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Saudi Arabia-China Relations: A Brave Friendship or Useful Leverage?

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"China is not necessarily a better friend than the US, but it is a less complicated friend."

Prince Turki al-Faisal

Riyadh and Beijing are deepening their economic ties and expanding them in other areas as well. Overall, Saudi-Chinese relations enjoy relative stability but remain limited, inter alia due to China's lack of interest in deeper involvement in the Middle East at the present time. Aware of Washington's sensitivities, Riyadh and Beijing do not want to invite pressure from the United States. Saudi Arabia understands that there is no good alternative to the US security guarantees at the present time, but doubts about the credibility of Washington's political commitment in the long term persist. Moreover, in Riyadh's view, relations with China can complement its relations with Washington in certain respects, and may even serve as potential leverage over Washington.

Keywords: Saudi Arabia, China, United States, Iran, Israel, Pakistan

Introduction

With the exception of energy security, the Middle East has long been mostly peripheral to China's overall map of interests. However, under the leadership of Chinese President Xi Jinping, a greater emphasis has been placed on the region in general and the Gulf in particular, an emphasis that goes beyond purely economic interests. For example, China's "Arab Policy Paper," presented by President Xi on the eve of his visit to the Middle East in early 2016, emphasized, alongside trade and investment, the need to strengthen the political, cultural, and security aspects of China's relations with Arab countries. These join Beijing's traditional policy principles, most notably mutual respect for sovereignty and territorial integrity and non-interference in the domestic affairs of other countries. This "neutral" policy on Beijing's part can raise its standing in the eyes of the Gulf rulers, who are sensitive to criticism regarding human rights and freedom of expression in their countries. At the same time, there is a sense in the Gulf that the trend that began under the Obama administration whereby the United States aims to reduce its involvement in Middle East conflicts is continuing under President Donald Trump.

Paradigms that formerly characterized the Chinese perspective on the region remain primary, most notably energy security. The main motive behind Chinese involvement in the Middle East in general and the Gulf in particular, therefore, remains economic: the region is of strategic importance to China, which imports about 70 percent of its oil needs, primarily from the Gulf. Moreover, the Gulf countries believe their geographic location allows them to integrate easily into the Chinese Belt and Road Initiative (BRI), and China, due to its relative economic advantages, can assume a more central place in the reforms that Arab Gulf states seek to implement in their economies.

This paper seeks to map the spectrum of cooperation between Saudi Arabia and China, and to suggest potential ways this dynamic can develop in various fields.

Geopolitical Interests

In China's view, relations with the Gulf states serve diverse interests, first and foremost energy security and economic growth. China has publicly expressed its concern about the friction between the Gulf states and Iran, and among the Gulf states themselves, given that this friction could undermine stability in the Gulf that is necessary for economic growth.

Relations between China and Saudi Arabia have grown closer since the year 2000, and bilateral trade jumped from \$3 billion to \$41.6 billion in one decade. Oil constitutes a significant part of bilateral trade, and China is Saudi Arabia's largest trading partner and oil consumer. China's demand for oil is expected to increase in the coming decades; hence Saudi Arabia's central importance in China's overall considerations in the Middle East. In addition, China sees Saudi Arabia as a potential investment market, both for heavy industry infrastructure such as ports and railways, and as a destination for Chinese technology.

At the same time, Beijing is concerned that in the event of American sanctions against China, Saudi Arabia will remain loyal to its ally, the United States. Furthermore, China retains close ties with Iran, Saudi Arabia's greatest enemy. China and Iran have developed extensive ties over the years, which reflect China's energy needs and Iran's natural resources, as well as additional economic ties such as the sale of arms—a partnership hardly to Riyadh's liking. As a permanent member of the United Nations Security Council, China has given significant political backing to Iran, even though the scope of oil trade between them has declined since the US administration canceled the waivers it granted Beijing. The cancellation of the waivers and deepening American sanctions against Iran led to a dramatic increase in Chinese oil purchases from Saudi Arabia in 2019-2018, at the expense of oil purchases from Iran, making Saudi Arabia China's largest oil supplier in the Middle East.

In order to maintain a balance between Tehran and Riyadh, China is careful to divide its contacts and visits equally between the two countries. Thus, in 2016, President Xi made sure to visit both Saudi Arabia and Iran. Furthermore, just days before Mohammed bin Salman's arrival in Beijing in February 2019, the Chinese hosted a senior delegation from Iran. From a military perspective as well, China maintains such a balance; about a month after holding a joint military exercise with Saudi Arabia in November 2019, it held a [joint naval exercise](#) with Iran (and Russia).

