Zhang and Felminham (2001) found that there is a direct relationship between domestic FDI and exports and provincial exports. Since the data set belongs to the years 1986-1999, methods such as merging and error correction were used. The panel data set is indicated as 3 groups as high FDI buyer in Coastal China, medium buyer in Central China, and low buyer in West China. The results found that there is bidirectional causality between FDI and trade in the high buyer and low buyer group.

Ashgar (2016) analyzed the relationship between FDI inflow and Trade openness in Seven South Asian Countries in 1998-2010. The variables are shown as openness and import-export, and a combination of the two. The results proved that there is a significant relationship between FDI and commercial openness.

Mohammed Rahman (2011) analyzed that Bangladesh's import, export, cointegration method in the hands of FDI in 1971-2007 supported or vice versa, hindered international trade of FDI. As a result of the analysis, the relationship between the variables was not detected.

Tahmad and Adow (2018) in their empirical study examines the relationship between FDI and trade openness in Sudan by sectors. The data of the years 1990-2017 were used as the data set. The result of the analysis using cointegration technique creates a negative effect when imports and exports over GDP are used for total trade openness in the long-run relationship. A significant body of empirical research shows mixed results on the relationship between FDI and international trade, emphasizing the non-linearity of the impact of FDI on international trade.

3.4. Empirical Analysis of FDI and International Trade

3.4.1. Data and Methodology

The econometric model used to measure the relationship between FDI and International Trade is considered very important in terms of determining the direction of the research. The World Bank Data Bank is used to access the data, and all information has not been accessed. However, while there are so many data sets, it is difficult to get clear results for MENA countries. The source of the problem is that we have clear data from only 11 of the 20 MENA countries between 2011- 2021. Although access to data of some countries is until 2011, some of them are missing for the period we have determined. Therefore, only the countries with data for the years 2011-2021 are used to determine the analysis result

clearly. For this purpose data for the countries in Table 1 are gathered for the period 2011-2021 according to data availability.

Table 1. Data for Countries/ Sources

Countries	Source
Algeria	World Bank
Egypt, Arab Republic	World Bank
Iranian, Islamic Republic	World Bank
Iraq	World Bank
Israel	World Bank
Jordan	World Bank
Kuwait	World Bank
Morocco	World Bank
Oman	World Bank
Qatar	World Bank
Saudi Arabia	World Bank

The variables are as follows in Table 2:

Table 2. Variables/ Sources

Variables (Billion USD)	Source
Import (IMP)	World Bank
Export (EXP)	World Bank
FDI	World Bank

In this context, the first model in which the dependent variable is imports and the independent variable is FDI, and the second model where the dependent variable is exports and the independent variable is FDI are constructed.

In the study, the panel data model was used because it offers a wider data set compared to the time series and cross-section models, provides more reliable estimates in this context, and has the advantages of controlling individual heterogeneity.

3.4.1.1. Panel Data Model

The data used in applied research can basically be handled in four different structures. These are;

- ❖ Time series
- ❖ Cross section data
- ❖ Panel data
- ❖ Geographical/Spatial data

Time series, in summary, expresses the structure of one or more series according to time. Cross-section data basically includes observations of one or more series in a time period. Geographical data, on the other hand, refers to situations where series are defined by their geographical features. Panel data structure can be considered as structures in which both time and cross section properties of the series are considered together.

In panel data structures, the observation units correspond to the section size at a certain time, while the time dimension of the variables corresponds to the time dimension of the panel data structure. Observation units can be countries, cities, companies or individuals according to the research and data structure.

There is $N \times T$ data belonging to a variable in a panel data structure with T time dimension belonging to N units. Therefore, a model in a panel data structure has more observations than cross-sectional data or time series data. For this reason, the increase in the degree of freedom and randomness in the models created is one of the advantages of panel data models (Hsiao, 1995). With this advantage, the efficiency of the estimators obtained is higher than the models established with other data structures.

In addition to the positive effect of the relative increase in the number of observations on the efficiency of the estimators, panel data models provide a great advantage in eliminating unobserved heterogeneity. In an econometric model, some variables may not be included in the model due to reasons such as inability to obtain data or incomplete establishment of the model, although they should be included in the model. In this case, the effect of variables that cannot be included in the model is captured by the error term. If these variables that are not included in the model are related to the dependent variable (since the effects are included in the error term), there will be a relationship between the error term and the dependent variable. If the error term is related to the dependent variable, the estimators are biased. Panel data models are one of the important tools that can be used to solve this problem, which can be described as endogeneity.

In summary, in panel data models; the estimation of each unit according to the variables is investigated with the variability between units and variables (Baltagi, 2008). On the other hand, panel data models according to the way unobserved heterogeneity is handled in a fixed or random structure. It can be analyzed in two main groups.

