



Atlantic Council



STRANGERS TO STRATEGIC PARTNERS:

# Thirty Years of Sino-Saudi Relations

JONATHAN FULTON

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# **Thirty Years of Sino-Saudi Relations**

**JONATHAN FULTON**

ISBN-13: 978-1-61977-114-7

Cover image: China's President Xi Jinping and Saudi Arabia's King Salman bin Abdulaziz attend the Road to the Arab Republic—the closing ceremony of the artifacts unearthed in Saudi Arabia—at China's National Museum in Beijing, China, on March 16, 2017. *Photo credit: Reuters/Lintao Zhang/Pool*

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August 2020



# Table of Contents

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Executive Summary	1
Introduction	2
Getting to Yes	3
Deepening Ties	6
Comprehensive Strategic Partners	8
Deepening Economic Relations	12
Aligning Strategies	13
The Security Angle	16
Conclusions and Recommendations	18
About the Author	21

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*“Is China a better friend to Saudi Arabia than the United States is?”*

*“Not necessarily a better friend, but a less complicated friend.”*

*Interview with then-Saudi Ambassador to the United States, Prince Turki bin Faisal Al Saud<sup>1</sup>*

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<sup>1</sup> “World Has ‘Enough’ Oil; Al-Faisal Blames Geopolitical Instability, Not Resources, for Driving Prices Higher; Sees Hope for Iraq while Warning against the Use of Force over Iran’s Nuclear Ambitions,” *USA Today*, May 10, 2006, A 13.

# Executive Summary

## Strategic Context

- ◆ This year marks the thirtieth anniversary of diplomatic relations between China and Saudi Arabia. Over the past three decades, the bilateral relationship has transitioned from one of marginal importance for both countries to a comprehensive strategic partnership, largely on the back of a trade relationship founded on energy.

## Key Findings

- ◆ The expansion of the Sino-Saudi bilateral relationship has been a result of mutual interests, an evolving strategic landscape, and the complementary nature of policy initiatives, namely China's Belt and Road Initiative and Saudi Vision 2030.
- ◆ For China, Saudi Arabia occupies an important geostrategic location, has prominence in global Islam, and is an energy superpower, which together make relations with the kingdom a central pillar of Beijing's Middle East policy.
- ◆ For Saudi Arabia, China is its largest economic partner, both in terms of energy trade and as a source of investment in Saudi Vision 2030 projects. The perception that US commitment to the region is wavering makes engagement with other extra-regional powers important to Riyadh.
- ◆ Saudi Arabia still leans heavily on the United States, and the prospect of an American exit from the Gulf, as exaggerated as this prospect is, would pose considerable threats.
- ◆ US policy is internally conflicted. Washington has conveyed clear statements of a desire to limit US involvement in the region, while simultaneously forcing its allies to choose between relations with Washington and Beijing.

## Key Recommendations

- ◆ In the context of intractable security threats and intense regional political and ideological rivalries, **China** may find some aspects of its policy toward Saudi Arabia unsustainable in the long run.

- ◇ China will need to decide whether it wants to risk the Middle East becoming a theater for great power confrontation, given growing US-Sino tensions. Since US power in this theater is likely to exceed China's for years to come, it would be wise for Beijing to focus on expanding its economic, diplomatic, and cultural relationships with Saudi Arabia.
- ◇ China will need to better address the inherent contradiction between its desire to improve relations with Saudi Arabia, which presents itself as a leader of the world's ummah, and its increasingly brutal treatment of many of its Muslim citizens.
- ◆ Leaders in **Saudi Arabia** also have to make some decisions about how to effectively manage a balanced approach between Washington and Beijing. Riyadh may be hedging against a US withdrawal by accelerating its engagement with China, but it should take care that its efforts do not in fact drive the very dynamic it is looking to avoid.
- ◆ The **United States** could assuage concerns that it plans to abandon the region by clearly signaling a commitment to working with its partners, especially Saudi Arabia, while enhancing the economic and development role it plays in the region.
- ◇ Policy makers in Washington should identify clear "red lines" for Saudi Arabia and the rest of the region in their growing relationship with China and clarify the ramifications if those red lines are crossed.
- ◇ At the same time, the United States has to make a convincing case that these "red lines" are justified and present a credible alternative. There is an obvious example in Sino-Saudi digital cooperation.
- ◆ Lastly, decision makers in the **United States** need to recognize that the interests and objectives of China do not always run counter to those of the United States. The United States should work with China to develop a common agenda for the region that outlines ways in which the two can collaborate—and should explicitly state that it wants to avoid, if at all possible, the Gulf becoming a theater for great power confrontation in the years ahead.

## Introduction

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This year marks the thirtieth anniversary of diplomatic relations between China and Saudi Arabia. Over the past three decades, the bilateral relationship has transitioned from one of marginal importance for both countries to a comprehensive strategic partnership. This has largely been on the back of trade, which has grown from \$417 million in 1990 to nearly \$73 billion in 2019.<sup>2</sup> Of course, energy is the foundation of the trade relationship, with a tremendous synergy between the world's largest oil importer on the one side and an oil superpower on the other. Deeper commercial relations did not happen in a vacuum, however; both countries have intensified their political and diplomatic outreach and have established a steering committee to facilitate cooperation. They have also built upon the synergy of their two signature programs, China's Belt and Road Initiative (BRI) and Saudi Vision 2030.

The growth of Sino-Saudi relations has implications beyond the two countries. China's steadily expanding presence across the Middle East and North Africa (MENA) has intensified tremendously since the BRI was announced in 2013.<sup>3</sup> The country used the occasion of President Xi Jinping's state visit to Saudi Arabia in January 2016 to introduce *China's Arab Policy Paper*, articulating a vision for how MENA fits into Beijing's global strategy.<sup>4</sup> As one of China's most important regional partnerships, the Saudi relationship is a useful yardstick against which to measure Beijing's successes and challenges in building a diversified

and sustainable MENA presence. At the same time, there is potential for disruption. A bigger role for China would affect Saudi Arabia's relations with the United States, the kingdom's most important ally. The competitive nature of the US-Sino relationship has come into focus, and as Chinese firms make inroads into sensitive sectors of Saudi Arabia's economy, this will provoke a response from Washington. While the US-Saudi relationship has always been difficult, it remains the central pillar of the kingdom's defense and foreign policies. Saudi leaders have to measure the utility of engagement with Beijing against the threat of alienating Washington, making for a delicate balance that may be unsustainable in the long term.

This report begins with a brief historical overview of Sino-Saudi relations, describing how the two countries transitioned from mutual hostility to diplomatic relations, and then how political and economic cooperation strengthened the relationship to the point that they signed a comprehensive strategic partnership in 2016. It then discusses how the partnership has developed through the 1+2+3 cooperation pattern, especially through projects linking China's Digital Silk Road with Saudi Vision 2030, as well as nascent levels of security cooperation. It ends with an analysis of the bilateral relationship within the context of the US-Sino-Saudi triangle: How does it affect each state's larger strategic interests, and can issues where their interests diverge put a ceiling on future Sino-Saudi ties?

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2 Mohamed bin Huwaidin, *China's Relations with Arabia and the Gulf, 1949-1999* (London: Routledge, 2003), 234; International Monetary Fund, "Direction of Trade Statistics," <https://data.imf.org/?sk=9D6028D4-F14A-464C-A2F2-59B2CD424B85&slid=1514498277103>.

3 For more on China throughout MENA, see Jonathan Fulton, *China's Changing Role in the Middle East*, Atlantic Council, 2019, <https://www.atlanticcouncil.org/in-depth-research-reports/report/china-s-changing-role-in-the-middle-east-2/>.

4 Ministry of Foreign Affairs of the People's Republic of China, *China's Arab Policy Paper*, January 13, 2016, [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1331683.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1331683.shtml).



## Getting to Yes

From the establishment of the People’s Republic of China (PRC) in 1949 until 1990 when China and Saudi Arabia formalized diplomatic relations, there was not much in the way of positive engagement.<sup>5</sup> Saudi leaders were staunchly anti-communist and Chinese leaders saw Gulf monarchies as holdovers from Western imperialism. Oppositional alignments in the bipolar Cold War order was another wedge factor. Chinese support for an anti-monarchal uprising in the Dhofar region of Oman in the late 1960s further poisoned the relationship.<sup>6</sup> Saudi Arabia was the only Arab country to vote against the PRC’s admission to the United Nations in 1971 and initiated a trade ban against China in 1972 as a means of keeping Chinese propaganda out of the kingdom.<sup>7</sup> As other Gulf countries slowly warmed to China, Saudi leaders remained

convinced that it should have as shallow a footprint on the Arabian Peninsula as possible.