Riyadh's ties with China are increasingly connected to its insecurity with regard to its relations with the United States, and more and more it may come to see China through a prism of security. Riyadh understands that at present, there is no substitute for a US military presence in the Gulf to halt Iranian expansion, but it does not want to find itself in a state of total dependence on the United States. The importance of the Kingdom as a source of energy for the United States has diminished, and it is evident that the Saudis in turn are sympathetic to the Chinese model of economic openness and controlled politics. Moreover, China is a reliable partner for Saudi Arabia and a market that has huge potential for expansion. From Riyadh's perspective, ties with China are not meant to replace ties with the United States, but rather to complement them in economic and political aspects—and without the bothersome Western criticism on issues of human rights and democratization. Thus for example, following the murder of Saudi journalist Jamal Khashoggi, China was one of the only countries to openly express support for Saudi Crown Prince Mohammed bin Salman. Both countries therefore find comfort in mutual respect of their sovereignty, without striving for change in the other; both are troubled by the challenges to their stability posed by the upheavals in the Middle East; both strive for stability and security in the Middle East and for secure energy supplies; and both

identify a mutual zone of interest in economic development while preserving the ruling order.

Economics and Trade

Beijing makes frequent use of its economic power to promote its political objectives, and the Gulf arena is no different in this respect. China's increased economic activity in the Gulf [can be explained](#) by its desire to find markets for its products and surplus capacity, with emphasis on infrastructures and its need for energy security, and hence its interest in geopolitical stability.

The development of China's economic relationship with the Gulf is linked to its desire to obtain natural resources from the Gulf. China is dependent on oil imports from the Gulf, and the volume of trade between Arab Gulf countries and China has increased steadily from \$10 billion in 2000 to \$117 billion in 2016. Furthermore, by 2020, China is expected to become the main export destination for the Arab Gulf countries (although this expectation is currently challenged by the outbreak of the coronavirus in China: the drop in oil prices will increase sales to China, but the volume of trade may well decline as well). Saudi Arabia, one of the two largest economies in the Middle East, is a major target for China, and its trade with the Kingdom in 2017 was \$45 billion (around 38 percent of China's total trade with the Gulf states).

Beyond oil exports, Saudi Arabia, which seeks to diversify its economy and reduce its dependence on oil exports, is looking to position itself as a major destination for Chinese investments and, in order to do so, integrate into the Belt and Road Initiative. For Chinese companies, increased involvement in Arab Gulf states—particularly in development and construction of ports and railways—is (for the most part) economically worthwhile and (often) the right move from a geopolitical perspective, as long as it matches party aspirations and provides concrete substance to the initiative. It is not inconceivable that the Chinese presence on

the ground will gradually lead to greater Chinese political influence in Arab Gulf countries, including Saudi Arabia, and in the future may even create potential Chinese leverage on the Gulf regimes.

The Political-Strategic Arena

China is still largely sitting on the sidelines of the political playing field in the Middle East in general and the Gulf in particular. Its involvement in the Middle East arena does not receive the kind of attention that Russia's involvement receives, but in the long term, it could be far more significant. Political ties between China and Saudi Arabia are conducted with mutual avoidance of issues of conflict in an attempt to focus on issues where there is common ground. This delicate balancing act has achieved significant success and is reflected in China's consistent avoidance of declaring a definitive regional policy, taking a clear stand on issues of contention, and adopting a particular side in disputes. In this way, China avoids inviting pressure, especially from the United States, on Beijing and its Arab partners in the Gulf. These countries, in line with the position of the Arab League, support the One China policy and at the same time have extensive economic and trade relations with Taiwan.

Similarly, Saudi Arabia, like other Arab Gulf states, avoids public statements and positions on issues that may embarrass China and generate international pressure, especially on domestic issues. Saudi Arabia understands Chinese sensitivities and realizes that such steps would harm the fabric of a relationship that has a strategic importance for it. Thus it avoids statements on the human rights situation in China and refrains from criticism of China's treatment of the Uyghur Muslim minority in Xinjiang Province, which has worsened since 2016, when about one million Uyghurs were sent to "re-education" camps. Furthermore, despite the fact that Saudi Arabia, the "Custodian of the Two Holy Mosques," is active and shows concern for Muslim minorities elsewhere in

the world, including outside of the Middle East, when bin Salman visited Beijing in February 2019, the Saudi Crown Prince justified Beijing's actions against the Uyghurs and declared that "China has the right to take anti-terrorism and de-extremism measures to safeguard national security." Furthermore, in July 2019, Saudi Arabia was among the thirty-seven countries that sent the United Nations a letter of support for China and praised it for "remarkable achievements in the field of human rights." Interestingly, at the same time a Chinese delegation from the Council for Promoting South-South Cooperation visited Riyadh and explored options for expanding Chinese investment in the Kingdom.