- ❖ Fixed effect model
- ❖ Random effect model

3.4.1.2. Fixed Effects Model

The fixed effect model can be defined as panel data models in which the difference between units is handled in the constant term. Mathematically a fixed effects model with k variables can be expressed as:

$$\bullet \quad y_{it} = (\beta_0 + \lambda_i) + \beta_1 x_{1it} + \beta_2 x_{2it} + \dots + \beta_k x_{kit} + u_{it} \quad \bullet \quad (1.1)$$

In this notation, λ , the parameter represents the difference between units. Since this difference is assumed to be constant, it is added to the constant term in the model. Here, the following assumptions should be made regarding the parameter λ in the model:

- $E(\lambda_{ii}) = 0$
- $E(\lambda_{ij}) = \sigma_k^2$ for $i=j$
- $E(\lambda_{ii}u_{iit}) = 0$
- $E(\lambda_{ii}x_{iit}) = 0$

There are four different approaches for estimating the fixed effect panel data model. These are;

- ❖ Dummy variable method
- ❖ First order difference method
- ❖ In-group effects method
- ❖ Intergroup effects method

The dummy variable method basically means that the differences of individuals are included in the model as a dummy variable and the model is estimated by the least squares method. For example, in a panel data model with N observation units, N-1 units will be added to the model as a dummy variable and the model will be estimated using the least squares method.

$$y_{iit} = (\beta_0 + \lambda_2 D_{2ii} + \lambda_3 D_{3ii} + \dots + \lambda_N D_{Nii}) + \beta_1 x_{1iit} + \beta_2 x_{2iit} + \dots + \beta_k x_{kiit} + u_{iit} \quad (1.2)$$

Here, dummy variables take the value of 1 for each individual and zero for other individuals. The least squares dummy variable model (LSDVM) is an estimation method frequently used in panel data analysis. However, Baltagi (2008) stated in his study that the estimated coefficients are inconsistent when the number of individuals is large. In this regard, other methods can be used as an alternative to the LSDVM method.

Similarly, another method used to estimate a fixed-effect panel data model is to estimate the model using the least squares method by taking the first-order differences of the variables. In this way, inter-individual heterogeneity can be eliminated.

$$\Delta y_{iit} = \beta_1 \Delta x_{1iit} + \beta_2 \Delta x_{2iit} + \dots + \beta_k \Delta x_{kiit} + \Delta u_{iit} \quad (1.3)$$

Here, individual effects do not vary with time, so when the first difference is taken, it is eliminated from the equation.

Other methods used in fixed-effect panel data models are in-group and inter-group effects methods. In these methods, the mean of the units or the mean of the groups are extracted from each variable, respectively.

3.4.1.3. Random Effects Model

In fixed-effect panel data models, unit differences are added to the fixed term, while in the random-effects model, these differences are evaluated randomly. Therefore, individual differences are added to the error term of the model. For example, a random effect panel data model with k variables can be displayed as:

$$y_{iit} = \beta_0 + \beta_1 x_{1iit} + \beta_2 x_{2iit} + \dots + \beta_k x_{kiit} + (\lambda_{ii} + u_{iit}) \quad (1.4)$$

Since the individual effects are included in the error term, the efficiency problem arises in the estimation of the random effect panel data models. For this reason, the generalized least squares method is preferred rather than the least squares method for the estimation of panel data models with random effects.

To estimate a random effect panel data model, the following assumptions must be made:

$$E(u_{it}) = E(\lambda_{ii}) = 0$$

$$E(u^2_{it}) = \sigma^2_u$$

$$E(\lambda^2_{ii}) = \sigma^2_{\lambda\lambda}$$

$$E(u_{it}\lambda_{ii}) = 0, \text{ for each } i \text{ and } t$$

$$E(\varepsilon^2_{it}) = \sigma^2_u + \sigma^2_{\lambda\lambda}$$

$$E(\varepsilon_{it}\varepsilon_{is}) = \sigma^2_{\lambda}, t \neq s \text{ for each } i$$

$$E(x_{it}\lambda_{ii}) = 0, \text{ for each } i \text{ and } t$$

Here, the last assumption is important for the random effects model. This assumption is necessary for the consistency of the random effects model. According to these assumptions, which are valid when λ_{ii} and u_{it} are independent and randomly distributed, it is assumed that the two components of the error term are independent of each other, $E(u_{it}\lambda_{ii}) = 0$. Since both of the error terms ε_{it} and ε_{is} contain the effect of individuals, λ_{ii} , the correlation between them is not equal to zero and the efficiency feature of the LSE method cannot be achieved. However, in the case where σ^2_u and $\sigma^2_{\lambda\lambda}$ is known, the coefficients can be estimated by the LSE method.

The variance structure of error term for individual i ε_{it} , can be represented by the TxT matrix below . Since the error terms for each period have correlation, this structure can be shown as

$$\begin{bmatrix} \sigma^2_u + \sigma^2_{\lambda} & \sigma^2_{\lambda} & \dots & \dots & \sigma^2_{\lambda} \\ \sigma^2_{\lambda} & \sigma^2_u + \sigma^2_{\lambda} & \dots & \dots & \sigma^2_{\lambda} \\ \dots & \dots & \dots & \dots & \dots \\ \sigma^2_{\lambda} & \sigma^2_{\lambda} & \dots & \dots & \sigma^2_u + \sigma^2_{\lambda} \\ \sigma^2_{\lambda} & \sigma^2_{\lambda} & \dots & \dots & \sigma^2_u + \sigma^2_{\lambda} \end{bmatrix} = \sigma^2_u I + \sigma^2_{\lambda} e e' = \Omega$$

In this notation, while I represents the unit matrix, $e' = (111\dots 1)$ represents the unit vector in T size. Accordingly, the covariance matrix for the error terms can be shown as

$$\begin{bmatrix} \Omega & 0 & \dots & \dots & 0 \\ 0 & \Omega & \dots & \dots & 0 \\ \dots & \dots & \dots & \dots & \dots \\ \dots & \dots & \dots & \dots & \dots \\ 0 & 0 & \dots & \dots & \Omega \end{bmatrix}$$

Then the GLSE estimates for the random effects model can be calculated with

$$\bullet \beta_{RE} = (\sum_{i=1}^N (XX'_{it} \Omega^{-1} XX_{it}))^{-1} \sum_{i=1}^N (XX'_{it} \Omega^{-1} y_{it}) \bullet \quad (1.5)$$

As mentioned above, the least squares method raises efficiency problems for the estimation of the random effect panel data model, and therefore the generalized least squares method is used for the estimation of these models. In order to use the generalized least squares method, it is necessary to estimate the components of the error term (Karabulut, 2009).