This stance began to change in the early 1980s as the Iran-Iraq War shattered the Gulf order. With both Iran and Iraq firing Soviet Scuds, Saudi leaders needed deterrence and tried to purchase Pershing missiles from the United States. The Saudi logic was explained by Prince Bandar bin Sultan, then-Saudi ambassador to the United States: “The Iranians at that time could have put a Scud right in the Gulf and fired at our oil facilities with impunity. His majesty’s feeling was ‘I must get a weapons system that I can (use to) hit deep into the heart (of Iran) and deter.’”<sup>8</sup> The prospect of Saudi Arabia having Pershing missiles, conventionally armed with a nuclear warhead—although they could be modified to carry

### China’s Diplomatic Relations with Gulf States



Gulf Country	Year of Diplomatic Relations with China	Year of Partnership Agreement
Bahrain	1989	N/A
Iran	1971	2016
Iraq	1958	2015
Kuwait	1971	2018
Oman	1978	2018
Qatar	1988	2014
Saudi Arabia	1990	2016
United Arab Emirates	1984	2018



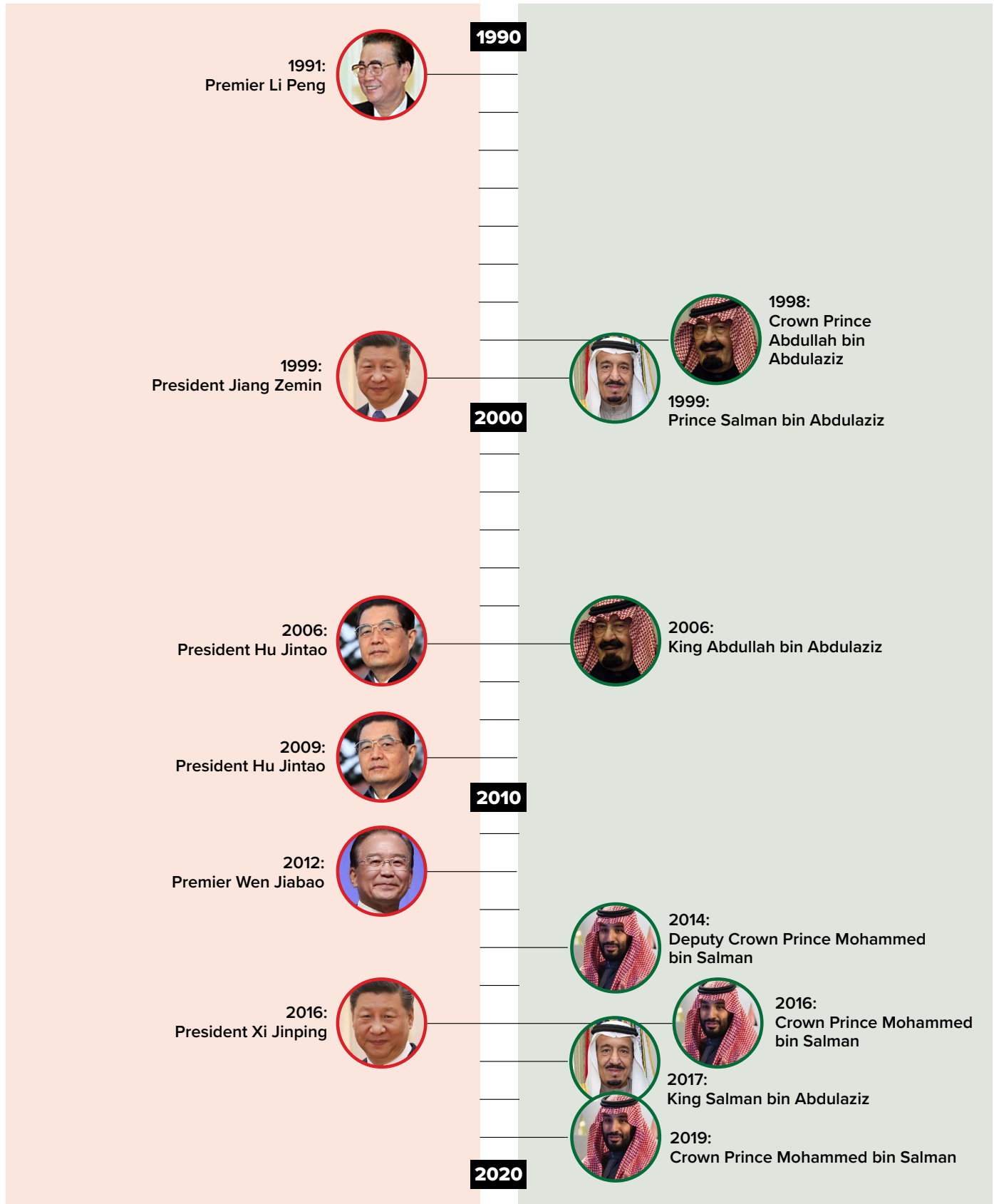
5 For a deeper look at the evolution of the bilateral relationship, see Jonathan Fulton, *China’s Relations with the Gulf Monarchies* (Abingdon: Routledge, 2018), 72-113.

6 Hashim Behbehani, *China’s Foreign Policy in the Arab World, 1955-1975: Three Case Studies* (London: KPI, 1981), 134-188.

7 Fulton, *China’s Relations with the Gulf Monarchies*, 88.

8 David Ottaway, *The King’s Messenger: Prince Bandar bin Sultan and America’s Tangled Relationship with Saudi Arabia* (New York: Walker and Company, 2008), 67.

## Sino-Saudi State and Official Visits





Chinese President Jiang Zemin greets Saudi Arabian Crown Prince and First Deputy Prime Minister Abdullah bin Abdulaziz in Beijing on October 15, 1998. *Photo credit: Reuters*

a conventional explosive—was an unacceptable threat in Israel, and there was no realistic chance of Washington making the sale.

In what has since emerged as a pattern, when denied by the United States, the Saudis turned elsewhere, now for the first time to China. While Beijing and Riyadh had not made any moves toward normalizing relations, Saudi Arabia's options for missile purchases were the United States, the Soviet Union, or China. Buying from the Soviets was a bridge too far, and China was in the process of building up its diplomatic presence throughout the Gulf. Through informal channels, mostly Islamic associations and hajj, Chinese officials had been talking with their Saudi counterparts, and there was a growing sense that engagement with China could prove useful.<sup>9</sup> In 1985, Prince Bandar approached

Han Xu, China's ambassador to the United States, and inquired about the possibility of purchasing Dong Feng-3/ CSS-2 ballistic missiles. A series of clandestine meetings between Saudi and Chinese officials sealed the deal, signed in 1986 for fifty missiles and valued at \$3.5 billion. American officials were not informed of the deal and did not learn about it until 1988.<sup>10</sup> Beyond the immediate impact of the missile sale, the long-term outcome was a warming of relations between Beijing and Riyadh. In July 1990, Prince Bandar was sent to Beijing to negotiate full diplomatic recognition. For Beijing, the sole hurdle was Saudi Arabia's continued recognition of Taiwan, so the kingdom downgraded the embassy in Taipei to a representative office instead, and Chinese Foreign Minister Qian Qichen flew to Riyadh to sign the communiqué declaring the establishment of diplomatic relations, announced on July 21, 1990.

<sup>9</sup> Yitzak Shichor, *East Wind over Arabia: Origins and Implications of the Sino-Saudi Missile Deal* (Berkeley: Berkeley Center for Chinese Studies, 1989).

<sup>10</sup> For useful accounts of the missile deal, see Shichor, *East Wind over Arabia*; Khalid bin Sultan Al Saud, *Desert Warrior: A Personal View of the Gulf War by the Joint Forces Commander* (New York: Harper Perennial, 1995), 137-152; and Ottaway, *The King's Messenger*, 66-77.

