

# Topic Overview: China's Relationship with Saudi Arabia

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## CX Resolution 2016-2017

Saudi Arabia has traditionally been an ally of the United States. However, China has shown a specific interest in Saudi Arabia due to the importance of oil, which Saudi Arabia is a major provider of to China. Because of that, China has invested and attempted to influence the Saudis to be more conducive to Chinese industry. However, relations are limited to mostly economic interests, primarily because, as many state, oil is the backbone of Chinese-Saudi relations. Saudi Arabia was the last Arab country to recognize the People's Republic of China, but today enjoys the support of China due to China turning a blind eye to human rights abuses in Saudi Arabia and focusing solely on oil.

### Economy

The cornerstone of Chinese interests in Saudi Arabia is oil – China needs petroleum and petroleum products in order to fuel its massive and growing industry. China's focus on Saudi Arabia is simply in order to protect its energy interests.

#### **Chinese demand for oil is pushing Saudi Arabia to nuclear energy**

*(Yoel Guzansky is a scholar at the Institute for National Security Studies and a professor of political science at Tel Aviv and Haifa Universities, "The Saudi Nuclear Genie is Out," Elliot School of International Affairs, Washington Quarterly, [https://twq.elliott.gwu.edu/sites/twq.elliott.gwu.edu/files/downloads/TWQ\\_Spring2015\\_Guzansky.pdf](https://twq.elliott.gwu.edu/sites/twq.elliott.gwu.edu/files/downloads/TWQ_Spring2015_Guzansky.pdf), Spring 2015)*

The desire for alternate sources of energy [are] as a means of protecting the monarch's oil and preserving it for export—and the contribution such technological achievement can bring to a country's prestige and identity— cannot be overlooked. The increasing demand for electricity production (predicted to grow by 7–8 percent per year on average) has caused the Saudi leadership to recognize the need for alternative sources of energy so that it can reduce domestic consumption. The repercussions of failing to develop alternative sources of energy are serious: the Kingdom consumes over one-quarter of its total oil production. This means that on a 'business as usual' trajectory Saudi Arabia would become a net oil importer in 2038. Diversification of fuels combined with a reduction in local consumption of oil would allow the Kingdom to maintain a large quantity of oil for export. The rationale is simple: it is much more profitable to sell oil and gas to China rather than burn it for power. The Saudi elite cannot easily lower or eliminate fuel subsidies as a means of reducing oil consumption due to fears that such a move would lead to social unrest. Rather, the preferred course is to invest in alternative sources of energy, including the nuclear path.

## **Mutual investment**

*(Abbas Varij Kazemi is an assistant professor at the Cultural and Social Studies Institute in Tehran, "China and the Middle East: More Than Oil," The European Financial Review, [https://www.researchgate.net/profile/Xiangming\\_Chen/publication/277816073\\_China\\_and\\_the\\_Middle\\_East\\_More\\_Than\\_Oil/links/5574b0fb08aeb6d8c01945b6.pdf](https://www.researchgate.net/profile/Xiangming_Chen/publication/277816073_China_and_the_Middle_East_More_Than_Oil/links/5574b0fb08aeb6d8c01945b6.pdf), March 2014)*

While China's heavy dependence on Middle Eastern oil is an established fact, less is known about China's early efforts to establish broad energy ties with the Middle East. Back in 1983, before the Chinese economy really took off, the overseas construction arm of China National Petroleum Corporation (CNPC) moved into the Kuwaiti market and later won an oil storage reconstruction project in 1995. Beijing also signed the Strategic Oil Cooperation agreement with Saudi Arabia in 1999, which laid the foundation for Saudi Arabia to become and remain China's largest oil supplier. In exchange for stable crude supply, China has courted Saudi investment for expanding its refining capacity. One example is China Petroleum and Chemical Corporation's (SINOPEC) meeting with Saudi Aramco to discuss a stake in a \$1.2-billion refinery in the Chinese city of Qingdao. The two sides further joined hands in a \$3.5-billion venture in Fujian province that included greater refinery capacity.