The square of the expected value of the error term of the model $E(\varepsilon_{it}^2) = \sigma_u^2 + \sigma_\lambda^2$ can be written assuming that the individual effects and the error term are independent and random. Since $E(\varepsilon_{it}^2)$ term can be written in more explicit notation $\frac{\sum_i \sum_t \varepsilon_{it}^2}{NT-K}$ the variance components of the model can be predicted as:

$$\bullet \sigma_u^2 = \frac{1}{NT-K} \sum_{i=1}^N \sum_{t=1}^T \hat{\varepsilon}_{it}^2 - \frac{1}{N-K} \sum_{i=1}^N \frac{\sum_t \hat{\varepsilon}_{it}^2}{t} \frac{T}{T-1} \bullet \quad (1.6)$$

$$\bullet \sigma_\lambda^2 = \frac{1}{NT-K} \sum_{i=1}^N \sum_{t=1}^T \hat{\varepsilon}_{it}^2 - \sigma_u^2$$

3.4.1.4. Tests on Panel Data Models

Parallel to many econometric models, in panel data models, whether the variables in the model are stationary or not affect various characteristics of the model. Non-stationary variables cause spurious relationships to appear in the model. For this reason, it is important to investigate the stationarity of the series used in the model. On the other hand, the tests put forward to investigate the stationarity are divided into first-generation and second-generation tests according to whether there is a cross-section dependency in the model or not. For this reason, first of all, it is necessary to investigate the cross-sectional dependence of the established model and to select the appropriate panel unit root test in this direction.

In addition, the selection of individual effects as fixed or random in the model to be created is another important point. As mentioned above, panel data models are basically considered in two basic structures as fixed effect models and random effect models. If there is a correlation between individual effects and independent variables, fixed-effect panel data models will be valid, whereas if there is no relationship between individual effects and independent variables, random-effect panel data models will be valid (Gujarati, 1999). Another approach in this regard is related to the selection of observation units. In the case where individuals are randomly selected from a population, the random effect model may be preferred, while in the other case, fixed effect models may be preferred. In this regard, Hausmann (1978) test can be used to choose between models.

Finally, the varying variance and autocorrelation cases should be examined in order to test the suitability of the model established in panel data models.

3.4.1.5. Cross Section Dependency Test

As mentioned above, the panel data structure examines variables both in cross section and time. Common shocks in any cross-section and variables that cannot be included in the model reveal the problem of cross-section dependency in the model (Baltagi et al., 2007).

In case of cross-section dependence, the consistency properties of the estimators obtained from the established model do not change, but the efficiency properties of the estimators are lost. In addition to this, it is important whether there is a cross-section dependency or not at the point of deciding on the appropriate test to determine the stationarity of the variables. For these reasons, the Breusch and Pagan (1980) test or the Pesaran (2004) CD test can be used to determine cross-sectional dependence.

Test statistic to use for the Breusch Pagan test can be calculated with

$$\bullet \quad LM = T \sum_{ii=1}^{N-1} \sum_{jj=ii+1}^N r_{ijj}^2 \quad \bullet \quad (1.7)$$

Since this test statistic is a statistic with a chi-square distribution, if the test statistic is greater than the table value

H_0 : There is no cross-section dependency.

The hypothesis can be rejected and it can be said that there is no cross section dependency problem.

In the Pesaran (2004) CD test, the test statistics can be calculated with

$$\bullet \quad CD = \frac{\sqrt{2T}}{N(N-1)} \sum_{ii=1}^{N-1} \sum_{jj=ii+1}^N r_{ijj} \quad \bullet \quad (1.8)$$

The most important advantage of the CD test developed by Pesaran (2004) is the elimination of sample bias that may arise from the small sample.

3.4.1.6. Panel Unit Root Test

In applied studies, in panel data models, it may occur that the series have a unit root in relation to the time dimension. In this case, the characteristics of the estimators obtained from the established model are affected and spurious relationships can be seen.

On the other hand, whether there is a cross-section dependency problem in panel data models determines the tests to be used to investigate whether the series have a unit root. While this heterogeneity does not create a problem in time series that do not have a panel structure, it affects the tests to be used in panel data structures. In this framework, the tests used to test whether the variables of the panel data models have a unit root or not.

The tests are considered in two main groups.

First generation ignoring cross-section dependency

Second generation considering cross-section dependency

In the absence of cross-sectional dependence among these tests, the IPS test introduced by Im, Pesaran and Shin (2003) is among the frequently used tests. On the other hand, the CIPS test developed by Pesaran (2007), which is among the tests that takes into account the cross-section dependency, is also frequently used in applied research.