## Deepening Ties

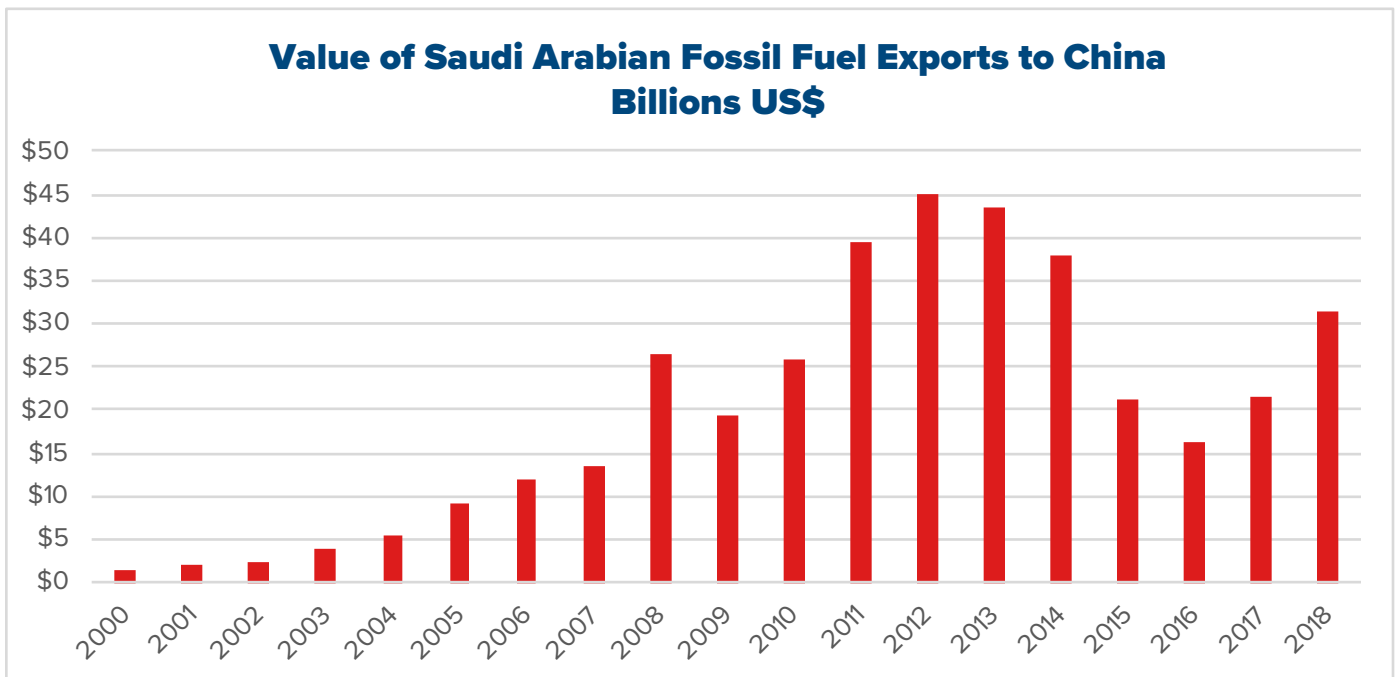
From this point, the relationship continued to deepen across a range of economic and political issues. Much of this has been achieved through increasingly frequent visits from political leaders. These trips always involve important political signaling and have been instrumental in shaping the trajectory of the bilateral relationship.

For example, the first major visit from President Jiang Zemin in 1999 resulted in a strategic oil cooperation agreement. This intensified the energy dynamic, allowing Chinese companies to invest in Saudi Arabia’s domestic oil market and Saudi companies to participate in China’s downstream refining process. Energy sales quickly increased dramatically. Saudi fossil fuel exports to China were worth \$1.5 billion in 2000; by 2010, they had grown to over \$25 billion.

An unprecedented three state or official visits between 2006 and 2009 resulted in similar transformative agreements. After his coronation, King Abdullah bin Abdulaziz’s first state visit was to Beijing in 2006, signaling both the importance China was coming to play in Saudi Arabia as well as the strained relationship between the kingdom and United States in the wake of the invasion of Iraq. The focus of this trip was primarily economic, with a series of agreements signed to

develop cooperation in energy, minerals, trade, and investment. Only three months later, President Hu Jintao reciprocated with a state visit to Saudi Arabia. Importantly, security issues were on the agenda for the first time. King Abdullah emphasized the importance of an increased Chinese focus on Middle East political and security issues, and President Hu responded with a four-point proposal for increased Sino-Saudi ties, calling for cooperation “in their efforts to safeguard national sovereignty and territorial integrity and to continue strengthening mutual support and cooperation on international and regional affairs.”<sup>11</sup> This represented an important distinction between China and the United States. At a time when the George W. Bush administration was calling for democracy promotion throughout the Middle East, Saudi leaders appreciated China’s emphasis on sovereignty and its long-standing commitment to noninterference in the domestic affairs of other states.

Another important outcome from this visit was a security agreement and defense systems contract. While no details were made public through the joint communiqué, it is likely that this involved an upgrade to the 1986 missile sale. A 2014 article in *Newsweek* reported that in 2007 China had sold a second round of ballistic missiles—Dong Feng-21s,



Source: Chatham House Resource Trade.

11 Jon B. Alterman and John W. Garver, *The Vital Triangle: China, the United States, and the Middle East*, (Washington, DC: Center for Strategic and International Studies, 2008), 35.

or CSS-5s—to Saudi Arabia. This time, the United States was aware of the deal, and apparently it was made when the US government verified that the missiles could not carry nuclear warheads.<sup>12</sup>

This nascent level of security cooperation was indicative of Saudi Arabia's interest in diversifying its extra-regional relationships and of China's recognition that unless its regional role moved beyond economic considerations it would never be considered an important actor in the Middle East. At the

same time, the minimalist approach is an acknowledgement from both countries that the US military preponderance, while troubling at times, was key to their interests. The US security umbrella over the Gulf Cooperation Council (GCC) countries and shipping lanes patrolled by the US Navy are public goods that Beijing and Riyadh both need, and neither has an interest in replacing them, nor the capacity to do so. Should Chinese leaders come to question this, however, one would expect that they would reevaluate their shallow security relationships with key Middle East partners like Saudi Arabia.

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<sup>12</sup> Jeff Stein, "CIA Helped Saudis in Secret Chinese Missile Deal," *Newsweek*, January 29, 2014, <https://www.newsweek.com/exclusive-cia-helped-saudis-chinese-missile-deal-227283>.

## Comprehensive Strategic Partners

The most important state visit thus far has been President Xi Jinping's January 2016 trip to Riyadh, during which the two states signed a comprehensive strategic partnership agreement, the highest level in China's hierarchy of diplomatic relations.<sup>13</sup> This elevation in status demonstrated that China sees Saudi Arabia as among its most important partners in the Middle East, and set the stage for a much deeper level of engagement. In the joint communiqué, the two countries articulated a commitment to enhance "strong cooperation in political, economic, commercial, cultural, humanitarian, military, security, and energy fields as well as at regional and international arenas."<sup>14</sup> At this level, a partnering country has to be seen as playing an important international role in both the political and economic realms, as well as having high existing levels of cooperation and trust with Beijing.<sup>15</sup>

China has had a non-alliance policy in place since 1982, and its strategic partnership diplomacy is a mechanism used to build ties without the formal commitments of an alliance. Partnering countries focus on areas of shared interest while managing areas where they diverge. This is both a limitation and an opportunity for Chinese policy makers. On the one hand, it means China cannot be taken as serious a

partner as the United States; its security commitments outweigh anything offered by China's partnership for the time being. On the other, it offers China the opportunity to build up its presence in areas where partners would rather it not. In this case, China's ties with Iran loom large. Immediately upon leaving Riyadh in 2016, President Xi flew to Tehran and signed a comprehensive strategic partnership with Iran. Beijing's attempts to straddle both sides of the Persian Gulf may seem untenable, but neither Saudi Arabia nor Iran has sufficient leverage to force China to pick sides. At best they can offer positive inducements to lean more heavily to their side, and in this approach Saudi Arabia is in a stronger position. The weight of trade substantially favors Saudi Arabia; in 2019, for example, Sino-Saudi trade was valued at just under \$73 billion while Sino-Iranian trade came in at \$19 billion. Similarly, Chinese contracting and investment in Saudi Arabia since 2005 has been worth \$41 billion against \$27 billion in Iran.<sup>16</sup> Despite the similar partnership agreements, the two relationships are not weighted equally, and Saudi Arabia meets a wider range of Chinese interests.

In support of the comprehensive strategic partnership, the two countries established the High Level Joint Committee (HLJC) to steer cooperation and appointed high profile



Chinese President Hu Jintao and Saudi King Abdullah bin Abdulaziz walk past the guard of honor during a welcome ceremony at the Great Hall of the People in Beijing on January 23, 2006. *Photo credit: Reuters/Jason Lee*



Saudi King Abdullah bin Abdulaziz and Chinese President Hu Jintao review a guard of honor on Hu's arrival at Riyadh airport on February 10, 2009. *Photo credit: Reuters/Fahad Shadeded*