Strengthened political ties between China and Saudi Arabia are evident in several areas, beyond increasingly frequent reciprocal visits by heads of state. In 2016, relations between the countries (and subsequently between China and Iran and Egypt, in order to create a balance) were upgraded to a "comprehensive strategic partnership"—a largely symbolic definition that implies a tightening of long term ties. Alongside its political and economic influence, China is also investing resources to increase its cultural presence. For example, in June 2019, the Confucius Institute was opened at King Saud University in Riyadh. The Institute will provide Chinese language courses and promote cultural communication between the countries. Yet despite these positive developments, China's involvement in Saudi Arabia can still be defined as "limited," with Beijing marking its presence through vague declarations and token attempts at mediation in times of crisis.

On the regional level, China is making an effort to maintain parallel relationships, and is doing its utmost to avoid the need to "choose sides." For example, China's security ties with Iran include the export of weapons that Tehran could conceivably use against the Gulf states. Beijing has called for an end to the fighting in Yemen and has expressed concern about the humanitarian situation there, though without criticizing Saudi Arabia, which is fighting the

Houthi forces allied with Iran. Moreover, Beijing continues to sell attack drones to Saudi Arabia and the United Arab Emirates (UAE) that are in use in the fighting in Yemen, including in targeted attacks. Within the framework of this Chinese policy, increased tension in the Gulf since May 2019, which saw Iranian attacks on oil tankers and Saudi oil facilities that directly hurt one of China's important partners and Chinese economic interests, passed without any public criticism from Beijing. It was only in September 2019, following a direct hit on the Saudi Aramco refineries, that [China officially condemned the attacks](#) on the oil facilities, but did not specify which country was behind them. Furthermore, the US proposal to form a coalition to protect tankers in the Gulf [was seen in Beijing as a scheme](#) to impose new sanctions on Iran, and an attempt to establish an "Arab NATO" in the Gulf. It is unclear how long China will be able to pursue its "balancing" policy, but for the moment there are no signs that would indicate that Beijing plans to deviate from it.

Regarding great power relations, Saudi Arabia has so far been able to develop its economic ties with China, without damaging ties with the United States. This is largely due to China's consistent avoidance of taking clear positions on controversial issues, and from explicitly siding with any party to disputes and public quarrels—this all within the framework of a policy full of contrasts and internal contradictions. China cannot and does not want to take the place of the United States as a strategic guarantor for the security of the Arab Gulf countries, with all the responsibilities involved. However, Beijing could take advantage of Saudi apprehensions with regard to its traditional ally, the US, to push a wedge between them, and try to fill the void and strengthen its relations with Riyadh at the expense of the United States.

Overall, the [Gulf arena represents](#) a remote operating space for China that can be used as leverage over the United States to obtain concessions in areas of greater importance to Beijing that are closer to its strategic

environment, such as the South China Sea. At the present time, the extent of the US military presence and its ability to project power, along with the quality of its combat systems, the depth of military and political relations, and its ability to act jointly with friendly militaries are beyond China's ability to compete, at least in the near and medium terms. Saudi Arabia understands that currently there is no substitute for the US presence in the Gulf to halt Iranian expansion, even though Riyadh does not want to find itself completely dependent on the United States. Thus relations with China complement relations with the US and can provide Riyadh with leverage over Washington. This is aimed, inter alia, at signaling to the American administration, especially during periods of tension, that ignoring its demands can incur a price.

Security Aspects

Over the years, China has stood in the shadow of major Middle East arms suppliers, led by the United States, Britain, and Russia. Its volume of arms sales to the region is limited in comparison to these countries, with only 6.1 percent of Chinese [defense exports](#) going to the Middle East. Most weapons come from the West (mainly from the United States and the United Kingdom), and Arab armies in the Gulf are built around these weapon systems—including the entire logistical and support systems, advisers, and training—which will make it difficult for them to introduce Chinese systems in the future. However, China's security needs (the increase in the size of its army and the development of its security industries) contribute to an increase in the export of unique platforms to the Middle East in general and to the Gulf in particular. At the same time, over the last decade the defense budgets of Arab Gulf states have increased steadily in line with threats of reference faced, despite the fall in oil prices.

The close strategic ties between Saudi Arabia and the United States determine the boundaries of its relations with China, out of

an understanding that the US is its guarantor and will remain so for at least the foreseeable future. However, Saudi Arabia's arms purchases aim at tightening its relations with Beijing, in an attempt to create leverage over the United States—in part in response to the US refusal to sell it certain systems—and to reduce its dependency on a single supplier. Purchasing weapons from various sources requires matching parts, specialized training, and a specific maintenance system, and therefore imposes a burden on armies. However, decentralization of procurement also reduces dependence on the United States and strengthens the ability to pursue independent policies, a trend that may strengthen if the question marks regarding US policy in the Middle East continue.