In this test, the cross-sectional dependency problem is taken into account by adding the cross-sectional averages of the lagged levels and the first differences of each variable to the models used in the Dickey Fuller or Augmented Dickey Fuller tests, which are basically used in time series.

The test allows heterogeneity in the cross-section based on a single common factor structure. Structure of the test with general notation can be displayed as

$$\bullet \quad y_{it} = (1 - \phi_{ii})\mu_{ii} + \phi_{ii}y_{it-1} + u_{it} \quad \bullet \quad (1.9)$$

It is defined here as error terms, $u_{it} = \gamma_{ii}f_{it} + \varepsilon_{it}$ in a way that includes common factor loads. When the error terms are written more clearly and the equality is rearranged, expression becomes

$$\bullet \quad \Delta y_{it} = \alpha_{ii} + \beta_{ii}y_{it-1} + \gamma_{ii}f_{it} + \varepsilon_{it} \quad \bullet \quad (1.10)$$

Here, whether the coefficient β_{ii} is equal to 0 or not is used to test whether the series has a unit root.

3.4.1.7. Varying Variance Test

Similar to classical regression models, the fact that the error terms of the model have varying variances in panel data models does not affect the consistency of the estimators, but causes them to lose their efficiency properties. For this reason, after estimating the model, it should be investigated whether there is a problem of varying variance in the model. Many tests have been developed depending on the model structure for the determination of the variable variance problem. Among these tests, one of the most frequently used tests is the Breusch Pagan Lagrange Multiplier (LM) test. Test statistic in the Breusch Pagan LM test can be written as

$$\bullet \quad LM = \frac{T}{2} \sum_{i=1}^N \hat{u}_{it}^2 - 1 \quad \bullet \quad (1.11)$$

In case the test statistic is greater than the table value

H_0 : Error terms have constant variance .

By rejecting the null hypothesis, it can be concluded that there is a problem of varying variance in the model. This problem needs to be corrected as the efficiency properties of the estimators will be lost in the model with varying variance. Robust standard errors or Driscoll Kraay standard errors can be used to solve the problem.

3.4.1.8. Autocorrelation Test

Similar to the varying variance problem of panel data models, autocorrelation problems may arise with the increase in time dimension. In this problem, which arises when the error terms are related to each other, the estimators do not lose their consistency properties, but they lose their efficiency properties.

For this reason, it should be investigated whether there is an autocorrelation problem in the established panel data model. One of the tests developed to investigate the existence of autocorrelation is the test put forward by Wooldridge (2002). In this test, first the parameters are estimated and then the error terms are obtained. In conclusion, in the condition

$$Corr(\Delta u_{it}, \Delta u_{it-1}) = -0.5$$

it can be concluded that the error terms are related to each other, so there is an autocorrelation problem in the model. In this case, again, similar to the varying variance problem, robust

standard errors and Driscoll Kraay standard errors are used in order not to lose the effective feature of the estimators.

3.4.2. Empirical Results

Summary statistics for the data set used in the study are shown in Table 3.

Table 3. Summary Statistics

	FDI	IMP	EXP
Mean	3293.38	72986.72	72694.17
Standard deviation	5458.15	52790.99	56106.79
Kurtosis	3.31	3.17	2.27
Skewness	1.42	1.91	1.68
Minimum	-10176.40	16893.52	9663.41
Maximum	23109.20	250189.64	244539.60

The mean value of variable FDI was 3293.38 Billion USD in the period under consideration. When the panel structure of the series is ignored, it can be said that the series shows a peakier structure than the normal distribution with a kurtosis value of 3.31, while it can be said that it exhibits a right-skewed structure due to the skewness coefficient being 1.42.

In the period under consideration, the IMP variable averaged 72986.72 Billion USD. When the panel structure of the series is ignored, it can be said that the series shows a peakier structure than the normal distribution with a kurtosis value of 3.17, while it can be said that it exhibits a right-skewed structure due to the skewness coefficient being 1.91.

The EXP variable averaged 72694.17 Billion US Dollars in the period under consideration. When the panel structure of the series is ignored, it can be said that the series shows a peakier structure than the normal distribution with a kurtosis value of 2.27, while it can be said that it exhibits a right-skewed structure due to the skewness coefficient being 1.68.

In the models that investigate the effect of FDI on foreign trade, all series must be stationary. Panel unit root tests to be made for this purpose differ depending on whether there is a cross-section dependency in the model or not. For this reason, the existence of cross-section dependence in the model was tested with the Pesaran 2004 test, and the results are given in Table 4.

Table 4. Model 1 - Cross-Section Dependency Test

IMP	Coefficient	Std. Dev	p –value
FDI	1.1835	0.5034	0.0210
Constant	69089.0500	2191.6050	0.0000
R ²	0.0483		
F-Test	5.5300		0.0205
Pesaran CD Test	3.4890		0.0005

Number of observations	121
N	11
T	11

Table 4 shows the cross-section dependency test results for the first panel data model. Pesaran 2004 test coefficient is 3.4890 and the p-value for this coefficient is calculate as 0.0005. As a result, since the p value is less than 0.01, there is no cross-sectional dependence

H_0 : No cross-section dependency

null hypothesis was rejected at the 99% confidence interval, and it was concluded that there was a cross-section dependency in the model.

Second generation tests that takes into account the cross-sectional dependence between panel unit root tests due to the cross-section dependence in the model, with constant and constant-trend models were applied to the dependent and independent variables in the model. The results are indicated in Table 5.