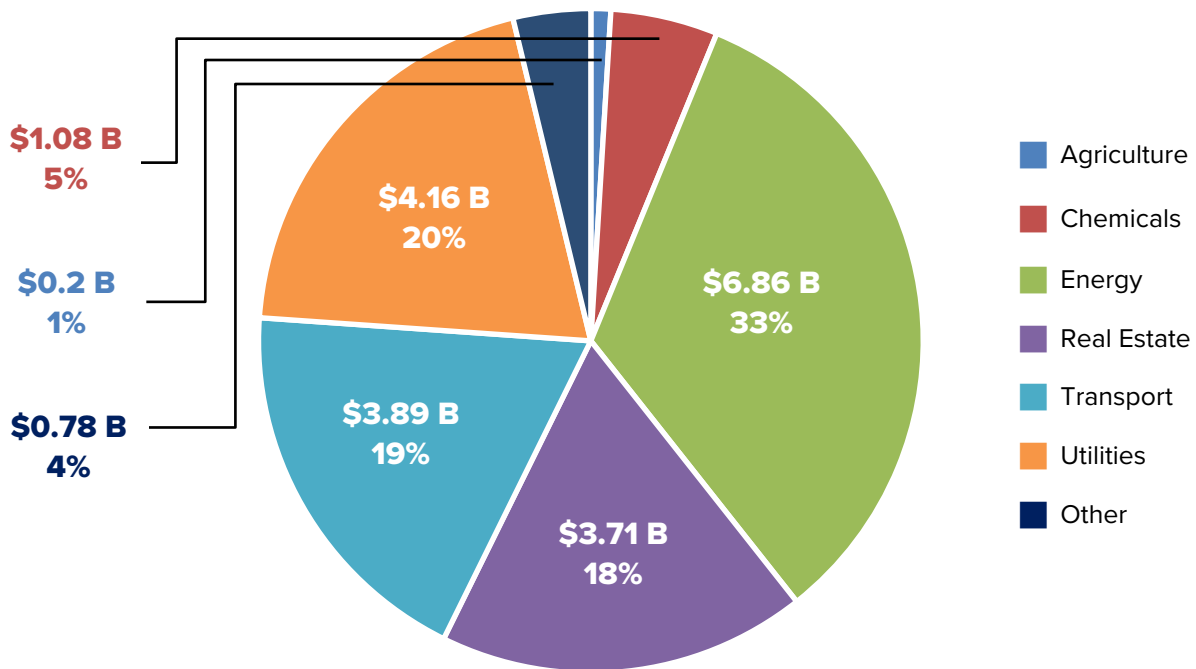
13 For more on China's regional strategic partnerships, see Jonathan Fulton, "Friends with Benefits: China's Partnership Diplomacy in the Gulf," in *Project on Middle East Political Science: Shifting Global Politics and the Middle East*, Project on Middle East Political Science Studies 34, 2019, [https://pomeps.org/wp-content/uploads/2019/03/POMEPS\\_Studies\\_34\\_Web.pdf](https://pomeps.org/wp-content/uploads/2019/03/POMEPS_Studies_34_Web.pdf), 33-38.

14 "KSA, China Agree on Strategic Partnership," *Arab News*, January 21, 2016, <https://www.arabnews.com/saudi-arabia/news/868276>.

15 Georg Strüver, "China's Partnership Diplomacy: International Alignment Based on Interests or Ideology," *The Chinese Journal of International Politics* 10, no. 1 (2017): 32-37.

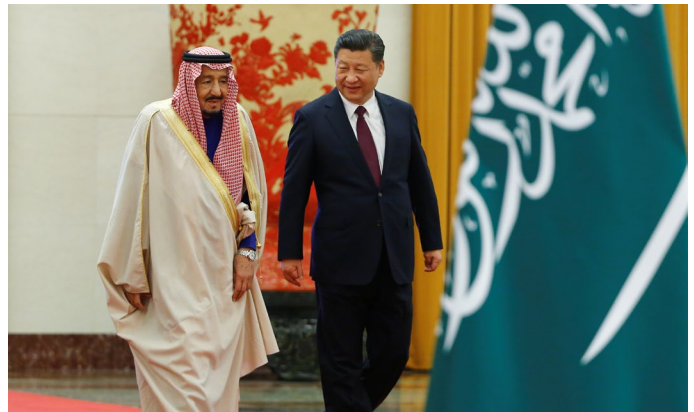
16 "China Global Investment Tracker," American Enterprise Institute, <https://www.aei.org/china-global-investment-tracker/>.

### Value of Chinese Investments and Contracting in Saudi Arabia by Sector, 2013-2019



Source: American Enterprise Institute's China Global Investment Tracker

co-chairs: Vice Premier Zhang Gaoli and Crown Prince Mohammed bin Salman. The HLJC has held regularly scheduled meetings, starting with the then-deputy crown prince's first trip to China in August 2016 for the G20 summit. The HLJC met afterwards, and a series of fifteen agreements and memoranda of understanding (MoUs) were signed, covering energy, mining, housing development, cultural cooperation, and science and technology cooperation.<sup>17</sup> This was followed by a state visit from King Salman bin Abdulaziz in March of the following year and twenty-one deals from the previous year's meeting were finalized, valued at an estimated \$65 billion.<sup>18</sup> The second HLJC was held in August 2017 in Riyadh, with another \$70 billion worth of deals signed along with an MoU for a \$20 billion joint investment fund (JIF).<sup>19</sup> This fund has yet to be activated, but appears consistent with similar funds that China has developed with the United Arab Emirates (UAE) and Qatar. The proposed JIF with Saudi Arabia is being developed by the Saudi Industrial Development Fund and



China's President Xi Jinping and Saudi King Salman bin Abdulaziz arrive for a welcoming ceremony at the Great Hall of the People in Beijing on March 16, 2017. Photo credit: Reuters/Thomas Peter

China's Silk Road Fund and Everbright Bank.<sup>20</sup> When and if it is activated, the JIF will be used to develop projects

17 *Al Arabiya*, "Saudi Arabia, China Sign Multiple Deals, MoUs," August 30, 2016, <https://english.alarabiya.net/en/business/economy/2016/08/30/Saudi-Arabia-and-China-sign-multiple-deals-MoUs-.html>.

18 Ben Blanchard, "China, Saudi Arabia Eye \$65 Billion in Deals as King Visits," *Reuters*, March 16, 2017, <https://www.reuters.com/article/us-saudi-asia-china/china-saudi-arabia-eye-65-billion-in-deals-as-king-visits-idUSKBN16N0G9>.

19 Charlotte Gao, "Closer Ties: China and Saudi Arabia Sign \$70 Billion in New Deals," *The Diplomat*, August 27, 2017, <https://thediplomat.com/2017/08/closer-ties-china-and-saudi-arabia-sign-70-billion-in-new-deals/>.

20 "Everbright Bank in Talks to Back \$20 Billion Saudi Fund," *Bloomberg*, February 26, 2019, <https://tinyurl.com/y48v7wak>.



Saudi Crown Prince Mohammed bin Salman walks with Chinese officials during his visit to the Great Wall of China in Beijing on February 21, 2019. Photo credit: Bandar Algaloud/Courtesy of Saudi Royal Court/Handout via Reuters

linked to the BRI and Saudi Vision 2030.

Beyond the opportunities to expand commercial relations, these frequent official visits have provided opportunities for political support, and it is here that we see another important distinction in Saudi leaders' perceptions of the United States and China. In the spring of 2018, US-Saudi relations were cresting a wave. President Donald Trump's first overseas visit to Riyadh in May 2017 was seen in the Middle East as a success, with the UAE's English daily newspaper *Gulf News* declaring with a front-page headline, "US Policy Back on Track in the Region." A year later, Crown Prince Mohammed bin Salman took a three-week-long trip to the United States, where he met with political, business, and cultural elites. His visit made for successful public diplomacy, helping promote him as a bold young reformer who would lead his kingdom into a more moderate and modern

future. After the murder of journalist Jamal Khashoggi, however, political support in Washington immediately began to fray. The day Khashoggi was killed, President Trump had undiplomatically claimed that the Saudis "might not be there for two weeks without us."<sup>21</sup> After the murder was made public, the president's comments swung from support for the crown prince to threatening "severe punishment" if it were proved that he had been involved.<sup>22</sup> The legislative branches were less equivocal, with US Senator Lindsey Graham threatening to "sanction the hell out of Saudi Arabia," describing the crown prince as "toxic" and claiming he "has to go."<sup>23</sup> Congress approved a resolution to end US involvement in the Saudi-led war in Yemen, although as expected President Trump vetoed it. The crown prince was reportedly upset by the public response and was said to feel "betrayed by the West. He said he would look elsewhere, and he will never forgive how people

21 Tamara Qiblawi, "Trump Says Saudi King Wouldn't Last 'Two Weeks' without US Support," *CNN*, October 7, 2018, <https://edition.cnn.com/2018/10/03/politics/trump-saudi-king-intl/index.html>.  
22 Andrew England and Demetri Sevastopulo, "Saudi Arabia Hits Back at Trump's 'Punishment' Warning," *Financial Times*, October 15, 2018, <https://www.ft.com/content/d3eb2392-cfad-11e8-a9f2-7574db66bcd5>.  
23 Tucker Higgins, "Lindsey Graham Says Saudi Crown Prince Mohammed bin Salman 'Has Got to Go,' Calls for Royal Power Shuffle," *CNBC*, October 16, 2018, <https://www.cbc.com/2018/10/16/lindsey-graham-says-saudi-crown-prince-bin-salman-has-got-to-go.html>.



turned against him before evidence was produced.”<sup>24</sup>

In February 2019, the crown prince took another highly publicized trip, this time to Pakistan, India, and China.<sup>25</sup> During his time in China he did not face protests or a free media, and the Khashoggi murder was not publicly discussed. He commented on repression of Uighur Muslims in Xinjiang, saying Saudi Arabia respects “China’s rights to take counterterrorism and de-extremism measures to safeguard national security.”<sup>26</sup>

The contrast between the crown prince’s two trips underscores an important point. The US-Saudi alliance is not based on shared values. It is an interest-based partnership that largely has been motivated by international-level pressures, such as the threat of Soviet expansion or terrorism. As interests change, the alliance commitment is seen as less durable, and regional policy and political signaling from the United States throughout the twenty-first century has indicated a reevaluation of the need for a deep US presence in the Middle East. While the Sino-Saudi relationship is also interest-based, the values gap is not nearly as pronounced. The “China model” of a strong state focused on economic development with a tight lid on political reform is attractive to many Middle Eastern

political leaders and can provide opportunities for those states to work together on several issues that democratic partners cannot, at least to the same degree.