## **Energy is key to relationship**

*(Naser Al-Tamimi is a scholar at Durham University and an independent Middle East political researcher, "China Saudi Arabia relations: economic partnership or strategic alliance?" Durham University, <http://dro.dur.ac.uk/9683/1/9683.pdf>, June 2012)*

From the Chinese perspective, energy security lies at the heart of the bilateral relationship with Saudi Arabia, as has been the case with many of China's most important strategic relationships over the past decade. According to the Chinese ex-ambassador to Saudi Arabia, Song Wei, there are two key words as far as ties between China and Saudi Arabia is concerned, they are "energy cooperation". He added, "Energy cooperation has gone far beyond a buy-and-sell relation...when I was an ambassador to Saudi Arabia, Saudi Arabia suggested that we build a strategic cooperation, which means Saudi Arabia needs a stable market, and China needs a stable supply". Indeed, Saudi Arabia has been the top supplier of crude oil to China since 2002, and it is unlikely to give up this leading position in near future.

## **China is more important to Saudi Arabia than vice versa**

*(Wu Bingbing is the professor of Arabic Language and Culture at Peking University and the director of the Middle East Institute, and a board member of the China-Arab Friendship Association, the China-Iran Friendship Association, and the Chinese Society of Middle Eastern Studies, "Strategy and Politics in the Gulf as seen from China," Woodrow Wilson International Center for Scholars, [https://www.wilsoncenter.org/sites/default/files/ASIA%20Program\\_China%20and%20the%20PG.pdf#page=19](https://www.wilsoncenter.org/sites/default/files/ASIA%20Program_China%20and%20the%20PG.pdf#page=19), 2011)*

Despite this rapid growing trade between the two countries, if we exclude the importance of Saudi oil exports, the total volume of trade between Saudi Arabia and China constitute less than 1.5 percent of China's total foreign trade. On the other hand, we find that the Saudi trade with China accounted for around 14 percent of Saudi Arabia's total foreign trade. This trend indicates that Saudi Arabia could be the one who is courting the Chinese market, not the other way round. It is also important to point out that when analysing the composition of trade between China and Saudi Arabia, the large share of its trade is in small consumer goods. The Chinese exports do not contain sophisticated technology; their composition is similar to China's exports to most countries in the region. Its largely low-price products, including textiles, garments and toys, which have a ready market among migrant workers and the low and middle income workers in

Saudi Arabia, where they do not compete with local products as they do in Africa and some other Arab countries. On the other hand, when analysing the composition of China's imports from Saudi Arabia, we will find that exports of oil, chemicals, and plastics account for almost 100 percent of the total Saudi exports to China. They represent about three-quarters of the total trade volume between China and Saudi Arabia, evidence that the trade is based on oil.

### **Oil is only basis for trade**

*(Wu Bingbing is the professor of Arabic Language and Culture at Peking University and the director of the Middle East Institute, and a board member of the China-Arab Friendship Association, the China-Iran Friendship Association, and the Chinese Society of Middle Eastern Studies, "Strategy and Politics in the Gulf as seen from China," Woodrow Wilson International Center for Scholars, [https://www.wilsoncenter.org/sites/default/files/ASIA%20Program\\_China%20and%20the%20PG.pdf#page=19](https://www.wilsoncenter.org/sites/default/files/ASIA%20Program_China%20and%20the%20PG.pdf#page=19), 2011)*