Table 5. Model 1 - Pesaran 2007 Panel Unit Root Test

Variable	Constant		Constant and Trend	
	t statistic	p -value	t statistic	p -value
IMP	-1.52	0.06	-2.54	0.01
FDI	-2.07	0.02	-2.29	0.01

In Table 5, the results of the Pesaran 2007 panel unit root test applied to the dependent and independent variables used in the first model are shown for the constant model and the constant and trend model. According to this

- In the panel unit root test applied for the IMP variable, the test statistic for the constant model was calculated as -1.52 with a p-value of 0.06. For the constant and trend model, the test statistic was calculated as -2.54 with a p-value of 0.01. As a result, the null hypothesis that the variable has a unit root

H_0 : There is a unit root

was rejected at the 99% confidence interval, and it was concluded that the series was first-level integrated , I(0).

- In the panel unit root test applied for the FDI variable, the test statistic for the constant model was calculated as -2.07 with a p-value of 0.02. For the constant and trend model, the test statistic was calculated as -2.29 with a p-value of 0.01. As a result, the null hypothesis that the variable has a unit root

H_0 : There is a unit root

was rejected at the 99% confidence interval, and it was concluded that the series was first-level integrated , I(0).

As a result, all of the variables used in the study were found to be stationary at the level.

Table 6. Model 1 - Panel Data Model Results

The results of the fixed effect panel data model established in the study are given in Table 6

IMP	Standard Model			Driscoll Kraay Standard Error		
	Coefficien	Std. Dev	p –value	Coefficien	Std. Dev	p –value
FDI	1.1835	0.5034	0.0210	1.1835	0.3626	0.0090
Constant	69089.050	2191.60	0.0000	69089.050	1864.48	0.0000
R2	0.0483			0.0483		
F Test	5.5300		0.0205	10.6500		0.0085
Wald Test	18221		0.0000			
Wooldridge Test	21.8610		0.0009			
Pesaran CD Test	3.4890		0.0005			

In Table 6, the results of the first panel data model established to investigate the effect of FDI on imports and the corrected model results are presented. According to the established standard model

- The coefficient for the FDI variable is 0.0210 and the p-value was estimated as 1.1835. Accordingly, the null hypothesis that this variable is statistically insignificant

H_0 : Variable coefficient is 0.

was concluded that the variable had a significant and positive effect on IMP by rejecting it at the 99% confidence interval. Accordingly, it can be said that a one-unit increase in the FDI variable will increase the IMP variable by 1.1835 units.

When the coefficient of determination for the established model is examined, it is seen that this value is calculated as 0.0483. Accordingly, it can be said that 4.83 % of the changes in the IMP variable comes from the changes in the explanatory variable.

The existence of varying variance, autocorrelation and cross-section dependency problems related to the established model was tested with Wald, Wooldridge and Pesaran CD tests, respectively. The Wald test statistic was calculated as 18221 with a p-value of about 0. Accordingly, the null hypothesis that there is no heteroscedasticity problem in the model

H_0 : Variance is constant

was rejected at the 99% confidence interval.

The Wooldridge test statistic was calculated as 21.8610 with a p-value of 0.0009. Accordingly, the null hypothesis that there is no autocorrelation problem in the model

H_0 : No autocorrelation

was rejected at the 99% confidence interval.

Pesaran CD Cross-section Dependency Test test statistic is calculated as 3.4890 with a p-value of 0.0005. Accordingly, the null hypothesis that there is no cross-section dependency problem in the model

H_0 : No cross-section dependency

was rejected at the 99% confidence interval.

As a result, it can be said that there are problems of varying variance, autocorrelation and cross-section dependency in the first fixed-effect panel data model established. The model was re-estimated using the Driscoll Kraay standard error model to solve the existing varying variance, autocorrelation and cross-section dependency problems.

According to Driscoll Kraay standard error model results

- Although the coefficient of the FDI variable did not change in the adjusted model, the p-value of the coefficient was calculated as 0.0090. Accordingly, the null hypothesis that this variable is statistically insignificant

H_0 : Variable coefficient is 0.

was concluded that the variable had a significant and positive effect on IMP by rejecting it at the 99% confidence interval. Accordingly, it can be said that a one-unit increase in the FDI variable will increase the IMP variable by 1.1835 units.

Similarly, the existence of cross-section dependence in the second model was tested with the Pesaran 2004 test and the results are given in Table 7.

Table 7. Model 2 - Cross-Section Dependency Test

EXP	Coefficient	Std. Dev	p –value
FDI	0.4357	0.3978	0.2760
Constant	71259.3900	1731,9520	0.0000
R ²	0.0109		
F-Test	1.2000		0.2759
Pesaran CD Test	2.7790		0.0055
Number of observations	121		
N	11		
T	11		

Table 7 shows the cross-section dependency test results for the second panel data model. Pesaran 2004 test coefficient is 2.7790 and the p-value for this coefficient is calculated as 0.0055. As a result, since the p value is less than 0.01, there is no cross-sectional dependence

H_0 : No cross-section dependency

null hypothesis was rejected at the 99% confidence interval, and it was concluded that there was a cross-section dependency in the model.

The Pesaran 2007 panel unit root test, which is one of the second generation tests that takes into account the cross-sectional dependence among the panel unit root tests due to the cross-section dependence in the model, was applied to the dependent and independent variables in the model with constant and constant-trend models. The results are indicated in Table 8.