China and Saudi Arabia are trying to narrow this values gap by establishing stronger ties at the non-elite level. China has very little in the way of soft power projection in Saudi Arabia and its Gulf neighbors. People-to-people relations is one the BRI’s cooperation priorities, however, and an area where Beijing is working to change popular perceptions of China. An initiative that may build toward this was announced during Mohammed bin Salman’s 2019 trip when it was announced that Chinese language teaching would be included in the curricula of Saudi Arabia’s K-12 public schools and universities.<sup>27</sup> While still at a nascent level of development, this signals a realization on both sides that cultural familiarity is an important element in building relations beyond the government-to-government level. It is also worth pointing out that the Saudis had very little in the way of cultural awareness of the United States early in their relationship; it is not unreasonable to expect that Sino-Saudi ties could follow a similar trajectory if the interest-based partnership continues.

24 Summer Said, Margherita Stancati, and Justin Scheck, “Scandal over Dead Journalist Jolts Heir to Saudi Throne,” *The Wall Street Journal*, October 20, 2018, <https://www.wsj.com/articles/scandal-over-dead-journalist-jolts-heir-to-saudi-throne-1540076164>.

25 Jonathan Fulton, “Why Saudi Arabia Is Turning to Asia,” *Washington Post*, March 6, 2019, <https://www.washingtonpost.com/politics/2019/03/06/why-saudi-arabia-is-turning-asia/#comments-wrapper>.

26 “Chinese President Meets Saudi Crown Prince,” *Xinhua*, February 22, 2019, [http://www.xinhuanet.com/english/2019-02/22/c\\_137843268.htm](http://www.xinhuanet.com/english/2019-02/22/c_137843268.htm).

27 “Saudi Arabia Plans to Introduce Chinese into the Curriculum at All Education Levels,” *Arab News*, February 22, 2019, <https://www.arabnews.com/node/1456466/saudi-arabia>.

## Deepening Economic Relations

In developing the economic relationship, Saudi Arabia and China have naturally used energy as a foundation. It provides a unique level of complementarity, with China the world's largest oil importer since 2013 and Saudi Arabia the world's swing producer. China's energy requirements are substantial. Though China has long been a major producer, its domestic consumption now far outpaces its production. Consumption is projected to grow from 13.1 million barrels per day (b/d) in 2014 to 20.8 million b/d by 2040, making imports a crucial feature of China's ongoing economic growth.<sup>28</sup> Saudi Arabia, with the world's second-largest proved crude oil reserves at 267 billion barrels, is seen as a major long-term factor in China's energy security.<sup>29</sup> With US-imposed sanctions on Iran diminishing (but not completely eliminating) Iranian crude exports to China, Saudi Arabia has picked up the slack, nearly doubling exports between August 2018 and July 2019, from 921,811 b/d to 1,802,788 b/d.<sup>30</sup> Despite the Covid-19–induced economic crisis and resulting crash in oil demand and prices, Chinese crude oil imports from Saudi Arabia remained a robust 1.77 million b/d throughout the first quarter of 2020.<sup>31</sup>

The energy relationship has expanded in recent years. During Crown Prince Mohammed bin Salman's visit to China in 2019, several MoUs were signed for downstream investments, including one between Saudi Aramco and Norinco to build a \$10 billion refinery in Liaoning. Saudi Aramco also completed a deal that gave it a 9 percent stake in a Zhoushan refinery as well as the use of crude oil storage facilities for Aramco's

other Asian markets.<sup>32</sup> It is part of a long-established partnership between the Saudi oil giant and Chinese state-owned enterprises (SOEs) that saw the opening of an Aramco Asia in Beijing in 2012 in order to manage the company's growing portfolio of trade and investments there. Aramco President and CEO Amin H. Nasser recently described the company's China strategy as moving “beyond a buyer-seller relationship to one where we can make significant investments to contribute to China's economic growth and development.”<sup>33</sup>

This development is important for Saudi Arabia because the long-term nature of this trade relationship is inherently risky. While Saudi Arabia consistently ranks as China's number one or two source of crude (alongside Russia), China has taken the first rule of energy security to heart: Diversify your sources. China gets energy from a broad array of trade partners and seems to be the less vulnerable partner in this relationship. The Saudis want to build market share and lock in markets; China's energy security concerns drive a need to lock in supply. While the trade imbalance—nearly \$20 billion in 2019—has always tilted in Saudi Arabia's favor, the nature of this trade has to be somewhat concerning. China sells industrial and construction equipment and services, consumer goods, textiles, electronics, and food. Saudi Arabia sells energy and little else. Chatham House's Resource Trade data have fossil fuels accounting for nearly 97 percent of Saudi exports to China in 2018.<sup>34</sup> In a world looking more than ever at a post-hydrocarbon future, this underscores a major long-term vulnerability for Saudi Arabia.

28 US Energy Information Administration, “China International Energy Data and Analysis,” May 14, 2015.

29 “Saudi Arabia Facts and Figures,” OPEC, [https://www.opec.org/opec\\_web/en/about\\_us/169.htm](https://www.opec.org/opec_web/en/about_us/169.htm).

30 Natasha Turak, “Saudi Arabia Is Dramatically Changing Its Oil Exports to China and the US,” *CNBC*, August 15, 2019, <https://www.cnn.com/2019/08/15/saudi-arabia-dramatically-changing-its-oil-exports-to-china-and-the-us.html>.

31 Oceana Zhou, “China's March Crude Imports from Top Supplier Saudi Arabia Down 1.6% on Year,” *S&P Global*, April 28, 2020, <https://www.spglobal.com/platts/en/market-insights/latest-news/oil/042720-china-data-mar-crude-imports-from-top-supplier-saudi-arabia-down-16-on-year>.

32 Rania El Gamal, Chen Aizhu, and Min Zhang, “Saudi Aramco Shifts Strategy in China to Boost Oil Sales,” *Reuters*, March 14, 2019, <https://af.reuters.com/article/commoditiesNews/idAFL5N20R1A8>; Tsvetana Paraskova, “Saudi Aramco Boosts Oil Investment in China's Downstream,” *Oilprice.com*, September 5, 2019, <https://oilprice.com/Latest-Energy-News/World-News/Saudi-Aramco-Boosts-Oil-Investment-In-Chinas-Downstream.html#>.

33 “Saudi Aramco Agrees Tie-Up for \$10 Bln Project in China,” *Reuters*, February 22, 2019, <https://www.reuters.com/article/asia-saudi-china-aramco-idUSL5N20H24B>.

34 Chatham House, ResourceTrade.Earth, <https://resourcetrade.earth/>.

## Aligning Strategies

A big part of addressing this imbalance has been Saudi Vision 2030, a major economic diversification program designed to build a post-rentier economic model for the kingdom, with the hoped-for expectation of six million new jobs.<sup>35</sup> The program targets eight sectors to develop: mining and metals, petrochemicals, manufacturing, retail and wholesale trade, tourism and hospitality, health care, finance, and construction.<sup>36</sup> Saudi Vision 2030 and the BRI have a high level of synergy and it has been easy to rebrand pre-existing patterns of cooperation into BRI-Vision projects. While both programs can be expected to face significant challenges due to the post-coronavirus economy, there have been substantial Chinese investments and contracting in Saudi Arabia since the BRI was rolled out in 2013, valued at over \$20 billion by the American Enterprise Institute.<sup>37</sup>

Another important element of this economic and energy component of the bilateral relationship is the 1+2+3 cooperation pattern emphasized in *China's Arab Policy Paper* from 2016.<sup>38</sup> In this equation, each number represents a different facet of cooperation that China wants to focus on, and all underscore the economic nature of its Middle East engagement. In this, “1” represents energy, “2” is infrastructure construction and trade and investment, and “3” is nuclear energy, satellite and technology, and renewable energy. In both “1” and “2,” the Sino-Saudi relationship is quite well-developed, but it is the “3” part that may cause the biggest concerns for the United States.

Saudi Arabia has been considering nuclear energy for years, looking to reduce its domestic consumption of oil. China's ambitions to be a major player in Middle Eastern nuclear energy align with Saudi Arabia's need to diversify its energy consumption, and in 2012 the two countries signed an MoU to cooperate on civilian use of nuclear energy.