Indeed, China-Saudi relations have been restricted to oil exports to China and limited cross-investment. Chinese NOCs' activities in Saudi Arabia are very much limited to engineering services, such as pipeline and well repair, seismic data collection, and natural gas projects, which involve higher risks and capital input. Saudi Arabia does not allow Chinese companies (or any foreign companies) to invest in its upstream (exploration and production) oil sector, but it has allowed them to invest in the upstream gas sector and refinery. While there is no denying that China and Saudi Arabia have extensive energy ties, it is clear that China has shown a desire to keep its oil sources diversified. China has made significant efforts to diversify its sources of oil, developing resources in Russia, Central Asia, Africa, Latin America and other parts of the Middle East. As for Saudi Arabia, despite its aggressive policy towards China, it has also shown a desire to keep its energy sources diversified. In this regard, Saudi ARAMCO is the single largest supplier of oil to China, India, Japan, the Republic of Korea, Taiwan, Singapore and Philippine. Saudi Arabia's tight restrictions on inward investment in the oil sector and the high degree of competence for Saudi ARAMCO are likely to limit the engagement of China's NOCs in the Kingdom, except in the gas sector, which to date has proved to be of little interest. Likewise, the growth of Saudi ARAMCO's investments in China's refining industry will be constrained as long as China's domestic pricing policy for oil products is unfavourable to refiners.

### **China as a model for Saudi growth**

*(Naser Al-Tamimi is a scholar at Durham University and an independent Middle East political researcher, "China Saudi Arabia relations: economic partnership or strategic alliance?" Durham University, <http://dro.dur.ac.uk/9683/1/9683.pdf>, June 2012)*

Although Saudi Arabia believes that China is not an alternative to the United States militarily in the short and medium terms, however, the Saudis are seeking to leave most of their options open. There are several other political factors that are pushing Saudi Arabia to develop closer relations with China. Firstly, the Kingdom, already the largest supplier of oil to China, is building new refineries and increasing exports with the aim of strengthening political and economic ties with Asia's growing economic giant. These petropolitical partnerships are a key to Saudi Arabia's efforts to contain Iran's political influence and military growth, especially its nuclear program. Secondly, the so-called "China model" has captivated Saudi leaders in two ways. It promises rapid growth without regime change. From a

Saudi perspective, on one hand the Saudi public sees Asian powers as a counter balance to the United States; on the other hand China's conservative approach to political and economic development and modernisation appears to be a model worth adopting and a viable alternative Western-inspired reform models. Additionally, King Abdullah is basing his effort on two pillars: education and economic diversification. Thus, political reform will not figure high on the Saudi Arabia's list of priorities in coming years. The Saudi elite's reaction to the Arab uprisings has largely been to move in the other direction, with increased spending on security rather than promoting greater democratic participation. Within this context, through Saudi Arabia's lens, China could be a valuable source of support as Riyadh continues on a path of cautious and selective economic liberalisation while seeking to deflect US pressure in the area of political reform.

## Strategic interests

Strategic cooperation between the two countries is fundamentally based in protecting China's energy interests in Saudi Arabia. China provides some assistance in order to curry favor with Saudi Arabia to ensure a steady flow of oil to China. If Saudi Arabia is safe and stable, so is China's largest supplier of oil. With instability and uncertainty, China's economic prospects deteriorate.

### **China's military influence**

*(Raymond Lee is a specialist in Chinese affairs at the Al Jazeera Center for Studies, "Implications of the War in Yemen on China," Al Jazeera Center for Studies, <http://studies.aljazeera.net/mritems/Documents/2015/6/10/201561011434739734War%20in%20Yemen.pdf>, June 2015)*

Nevertheless, Beijing did exert influence over Saudi Arabia to halt airstrikes. On April 18, Chinese foreign ministry released a news item on its official website that President Xi Jinping had a telephone conversation with King Salman of Saudi Arabia to express Beijing's concerns over the Yemeni crisis and anticipate resolving the conflict through political means. The news announcement signals what Beijing cares about most is to stop the Saudi-led military intervention. Its position is not entirely neutral or without a foreign policy preference, but rather leaning toward the perspective of Iran and Russia on the conflict in an implicit fashion. This perhaps explains Beijing's caution when addressing media questions about the Yemeni conflict