Table 8. Model 2 - Pesaran 2007 Panel Unit Root Test

Variable	Constant		Constant and Trend	
	t statistic	p -value	t statistic	p -value
EXP	-0.74	0.23	-2.69	0.00
FDI	-2.07	0.02	-2.29	0.01

In Table 8, the results of the Pesaran 2007 panel unit root test applied to the dependent and independent variables used in the first model are shown for the constant model and the constant and trend model. According to this

- In the panel unit root test applied for the EXP variable, the test statistic for the constant model was calculated as -0.74 with a p-value of 0.23. For the constant and trend model, the test statistic was calculated as -2.69 with a p-value of about 0. As a result, the null hypothesis that the variable has a unit root

H_0 : There is a unit root

was rejected at the 99% confidence interval, and it was concluded that the series was first-level integrated , $I(0)$.

- In the panel unit root test applied for the FDI variable, the test statistic for the constant model was calculated as -2.07 with a p-value of 0.02. For the constant and trend model, the test statistic was calculated as -2.29 with a p-value of 0.01. As a result, the null hypothesis that the variable has a unit root

H_0 : There is a unit root

was rejected at the 99% confidence interval, and it was concluded that the series was first-level integrated , $I(0)$.

As a result, all of the variables used in the study were found to be stationary at the level.

The results of the fixed effect panel data model established in the study are given in Table 9.

Table 9. Model 2 - Panel Data Model Results

EXP	Standard Model			Driscoll Kraay Standard Error		
	Coefficient	Std. Dev	p -value	Coefficient	Std. Dev	p -value
FDI	0.4357	0.3978	0.2760	0.4357	0.3609	0.2550
Constant	71259.390	1731,952	0.0000	71259.390	1658.999	0.0000
R2	0.0109			0.0109		

F Test	1.2000		0.2759	1.4600		0.2551
Wald Test	16245		0.0000			
Wooldridge Test	82.6590		0.0000			
Pesaran CD Test	2.7790		0.0055			

In Table 9, the results of the first panel data model established to investigate the effect of FDI on exports and the corrected model results are presented. According to the established standard model

- The coefficient for the FDI variable is 0.4357 and the p-value was estimated as 0.2760. Accordingly, the null hypothesis that this variable is statistically insignificant

H_0 : Variable coefficient is 0.

was concluded that the variable did not have a significant effect on EXP, as it was not rejected at the 90% confidence interval.

When the coefficient of determination for the established model is examined, it is seen that this value is calculated as 0.0109. Accordingly, it can be said that 1.09% of the changes in the EXP variable comes from the changes in the explanatory variable.

The existence of varying variance, autocorrelation and cross-section dependency problems related to the established model was tested with Wald, Wooldridge and Pesaran CD tests, respectively. The Wald test statistic was calculated as 16245 with a p-value of about 0. Accordingly, the null hypothesis that there is no heteroscedasticity problem in the model

H_0 : Variance is constant

was rejected at the 99% confidence interval.

The Wooldridge test statistic was calculated as 82.6590 with a p-value of about 0. Accordingly, the null hypothesis that there is no autocorrelation problem in the model

H_0 : No autocorrelation

was rejected at the 99% confidence interval.

Pesaran CD Cross-section Dependency Test test statistic is calculated as 2.7790 with a p-value of 0.0055. Accordingly, the null hypothesis that there is no cross-section dependency problem in the model

H_0 : No cross-section dependency

was rejected at the 99% confidence interval.

As a result, it can be said that there are problems of varying variance, autocorrelation and cross-section dependency in the first fixed-effect panel data model established. The model was re-estimated using the Driscoll Kraay standard error model to solve the existing varying variance, autocorrelation and cross-section dependency problems.

According to Driscoll Kraay standard error model results

- Although the coefficient of the FDI variable did not change in the adjusted model, the p-value of the coefficient was calculated as 0.2550. Accordingly, the null hypothesis that this variable is statistically insignificant

H_0 : Variable coefficient is 0.

was concluded that the variable did not have a significant effect on EXP, as it was not rejected at the 90% confidence interval.

As a result, in this study, the effects of imports and exports on FDI were investigated. For this purpose, two separate panel data analyzes were conducted with the data for the period of 2011-2021 for 11 countries and 3 variables. Before the panel data analysis, the existence of cross-section dependence in the models was investigated and in parallel, the panel unit root test was applied. According to the panel unit root test results, all variables in both models were found to be stationary at the level.

Afterwards, a standard model was created and tests of varying variance, autocorrelation and cross-section dependence on the standard model were applied. According to the results of these tests, the problems were solved by using the Driscoll Kraay standard error model, since both models had cross-sectional dependence, autocorrelation and cross-sectional dependence. As a result, it was seen that while FDI had a positive and significant effect on imports, FDI did not have a significant effect on exports.

3.5. Policy Recommendations and Concluding Remarks

Today, one of the strategic players in numerous areas of transnational business are the countries of North Africa and the Arab monarchies of the Persian Gulf, which have relocated from the indigenous fringe to the focus of the world economy and Middle East politics as part of the procedures of globalization and the conformation of international economic interaction. For the world community at the turn of the century, the trouble of globalization in the sphere of economy, politics, civilization, and the functioning of the media has raised from academic into ultra-practical reality. Modernistic society can be regarded a global society.