This started to take shape during the 2017 HJLC meeting with a series of more focused MoUs. One was signed to explore and assess uranium and thorium resources and another to develop gas-cooled nuclear reactors for water desalination projects.<sup>39</sup> Perhaps most significantly, Hashim Yamani, president of King Abdullah City for Atomic and Renewable Energy, traveled to China in August 2017 to discuss a pre-feasibility study to build Saudi Arabia's first two nuclear reactors, planned to be commissioned in 2027.<sup>40</sup> China is one of five countries with firms that have reported to tender a contract, the others being the United States, South Korea, France, and Russia. The United States has been aggressive in trying to win the bid, with former US Energy Secretary Rick Perry reported to have approved six Part 810 authorizations to US companies to export nuclear technology and assistance to Saudi Arabia.<sup>41</sup> At the same time, Saudi Arabia has insisted it would not forswear enrichment and reprocessing, which—while neither required by the International Atomic Energy Agency nor required by the United States in twenty-one of its twenty-three Section 123 agreements—is considered by some non-proliferation experts in the United States to be a so-called “gold standard” for new Section 123 agreements, since the UAE voluntarily agreed to this approach for its own nuclear program.<sup>42</sup> Congress could reject any proposed nuclear agreement and there are concerns about Saudi's plan for the domestic production of nuclear fuel, which could be used for a nuclear weapons project. This point was emphasized when Crown Prince Mohammed bin Salman said in a *60 Minutes* interview that if Iran “developed a nuclear bomb, we will follow suit as soon as possible.”<sup>43</sup> Current tensions between the US Congress and Saudi Arabia could make a nuclear deal challenging. Importantly, China's state-owned nuclear energy companies do not face the same kind of legislative hurdles and Beijing has been clear in articulating

35 For a deeper look at Saudi Vision 2030, see Stephen Grand and Katherine Wolff, *Assessing Saudi Vision 2030: A 2020 Review*, Atlantic Council, June 17, 2020, <https://www.atlanticcouncil.org/in-depth-research-reports/report/assessing-saudi-vision-2030-a-2020-review/>.

36 McKinsey & Company, *Saudi Arabia beyond Oil: The Investment and Productivity Transformation*, Executive Summary, December 2015, [https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Employment%20and%20Growth/Moving%20Saudi%20Arabias%20economy%20beyond%20oil/MGI%20Saudi%20Arabia\\_Executive%20summary\\_December%202015.ashx](https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Employment%20and%20Growth/Moving%20Saudi%20Arabias%20economy%20beyond%20oil/MGI%20Saudi%20Arabia_Executive%20summary_December%202015.ashx).

37 “China Global Investment Tracker,” American Enterprise Institute, <https://www.aei.org/china-global-investment-tracker/>.

38 Ministry of Foreign Affairs of the People's Republic of China, *China's Arab Policy Paper*.

39 “Saudi Arabia Signs Cooperation Deals with China on Nuclear Energy,” *Reuters*, August 25, 2017, <https://www.reuters.com/article/saudi-china-nuclear/saudi-arabia-signs-cooperation-deals-with-china-on-nuclear-energy-idUSL8N1LB1CE>.

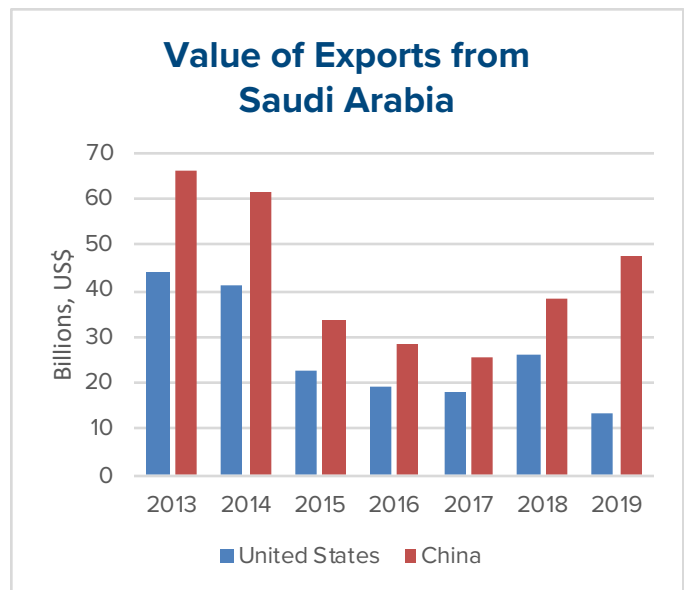
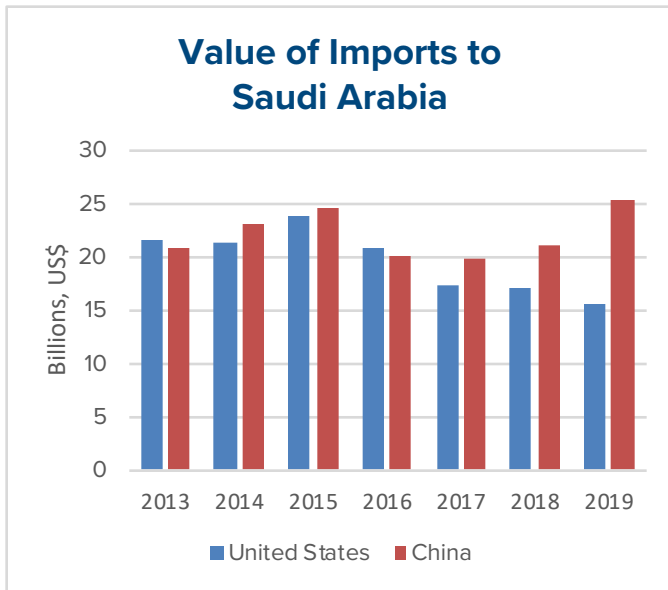
40 Mahmoud Habboush, “Saudi Arabia Is Getting Ready for Its First Nuclear-Power Deals,” *Bloomberg*, January 15, 2018, <https://www.bloomberg.com/news/articles/2018-01-15/saudi-arabia-seen-awarding-nuclear-reactor-contracts-in-december>.

41 Timothy Gardner, “U.S. Approved Secret Nuclear Power Work for Saudi Arabia,” *Reuters*, March 28, 2019, <https://www.reuters.com/article/us-usa-saudi-nuclear/us-approved-secret-nuclear-power-work-for-saudi-arabia-idUSKCN1R82MG>.

42 Keith Johnson, “Who's Afraid of Saudi Nukes?” *Foreign Policy*, February 22, 2019, <https://foreignpolicy.com/2019/02/22/whos-afraid-of-saudi-nukes-123-kashoggi-mbs-russia-china/>.

43 David E. Sanger and William J. Broad, “Saudis Want a U.S. Nuclear Deal. Can They Be Trusted Not to Build a Bomb?” *New York Times*, November 22, 2018, <https://www.nytimes.com/2018/11/22/world/middleeast/saudi-arabia-nuclear.html>.

## Saudi Trade with the United States and China



Source: International Monetary Fund Direction of Trade Statistics, by country. All figures, billions of US\$.

a goal of becoming a top-tier nuclear power and technology producer. This could become a competitive industry between China and the United States, and Saudi Arabia could well be a theater of competition.

Technology is another element of this cooperation pattern that presents challenges to US interests. The Digital Silk Road (DSR), announced in 2015, is yet another feature of the ever-expanding BRI. With the goal of enhancing international digital connectivity, it represents a bid to establish China as a global technological superpower, presenting an alternative to the United States. Policy objectives of the DSR include “creating a Chinese-centric digital infrastructure, exporting industrial overcapacity, facilitating the expansion of Chinese technological corporations, and accessing large pools of data.”<sup>44</sup> A large part of this is building physical digital infrastructure, with data centers, 5G networks, and fiberoptic cables. But it is much more ambitious; during his opening speech at the inaugural Belt and Road Forum in 2017, President Xi said,

We should pursue innovation-driven development and intensify cooperation in frontier areas such as digital economy, artificial intelligence, nanotechnology, and quantum computing, and advance the development of big data, cloud computing, and smart cities so as to turn them into a digital Silk Road of the 21st century.<sup>45</sup>

Given the scope of this ambition, the DSR “could emerge as a vehicle through which Beijing pushes for an alternative to what it sees as a US-dominated technology world.”<sup>46</sup>

In terms of how this shapes the Sino-Saudi relationship, the DSR complements many priorities of Saudi Vision 2030 and the two countries have used it as a means of coordinating projects. Saudi Arabia’s minister of communications and information technology, Mohammed Al-Suwaiyel, attended the fourth World Internet Conference in China in 2017 and signed an MoU to cooperate across a wide range of information and communications technology applications, including satellite services,

44 Clayton Cheney, “China’s Digital Silk Road: Strategic Technological Competition and Exporting Political Illiberalism,” Council on Foreign Relations, September 26, 2019, <https://www.cfr.org/blog/chinas-digital-silk-road-strategic-technological-competition-and-exporting-political>.

45 Huang Yong, “Construction of Digital Silk Road Lights Up BRI Cooperation,” *People’s Daily*, April 24, 2019, <http://en.people.cn/n3/2019/0424/c90000-9571418.html>.