In recent years, China has increased its security footprint in and around the Gulf: Chinese naval forces were dispatched to the Gulf of Aden (to combat maritime piracy); Chinese ships have visited ports in the Gulf; a naval and aerial support base was opened in Djibouti, China's first outside of its borders; China took over management of a sea port in Pakistan; and joint military exercises were conducted by China with Iran, Russia, and Saudi Arabia. Furthermore, new areas have joined China-Saudi security cooperation. Riyadh's increasing interest in unmanned aerial vehicles and the continued US refusal to provide certain capabilities (with emphasis on offense vehicles) due to policy restrictions, export controls, and the need to consider Israel's security needs has led to its acquisition of these capabilities from China. Although the Chinese platforms are known to be of lower quality compared to Western products, they seem sufficiently satisfactory, and in any case it is evident that this quality is constantly improving.

It seems that China, at least at this stage, does not seek to compete with the United States, but rather to gain a foothold in this lucrative market and at the same time gain necessary combat experience for its platforms—an excellent marketing tool. In addition to the relatively

low cost of Chinese platforms (approximately one third of the cost of comparable Western platforms), China is prepared to transfer its advanced platforms to its clients. In this context, Beijing has reportedly agreed to manufacture jointly with Riyadh CH-4 unmanned aerial vehicles that Saudi Arabia already operates, and to this end [establish a factory](#) in Saudi territory. Overall, Riyadh and Beijing seem willing to expand military cooperation gradually. For example, in October 2016, Chinese and Saudi forces completed the [first joint drill of its kind](#) in counterterrorism, and in November 2019, conducted the joint naval exercise, the first of its kind in the Red Sea. Such collaborations will allow both parties to gradually advance their military ties on “soft” issues as a low risk support to their economic ties, in the service of their mutual interests.

A new field of cooperation between the countries is space. During his visit to China in 2017, King Salman signed a space research cooperation agreement between the countries: the Saudis have decided to establish a satellite research, development, and production infrastructure with Chinese assistance in order to gain independence in the field. In December 2018, it was reported that two Saudi-designed earth observation satellites were launched on a Chinese rocket and would be operated from a research center in Riyadh.

Another aspect of cooperation between China and Saudi Arabia is the civilian nuclear field. In response to Iran's nuclear development and due to considerations of prestige and growing energy needs, Saudi Arabia has in recent years begun to explore the nuclear path. The Kingdom recently declared that it plans to develop a nuclear program for electricity production and water desalination. Riyadh is already making preparations and has signed a number of cooperation agreements in the field with several countries. Since 2012, relations between Saudi Arabia and China in the nuclear

field have tightened and a series of memoranda of understanding have been signed, including the opening of a branch of China National Nuclear Corporation (CNNC) in Riyadh.

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Significance and Recommendations

In a [study](#) published by the RAND Corporation, China was defined as being an “economic heavyweight...a diplomatic lightweight and...a military featherweight” in the Middle East. This pattern remains true for China’s ties with Saudi Arabia, and Beijing has so far managed to “get along with everyone” and adopt a “[selective policy](#)” centered on certain countries and fields. However, as China’s political and security weight increases in the Middle East in general and in the Gulf in particular, Beijing will find it increasingly difficult to maintain this delicate balance. Moreover, Washington would probably not hesitate to put pressure on Saudi Arabia too, if certain aspects of Riyadh’s cooperation with China were perceived by it as harmful.

In addition to the American constraint, there may also be points of contention on other issues, most notably economics. Unlike other countries, especially in the developing world, Saudi Arabia has considerable leverage over Beijing given its oil resource. Another economic aspect is related to the continued slowdown

in economic activity in China, accelerated by the coronavirus outbreak in 2020, which could challenge its ability to continue investing in various projects in Saudi Arabia and the region to the same degree. In view of the fact that China is the only country investing in mega-projects and building large scale infrastructure in the Gulf, economic slowdown in China could impair its ability to realize some of its most ambitious projects in the Kingdom.

Increased Chinese economic interest in Saudi Arabia could force Beijing to build up military capabilities gradually to protect its interests, and in order to do so increase its overall involvement in the Middle East. Israel will need to monitor the development of ties between China and Saudi Arabia and their implications for Jerusalem, as well as the advancement of Riyadh’s nuclear program and the arrival of advanced weapon systems, which could affect the military balance in the region and Israel’s qualitative military edge. In addition, while the Saudi regime explores ways to advance its national power by establishing industries, Israel should monitor the growth of Chinese-assisted military industries in Saudi Arabia. These topics should be discussed between the security establishments in Israel and the United States, as well as between the Israeli government and the Chinese government, and, if possible, between Israel and Saudi Arabia.

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