Globalization is an objective procedure, its expansion and mechanisms are adjudged by numerous subjects of the world community. In this environment, it's of significant practicable interest to settle the position that the Arab world occupies in the turbulent process of globalization, laboriously moving into the 21st century. The procedure of globalization, which the Arab world is crossing through, indicates that East and West are moving towards each other. Among the most eventful indexes of the economic globalization of the countries of the Arab East, the following can be dignified:

- Growth of FDI;
- toughening connection between entrepreneurs, intensification of business dealings between Arab and Western mates;
- Irregular division of global coffers (attention of fuel and energy in the Arab East).

Therefore, globalization appears as an essential process in interaction to public factors and signals of progress, covering all spheres of public life. Globalization is a worldwide procedure that leads to the intensification of the commerce of societies. No state can exercise

its functions in insulation, without commerce with other countries. The countries of the East, specifically the most successful, advantage to a large extent from globalization, but they reply veritably sensitively to phenomena that undermine the classical way of life. Eastern countries take an active part in the proceeding processes of globalization and make a favorable donation to their growth.

The Arab countries of MENA are facing serious challenges of socio-economic development. It seems that it is possible to adequately accept these challenges if these problems are solved not at the national level, as is mainly happening now, but at least at the sub-regional, and better, at the regional, pan-Arab level. Meanwhile, the development of socio-economic integration processes in the MENA region is constrained by various groups of factors of a national and regional nature. Overcoming them sometimes requires a significant transformation of the state and public institutions of the Arab countries.

Integration processes in the region are developing in one way or another. However, their speed and efficiency draws a lot of criticism from local and foreign experts. A certain conceptualization of these processes is necessary, taking into account the requirements of the current moment and the tools available today. The combination of non-standard institutional and technological approaches, given in particular in this paper, can contribute to the speedy implementation of integration plans, which, in turn, will make it possible to more effectively realize the economic potential of the MENA Arab countries and increase the degree of their integration into modern global economic processes, as well as reduce chances of realization of negative scenarios of economic development.

The rent derived from the exploitation of these resources - mainly crude oil and gas - has become the main factor in the development of not only the economy, but also the system of public administration of these countries. The rentier state model is typical primarily for the six countries that are members of the Gulf Cooperation Council (GCC), which own a significant share of the world's energy resources. These countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE) account for 55% of the world's crude oil, 40% of gas and 45% of energy exports.

The economies of the rentier countries suffer from the fact that the main source of their income is exogenous. Energy exporting countries cannot control fluctuations in the global energy market, and one of its most important characteristics is the interdependence of suppliers and consumers. Therefore, rent recipients are not protected from possible crises, and this is reflected in their behavior. In addition, they are well aware that in the end resources will run out, and they are forced to prepare for such an outcome.

The discussion of these problems for a long time focused on the question of the use of income received, while, to one degree or another, the problems of taxation and the development of the financial system were ignored. However, at present, discussions have moved towards the problems of effective management and, rather, management under the pressure of socio-political factors. Rent itself is not a sustainable source of income, but it can become one if it is invested in new sources of income. It is important to find out how the Persian Gulf rentier countries used oil and gas revenues, whether their investments are sufficient to diversify the economy and create a sustainable growth model.

Efforts to reduce dependence on oil revenues are being made by all the countries under consideration, but the first to embark on the path of diversification are smaller states with smaller reserves of energy resources. Among the main factors that have also contributed to recent economic achievements are better management of the budget surplus, prudent fiscal policy and the creation of public reserve funds.

Despite the achievements of the countries of the Middle East, the considered factors hinder their economic development. The fossil fuel wealth located here remains the main structural factor in the global energy market, and rent remains important for the countries of the region. At the same time, improvements in the economy and public administration have been and remain important for the stability and development not only of these countries themselves, but of the entire region. The discovery of huge new hydrocarbon reserves significantly changes the situation in the international arena in terms of both the state of the energy market and the interaction of geopolitical forces.

In the end, we examined the relationship between FDI and International Trade with empirical analysis in the light of the results we obtained above. We have obtained results by analyzing the general import and export of MENA countries with dependent and independent variables. We will explain the information about the results in detail in Chapter 4 in the general results section.

CHAPTER 4. GENERAL CONCLUSION

The Middle East and North Africa (MENA) region has been a significant area of interest for both Chinese and Russian investors in recent years. These investments have not only impacted the economic development of the region but also have geopolitical implications. Understanding the political economy of these investments is essential to comprehend the motivations and strategies of the two major powers. This research aimed to analyze the political economy of Chinese and Russian investments in the MENA economies. By examining the historical context, economic interests, and political motives behind these investments, this study aimed to provide a comprehensive understanding of the dynamics of Chinese and Russian investments in the region. The findings of this research is relevant for policymakers, investors, and scholars interested in the political economy of the MENA region and the global strategies of China and Russia.

In conclusion, this paper has examined the political economy of the impacts of Chinese and Russian interest on MENA economies. Through a comprehensive review of existing literature, we have identified key economic, political, and social factors that shape the interaction between China, Russia, and MENA countries. We have found that China and Russia's engagement in the MENA region has been driven by their strategic interests in securing access to energy resources, expanding their geopolitical influence, and promoting their economic interests.