46 Paul Triolo and Robert Greene, “Will China Control the Global Internet via Its Digital Silk Road?” *SupChina*, May 8, 2020, <https://supchina.com/2020/05/08/will-china-control-the-global-internet-via-its-digital-silk-road/>.

electronic security, digital content, cloud computing, human resource development and training, and broadband network development.<sup>47</sup> At the same conference, a spokesperson for the ministry highlighted the role of the Neom mega city in Saudi Arabia's plans for "artificial intelligence, automation, manufacturing, and renewable energy," all features of Saudi Vision 2030 and the DSR.<sup>48</sup> Since then, there have been further inroads, with the Saudi Ministry of Defense signing an MoU to cooperate with the Equipment Development Commission of China on the military use of the Beidou Navigation Satellite System.<sup>49</sup> Huawei has also been a big part of the DSR story in Saudi Arabia, with MoUs signed with a range of Saudi partners. Saudi Telecom Company signed an "Aspiration Project" contract for wireless network modernization and 5G network construction.<sup>50</sup> During a March 2019 Saudi-Sino Investment Forum, Huawei signed five MoUs with Saudi ministries and companies, focusing on the buzz word of the day, "smart": smart cities, smart campuses, smart logistics, smart education, smart traffic, smart grids, smart security, and smart roads. It also signed an MoU with ACWA Power for the use of artificial intelligence and big data.<sup>51</sup> Since then, ACWA has partnered with China's Silk Road Fund, which recently finalized purchase of a 49 percent stake in the company.<sup>52</sup>

All of this cooperation in tech sectors, especially that involving 5G networks, is a point of friction between China and the United States. Huawei's 5G Authentication and Key Agreement protocol is thought to be unsecure by the US government, with the belief that it has a back door that

could lead to data theft or sabotage. The US intelligence community has concluded that Huawei was created first and foremost as an intelligence collection platform. The 2019 Worldwide Threat Assessment of the US Intelligence Community warns that "China remains the most active strategic competitor responsible for cyber espionage against the US Government, corporations, and allies,"<sup>53</sup> and in a report to Congress, Director of National Intelligence Dan Coats said that the US intelligence community is "concerned about the potential for Chinese intelligence and security services to use Chinese information technology firms as routine and systemic espionage platforms against the United States and allies."<sup>54</sup> With dense security cooperation between the United States and Saudi Arabia, this presents a risk, articulated by US Secretary of State Mike Pompeo when he said, "If a country adopts this and puts it in some of their critical information systems, we won't be able to share information with them, we won't be able to work alongside them."<sup>55</sup> The Saudis have so far taken a pragmatic approach. Minister of Communications Abdullah al-Swaha spoke of cooperation with Huawei, saying "We work with everybody in the globe that can help us transfer knowledge and technology to accelerate our push into the new economy and to solving things in education and health care."<sup>56</sup> This position might not be sustainable if Washington forces the issue, but for the time being Saudi Arabia has been willing to continue working with Chinese firms for its digital needs.

47 Ministry of Communications and Information Technology, "Executive Program to Create Digital Silk Road between China and Saudi Arabia," December 11, 2017, <https://www.mcit.gov.sa/en/media-center/news/89588>.

48 Jeevan Thankappan, "Saudi, China Launch 'Digital Silk Road,'" *Tahawultech.com*, December 17, 2017, <https://www.tahawultech.com/news/saudi-china-launch-digital-silk-road/>.

49 "Saudi Arabia Agrees to Cooperate in the Military Use of China's Beidou Navigation Satellite System," RWR Advisory Group, July 11, 2019, <https://www.rwradvisory.com/saudi-arabia-agrees-to-cooperate-in-the-military-use-of-chinas-beidou-navigation-satellite-system/>.

50 John Calabrese, "The Huawei Wars and the 5G Revolution in the Gulf," *Middle East Institute*, July 30, 2019, <https://www.mei.edu/publications/huawei-wars-and-5g-revolution-gulf>.

51 "Huawei Signs 5 MoUs with Saudi Ministries to Develop ICT Infrastructure," *Telecom Review*, March 20, 2019, <https://www.telecomreview.com/index.php/articles/telecom-vendors/2936-huawei-signs-5-mous-with-saudi-ministries-to-develop-ict-infrastructure>.

52 "ACWA Power, Silk Road Fund Complete Partnership," *Arab News*, May 11, 2020, <https://www.arabnews.com/node/1672921/corporate-news>.

53 Director of National Intelligence, "Statement for the Record: Worldwide Threat Assessment of the US Intelligence Community," January 29, 2019, 5.

54 Lisa Murry and Angus Grigg, "Huawei's Global Ambitions Challenged by US Intelligence Warning," *Financial Review*, January 30, 2019, <https://www.afr.com/world/huaweis-global-ambitions-challenged-by-us-intelligence-warning-20190130-h1ani3>.

55 "U.S. Won't Partner with Countries that Use Huawei Systems: Pompeo," *Reuters*, February 21, 2019, <https://www.reuters.com/article/us-huawei-tech-usa-pompeo/us-wont-partner-with-countries-that-use-huawei-systems-pompeo-idUSKCN1QA106>.

56 "Saudi Arabia Open to Huawei, Says Communications Minister," *Al Arabiya*, February 28, 2019, <https://english.alarabiya.net/en/business/technology/2019/02/28/Saudi-Arabia-open-to-Huawei-so-long-as-security-requirements-are-complied-with->

## The Security Angle

As discussed above, China and Saudi Arabia committed to security cooperation during President Hu's 2006 state visit, but the centrality of the United States to Saudi Arabia's security left little room for a larger Chinese role. Any moves toward a deeper relationship in this regard have been halting and minimal. As with the first ballistic missile deal, Chinese arms sales have continued to be largely a result of the kingdom not being able to get its preferred equipment from the United States. The only weapons systems Saudi Arabia has bought from China in recent years have been unmanned aerial vehicles (UAVs). Not having signed the Missile Technology Control Regime or the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, Beijing does not face the same kind of restrictions in UAV sales that signatory states do. The United States, with tight export restrictions on UAVs, has not supplied its Middle East partners with armed drones, providing a niche market for China to take advantage of. As a result, China has become a major source of drones across the Middle East, and Saudi Arabia has been an important partner in this regard. During the 2017 state visit by King Salman, the King Abdulaziz City for Science and Technology signed an MoU with China Aerospace Science and Technology Corporation to build a factory in the kingdom to assemble and service Chinese CH-4 drones for sales to Saudi Arabia, Jordan, the United Arab Emirates, Egypt, and Iraq.<sup>57</sup> Saudi Arabia has purchased five CH-4, fifteen

Wing-Loong 1, and fifty Wing-Loong 2 UAVs since 2014. US revisions to the Conventional Arms Transfer policy under the Trump administration may reduce restrictions on UAV sales to the region, and one update in particular seems to be in response to Chinese and Russian sales: "Effectively compete with strategic competitors by providing allies and partners with alternatives to foreign defense articles in order to maintain US influence in key regions."<sup>58</sup> However, the prospect of US-sold Predators being used in Yemen would make sales to Saudi Arabia politically difficult to pass through Congress, and Chinese gains in the UAV market have given it a head start.

Other facets of the security relationship are also at a similarly modest level. During the crown prince's 2016 visit to China, he met with Chinese Defence Minister Chang Wanquan, who said "China is willing to push military relations with Saudi Arabia to a new level." Two months later, Saudi Special Forces traveled to Chengdu for joint training exercises with their Chinese counterparts, including anti-terrorism drills, hostage situations, and extreme weather condition drills.<sup>59</sup> In late 2019, the two countries held a three-week joint naval exercise at a Saudi base "to build trust between the two sides to combat maritime terrorism and piracy."<sup>60</sup> Otherwise there has been little in the way of substantial security cooperation. China appears to be content to nibble at the edges while the United States remains the kingdom's security partner of choice.

### Transfer of Major Weapons from China to Saudi Arabia, 1986-2019

YEAR SIGNED	EQUIPMENT	DESCRIPTION	# ORDERED	# DELIVERED
1986	DF-3/CSS-2	Ballistic missile	50	50
2007	PLZ-45	155 millimeter self-propelled gun	54	54
2014	Wing-Loong 1	Armed UAV	15	15
2014	CH-4	Armed UAV	5	5
2017	Wing-Loong 2	Armed UAV	50	25

Source: SIPRI Arms Transfers Database

57 Minnie Chan, "Chinese Drone Factory in Saudi Arabia First in Middle East," *South China Morning Post*, March 26, 2017, <https://www.scmp.com/news/china/diplomacy-defence/article/2081869/chinese-drone-factory-saudi-arabia-first-middle-east>.

58 US Department of State, "Conventional Arms Transfer (CAT) Policy Implementation Plan Update," May 21, 2019, <https://www.state.gov/conventional-arms-transfer-cat-policy-implementation-plan-update/>.

59 Jonathan Fulton, "Why Is Saudi Arabia's King Spending a Month in Asia?" *Washington Post*, March 6, 2017, <https://www.washingtonpost.com/news/monkey-cage/wp/2017/03/06/why-is-saudi-arabias-king-spending-a-month-in-asia/>.

60 "China, Saudi Arabia Launch Joint Naval Exercise," *Reuters*, November 20, 2019, <https://www.reuters.com/article/china-saudi-military/china-saudi-arabia-launch-joint-naval-exercise-media-idUSL3N28010M>.