### **New ally for Saudi Arabia**

*(Sean Foley is an associate professor at Middle Tennessee State University, "Seek Knowledge Even If It Takes You to China (Via Washington)," Koninklijke Brill NV / Sociology of Islam, [http://www.seanfoley.org/sites/default/files/foley\\_seek\\_knowledge\\_even\\_it\\_takes\\_you\\_to\\_china\\_via\\_washington\\_1.pdf](http://www.seanfoley.org/sites/default/files/foley_seek_knowledge_even_it_takes_you_to_china_via_washington_1.pdf), 2016)*

For Saudis, who had grown tired of their relationship with the United States, China appeared to be the alternative they had been seeking for years. In less than a decade, the Asian nation [China] had emerged as one of Saudi Arabia's primary trading partners. And it had (a) the potential to be the Kingdom's new strategic partner, and (b) a long history of cultural ties to the Arab and Muslim worlds, including Saudi Arabia.

## **Cooperation in international affairs**

*(Naser Al-Tamimi is a scholar at Durham University and an independent Middle East political researcher, "China Saudi Arabia relations: economic partnership or strategic alliance?" Durham University, <http://dro.dur.ac.uk/9683/1/9683.pdf>, June 2012)*

One month after the earthquake, Xi Jinping, the Vice President of the PRC, visited Saudi Arabia and signed the Joint Statement of the PRC along with Saudi Arabia on Strengthening Cooperation and Strategic Friendly Relations. Six months after the Jinping visit, President Jintao Hu made another trip to Riyadh, his second in three years. Hu met with Saudi Arabian King Abdullah bin Abdul-Aziz in February 2009 and the two leaders vowed to deepen their strategic friendly ties, work together to tackle the global financial crisis and strengthen coordination in international and regional affairs. Following the talks, the two leaders witnessed signing ceremonies for five cooperation deals in energy, health, quarantine, transportation and culture. The agreements included one for the ambitious Makkah mono-rail project; cooperation in oil, gas and mining; in the field of health; on quality inspection and standards of goods and services; and a Memorandum of Understanding to set up King's Abdul Aziz Public Library in Beijing.

## **Saudi Arabia considers China a second-rate ally**

*(Naser Al-Tamimi is a scholar at Durham University and an independent Middle East political researcher, "China Saudi Arabia relations: economic partnership or strategic alliance?" Durham University, <http://dro.dur.ac.uk/9683/1/9683.pdf>, June 2012)*

Due to Saudi Arabia's relations with the United States, China-Saudi military relations have been very limited. From Riyadh's perspective, China does not have the same capability to project power globally, as the United States does, and therefore cannot provide the same security assurances against the international threats Saudi Arabia faces, particularly against Iran or/and the internal dangers of terrorism. Even if the Chinese had the capability to project power globally, the Saudis may question the reliability of the country's security assurances due to the long relations it has with Iran.

## **Working against terror**

*(Wu Bingbing is the professor of Arabic Language and Culture at Peking University and the director of the Middle East Institute, and a board member of the China-Arab Friendship Association, the China-Iran Friendship Association, and the Chinese Society of Middle Eastern Studies, "Strategy and Politics in the Gulf as seen from China," Woodrow Wilson International Center for Scholars, [https://www.wilsoncenter.org/sites/default/files/ASIA%20Program\\_China%20and%20the%20PG.pdf#page=19](https://www.wilsoncenter.org/sites/default/files/ASIA%20Program_China%20and%20the%20PG.pdf#page=19), 2011)*

Non-traditional security is a new area of Sino-Saudi cooperation. The situation in Afghanistan and Pakistan and terrorist attacks in Xinjiang forced China to dedicate more efforts to fighting terrorism, separatism, and extremism. Indeed, facing non-traditional security challenges has become a new core interest of China in the Gulf region, especially in Saudi Arabia, which is an influential country in the Islamic world and keeps close ties with Pakistan. Cooperation with Saudi Arabia to face non-traditional threats is of special significance to China.