We have also found that China's economic engagement in the region has been characterized by a strong emphasis on infrastructure development, investment, and trade, while Russia's involvement has been focused on arms sales and military cooperation. These different approaches have resulted in varying impacts on MENA economies, with China's investments driving economic growth and development, while Russia's arms sales contributing to instability and conflict in the region.

Despite the challenges posed by China and Russia's engagement in the MENA region, we believe that there are opportunities for MENA countries to leverage these relationships for their own economic development. To do so, they must carefully balance their interests and develop a clear strategy for engaging with these global powers. This may involve strengthening economic ties with China, while also working to mitigate the negative impacts of Russia's involvement in the region. This paper highlights the complex and multifaceted nature of the political economy of Chinese and Russian interest in MENA economies. While these relationships present both challenges and opportunities, we believe that a nuanced and strategic approach to engagement can help MENA countries to achieve their economic development goals while minimizing the negative impacts of external involvement.

The political economic analysis of those countries interest over MENA economies is methodologically analysed by examining the impacts of foreign direct investments (FDI) on economic scales. Finding the importance of FDI from China and Russia towards the MENA economies is crucial for several reasons. Firstly, FDI inflows play a significant role in the economic development of the MENA region, which has been traditionally reliant on oil revenues. With the decline in oil prices and the need to diversify the economy, attracting FDI has become a priority for many countries in the region. Understanding the motivations and strategies of major investors like China and Russia can help policymakers in MENA

countries to attract more investments and identify areas of cooperation that can enhance economic growth.

Secondly, the political implications of these investments cannot be ignored. Both China and Russia have been expanding their economic influence in the MENA region, which has implications for their political interests in the region. For example, China's Belt and Road Initiative (BRI) aims to build infrastructure projects that connect China to the rest of the world, including the MENA region. Understanding the political motives behind these investments can help policymakers in the MENA region to manage their relationships with China and Russia, and balance their economic and political interests.

Finally, analyzing the importance of FDI from China and Russia towards the MENA economies is also relevant for global economic governance. The increasing economic influence of these countries in the region and the world raises questions about the role of traditional economic powers like the United States and the European Union. Understanding the dynamics of Chinese and Russian investments in the MENA region can inform debates about the changing landscape of global economic governance and the implications for the global economy.

More specifically, in this study, the economy of MENA countries was examined, and FDI were analyzed through Russia and China. The extent to which these investments affect the economy of MENA countries has been investigated.

In the second chapter, the investments of Russia and China in MENA countries were examined. While looking at MENA investments for China, it is very easy to reach clear data by countries and sectors, while for Russia, unfortunately, there was a lack of data to do this research. The Central Bank of Russia hides its data about some countries, which in turn complicates further research. To generalize, we can come to the conclusion that China has long-term, further historical relations with the MENA and, in general, for diplomatic and economic purposes only. However, while do reading for Russia, we can say that Russia's MENA policy is based on economic, but mostly on strategic and interest relations. As we know, MENA is in a very important place in the world in terms of geographical and the aim of powerful countries in this region is to use it for their own show of power and strength rather than raising the welfare of the region. In this section, the importance of the Historical Silk Road for MENA and other countries, its motivations and perspectives for the future are also examined. Türkiye's economic and political goals and objectives in this regard have been mentioned. The importance of the corridors in the Silk Road project in import and export for the countries passing there has been examined. It has been concluded how effective the project, which covers almost a continent, is in the globalization of MENA. This will ensure not only economic prosperity, but also the development of MENA countries in political, cultural and other fields. In the Figures for each country, how much investment was made in which sectors in 2010-2018 is shown. Here, too, it is possible to say that the point of view of Russia and China has changed from country to country.

In the third chapter, how MENA countries enter the global economy was examined, and at this stage, how effective the Rentier State Theory was in this regard was investigated. According to the results we have obtained, it has been observed that MENA countries have passed through difficult paths on the way to globalization and progressed more slowly than other developed countries. As a reason for this, it was foreseen that globalization should be

supported not only economically but also from every aspect, for example, culturally and politically. Globalization should not be seen as a one-piece problem, it should be viewed as a multi-faceted problem. Political-economic problems experienced by Arab countries throughout history also slow down this process of MENA countries. Rentier State Theory is a one-to-one explanatory theory for these countries. The system that keeps these countries economically viable is that these countries are rich with natural wealth. But these states, which seem to be very glorious on the one hand, are faced with a big problem as these wealth are actually exhaustible. When mines such as natural gas and oil are exhausted, the state becomes completely dependent on another country or civil wars break out. Therefore, these countries should prepare a plan in advance, and even if the wealth is depleted, the additional income should be arranged in a way that can sustain the country and its people.

In this title, econometric empirical analysis, which is also an important part of the thesis, has been made. This analysis tested the effect of imports and exports on FDI in Global Trade in MENA countries. The data set for the years 2011-2021 was used for the analysis. In order to obtain clear results in these years, only countries with data for these years were included in the analysis, so the number of countries was evaluated as eleven. The method used was Panel Data, cross-section and unit root tests were performed. As a result, it has been proven that there is no positive effect between Foreign Direct Investment and imports and no significant effect between exports.

Thus, both theoretical and empirical results have been obtained and it has been concluded how important the Foreign Direct Investments have on the Foreign (Global) Trade of the countries. Since MENA countries are generally developing countries, they should be significantly dependent on Global Trade and should orient itself not only to underground wealth but also to sectors that are not dependent on oil and natural gas such as technology and tourism.

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