## Conclusions and Recommendations

The expansion of the Sino-Saudi bilateral relationship has been a result of mutual interests, an evolving strategic landscape, and the complementary nature of policy initiatives, namely the BRI and Saudi Vision 2030. The comprehensive strategic partnership and subsequent establishment of the HLJC to steer cooperation has created a diplomatic mechanism to develop relations in a more focused manner, indicating that they will likely continue this impressive trajectory.

For China, Saudi Arabia occupies an important geostrategic location, has prominence in global Islam, and is an energy superpower. Each of these factors alone would make it a useful MENA partner; taken together they make relations with the kingdom a central pillar of Beijing's Middle East policy. For Saudi Arabia, China is its largest economic partner, both in terms of energy trade and as a source of investment in Saudi Vision 2030 projects. Also important is China's status as a rising power with global interests. The perception that the US commitment to the region is wavering makes engagement with other extra-regional powers important to Riyadh, and China's growing regional presence makes it an important relationship to cultivate.

China has managed its growing relationship with Saudi Arabia well thus far to effectively advance its interests, deftly avoiding choosing sides in various local disputes, encouraging incentives that result in local powers competing for its attention and favor, and benefiting from the security that the United States largely provides. It would be wise for China to maintain these policies for the foreseeable future.

However, certain aspects of Chinese policy toward Saudi Arabia and the wider region are likely unsustainable over the longer run. Its economics-driven approach to MENA could be tested in a region characterized by intractable security threats and intense political and ideological rivalries. As Beijing's regional footprint deepens, China will likely need to contribute to protecting its citizens and assets based in the Middle East. It also may find its "friends to everyone" approach tested if regional tensions escalate.

In these cases, China will need to make two key strategic decisions. First, China will need to decide whether it wants to risk the Middle East becoming a theater for great power confrontation. In recent years, China has taken actions with regard to Saudi Arabia and in the wider region that raise concerns in Washington. To date, they have not yet risen to a level that would force the United States to structure its regional policies around limiting Chinese influence. However, the US-Sino relationship in the region will be affected by the

US-Sino relationship elsewhere, and both the United States and China appear to have each concluded that they have entered into a phase in their wider bilateral relationship that will be defined by great power competition. Moreover, in regions immediately abutting China there is a real risk of this slipping into a great power confrontation, a risk that is likely to increase in the years ahead. In this context, it is in China's strategic national security interests to work to avoid extending this risk to the Gulf. Since US power in this theater is likely to vastly exceed China's for many years to come, it would be wise for Beijing to focus on expanding its economic, diplomatic, and cultural relationships with Saudi Arabia, at least in the near term, while intentionally refraining from initiatives that can be easily interpreted as provocative, particularly on matters of security and with regard to the transfer of sensitive technologies.

Second, China will need to better address the inherent contradiction between its desire to improve relations with Saudi Arabia, which presents itself as a leader of the world's ummah, and its increasingly brutal treatment of many of its Muslim citizens. To date, China has been able to manage this contradiction because both Beijing and Riyadh share an interest in doing so and an inclination to control the spread of information about Chinese government policies. But this may not be sustainable given the increasing access that Saudis have to global news and social media. Eventually, and perhaps sooner than China presently assumes, the proverbial "Arab Street" will become focused on this question and China will have to moderate its behavior if it hopes to maintain a strong relationship with Saudi Arabia and other key regional energy sources.

Leaders in Saudi Arabia also have to make some decisions about how to effectively manage a balanced approach between Washington and Beijing. Riyadh perceives a growing potential for US withdrawal from the region and is thus hedging by accelerating its engagement with China. Mohammed bin Salman's high-profile deepening links with Beijing are also reportedly driven by a personal sense of pique in the wake of widespread Western criticism of the Khashoggi murder and continuing allegations of his personal involvement. However, notwithstanding these dynamics, Riyadh should take care that its efforts to hedge do not in fact drive the very dynamic they are looking to avoid: US withdrawal. Like China, Saudi Arabia should take care to restrain its bilateral engagements with China to ensure that they are not clearly provocative.

Despite its resources, Saudi Arabia still leans heavily on the United States, and the prospect of an American exit from



Saudi Crown Prince Mohammed bin Salman shakes hands with US President Donald Trump, as China's President Xi Jinping, Britain's Prime Minister Theresa May, and India's Prime Minister Narendra Modi look on during a family photo session at the G20 leaders summit in Osaka, Japan on June 28, 2019. *Photo credit: Reuters*

the Gulf, as exaggerated as this prospect is, would pose considerable threats. Saudi Arabia's air defense system is not yet capable of defending its own territory from attack (as seen in Abqaiq) and certainly lacks the unilateral ability to protect the sea lanes vital to the Saudi economy. China does not yet have the deep water naval capacity to project power into the region, so even if Riyadh imagined a day in which Beijing would replace Washington in this role, it has to recognize that that day is still far away. Moreover, a Chinese approach to securing the sea lanes would be fundamentally different than an American one. Instead of protecting a global commons to allow for a market-driven movement of goods, a Chinese approach is likely to be mercantilist in nature. This would undoubtedly be less advantageous to Saudi Arabia, so Riyadh should take every effort to avoid this outcome.

US policy is internally conflicted. On the one hand, President Trump, leading voices from both American parties, and much of the American public have made repeated, clear statements about their desire to limit US involvement in the region. At the same time, as these signals are being sent, the United States has also begun an effort to force its allies to choose between relations with Washington and Beijing.<sup>61</sup> This, combined with a growing inconsistency and unreliability in US policies toward the region, is a recipe for failure.

Across the Gulf there is a fear of abandonment combined with a frustration with an overly militarized approach to the Middle East. Washington could assuage these concerns by clearly signaling a commitment to working with its allies, especially Saudi Arabia.<sup>62</sup> At the same time, this traditional role needs to be updated if it is going to resonate.

61 Jonathan Fulton, "China's Making Inroads in the Middle East. The Trump Administration Isn't Happy," *Washington Post*, June 3, 2020, <https://www.washingtonpost.com/politics/2020/06/03/chinas-making-inroads-middle-east-trump-administration-isnt-happy/>.

62 Daniel Benaim, "A Progressive Course Correction for US-Saudi Relations," The Century Foundation, June 25, 2020, <https://tcf.org/content/report/progressive-course-correction-u-s-saudi-relations/>.



The United States' footprint in the region is perceived as a highly militarized one. In contrast, China's economic- and development-based approach is an attractive model of extra-regional engagement that supports Saudi priorities of building a diverse and sustainable economy. The United States should prioritize this aspect of its relationship with Saudi Arabia and do a better job of drawing attention to it.<sup>63</sup>

There are obvious areas where the United States feels that the expansion of Chinese influence in Saudi Arabia threatens American interests, especially in the realm of digital technology. Policy makers in Washington should identify clear "red lines" for Saudi Arabia and the rest of the region in their growing relationship with China and clarify the ramifications if those red lines are crossed. At the same time, it is not enough to identify areas of concern; the United States also has to make a convincing case that these "red lines" are justified and then present an alternative. In a trenchant analysis of Sino-US relations, the Carnegie Endowment for International Peace's Evan Feigenbaum made a critical but important point: "whining isn't competing." He gave the example of the United States' response to China's Asian Infrastructure Investment Bank, a case where

The US went to the mat, contesting a Chinese initiative in a functional area where existing structures were clearly insufficient and the US itself offered no

distinctive model. It turned China's proposal of a multi-lateral bank into a bilateral test of wills but without the leverage to stop Beijing from moving forward. Worse, Washington badly misread the sentiment of some of its allies.<sup>64</sup>

There is an obvious corollary in Sino-Saudi digital cooperation. This is an issue that Saudi leaders believe is critical for their country's development, and one where China has a track record of achievement to go along with a clearly articulated initiative that can contribute to Saudi Vision 2030. Washington needs to do more than warn Riyadh of the consequences of allowing a deeper Chinese digital footprint in the kingdom—it has to present a credible alternative too.

Lastly, decision makers in Washington also need to recognize that, unlike Russia's role in the region, the interests and objectives of China do not always run counter to those of the United States.<sup>65</sup> China shares US interests in the unimpeded extraction and movement of energy resources, and of regional stability and prosperity. The United States should work with China to develop a common agenda for the region that outlines ways in which the two can collaborate—and should explicitly state that it wants to avoid, if at all possible, the Gulf becoming a theater for great power confrontation in the years ahead.

63 Ilan Goldenberg and Kaleigh Thomas, "Demilitarizing U.S. Policy in the Middle East," *Center for a New American Century*, July 20, 2020, <https://www.cnas.org/publications/commentary/demilitarizing-u-s-policy-in-the-middle-east/>.

64 Evan A. Feigenbaum, "Reluctant Stakeholder: Why China's Highly Strategic Brand of Revisionism Is More Challenging than Washington Thinks," *Macro Polo*, April 27, 2018, <https://macropolo.org/analysis/reluctant-stakeholder-why-chinas-highly-strategic-brand-of-revisionism-is-more-challenging-than-washington-thinks/>.

65 Fulton, *China's Changing Role in the Middle East*, 14.

## About the Author

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