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## **Chinese foreign policy**

## China pushes for safety of Red Sea shipping as threat to its economy grows

Officials stop short of signalling diplomatic or military assistance to defuse crisis in crucial waterway



A Houthi fighter on a cargo ship in the Red Sea last year. The Iran-backed rebel group has disrupted shipping through the important trade route in response to Israel's invasion of Gaza © Houthi Military Media/Reuters

Joe Leahy in Beijing 2 HOURS AGO

China has called on "all relevant parties" to "ensure the safety of navigation in the Red Sea" as analysts warned that Houthi rebels' attacks on commercial ships threaten the world's second-largest economy.

Beijing's call for action to protect the global trade route came as the US is believed to have reached out to China over whether it can apply pressure on Iran, which backs the Yemen-based <u>Houthis</u>. China has warm relations with Tehran.

But China's Ministry of Commerce stopped short of signalling diplomatic or military assistance to defuse the crisis in the waterway.

"The Red Sea is an important international trade route," a ministry spokesperson said on Thursday, adding that <u>China</u> would "strengthen co-ordination with relevant departments, closely follow the developments and provide timely support and assistance to foreign trade enterprises".

The US and the UK have launched a <u>series of strikes</u> over the past week against the Houthis, who have vowed to continue their campaign in response to Israel's invasion of Gaza.

Beijing, which has invested heavily in building close ties in the Middle East and backs

the Palestinian cause in the Gaza conflict, has publicly been neutral on the Houthi attacks.

But Iran's support of the Houthis has presented a test for China's relations in the region, analysts said. China imports about half of its crude oil from Iran and other countries in the Middle East, and much of its trade with the EU, its second-biggest trading partner, also passes through the Red Sea.

Beijing last year brokered a rapprochement between Iran and Saudi Arabia, a feat Chinese officials applauded as evidence of the country's successful diplomacy.

Yin Gang, a Chinese Middle East affairs expert, said that although Houthi forces had not attacked Chinese merchant vessels, the disruption had raised shipping costs and caused "huge losses" for Chinese companies.

"The Red Sea shipping route is of great importance to Chinese merchant ships," Yin said. "Although shipments from countries like China might be safe, the freight costs have increased...it's a very bad thing for China."

The Shanghai Containerized Freight index last week rose to the highest level since September 2022, reflecting the increased costs of rerouting vessels around the Cape of Good Hope in Africa.

China's largest shipping company, state-owned Cosco, has been forced to reroute cargo away from the region, said Stefan Angrick, associate director and senior economist at Moody's Analytics, raising the costs for exporters and causing delays. "At a time when the economy at home isn't looking like it's in great shape, I think it's fair to say that is an unwelcome headwind," Angrick said.

He added that European high-tech suppliers to Asia would also be disrupted, raising risks for supply chains that were finally recovering after the coronavirus pandemic and Russia's invasion of Ukraine.

Analysts warned that China would probably not intervene directly through military operations or by putting pressure on Iran, and preferred to make general statements about the importance of international maritime channels.

"Iran backs the Houthis, so China won't deal directly with Iran on this issue," Yin said.

China's People's Liberation Army has a naval base in Djibouti, at the mouth of the Red Sea. but analysts said it would run against Beijing's diplomacy in the region to

participate in any military action against the Houthis or back US policy, which it sees as a failure.

"Except in matters related directly to sovereignty and UN peacekeeping operations, China has made it clear as a matter of principle it's going to avoid engaging in military conflict whenever possible," said Josef Gregory Mahoney, professor of politics and international relations at East China Normal University.

Additional reporting by Wenjie Ding in Beijing

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