

Q. Deepening of China and Saudi Arabia ties is biggest blow to USA in the Middle East. Discuss the policy choices available to Pakistan.

## Introduction:

In the recent years, China and Saudi Arabia (KSA) have made impressive diplomatic achievement. The inaugural of China-KSA summit was successfully held in Riyadh in 2022. Meanwhile, China helped in rapprochement between Saudi Arabia and Iran earlier this year, sparking a wave of peace in the middle east. The recently concluded 10th Arab-China Business Conference was another milestone in engaging diplomatic relationship with energy-filled region. All these achievements show a shift of power from West to East. The reconciliation between KSA and Iran through mediation of China make it easier to Pakistan to have friendly relations with both Middle Eastern states, as Pakistan is partner of China.

## China-Saudi Arabia (KSA) Relations:

In the past, US was largest importer of Middle East oil due to growth dependency. With time, US dependency on hydrocarbons of Middle East declined i.e. from being largest importer of Middle East oil to 15-18% imports. This cause a decline in export market of Middle East and it directed to BRICS Nation. China become largest importer and consumer of Middle East oil. Currently, it imports 29% of oil from Iran, and \$106 billion from KSA as per

COMTRADE database in August 2023. Saudi Arabia wants to shift from oil based economy to industrial based economy, combined with infrastructure development.

At the recent held 10<sup>th</sup> Arab-China Business Conference, both countries signed investments of worth \$10 billion dollars across different sectors including technology, renewables, minerals, supply chain etc. Additionally, collaborations have initiated for tourism-related applications and production of rails wagons and wheels in the state.

### The 10<sup>th</sup> Business Conference of Arab-Saudi Arabia:

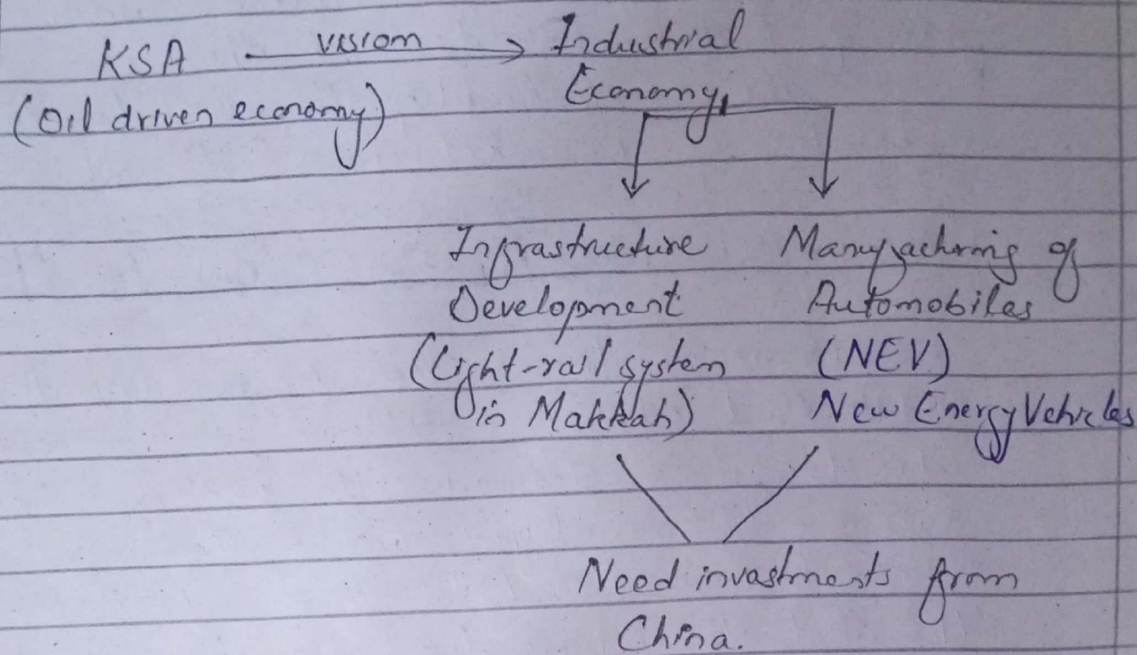
As per Forbes, it was described as "mega-gathering" with the biggest ever delegation from China. The program of conference included discussions, meetings and workshops on various topics like environmental sustainability, social responsibility, governance etc. KSA has announced the revival of Silk-route during the event. KSA will act as a gateway for China to Arab-world. China remained the biggest partner of KSA as total trade among China and Arab countries in 2022 was \$432 billion, while trade between China and KSA was \$106 billion in 2022.

### The Agreements:

An important deal signed at 10<sup>th</sup> Business Conference was \$5.6 billion agreement with Human Horizon, a Chinese developer of autonomous driver technology of manufacturing and production of vehicles. It was signed to manufacture and sales of cars in KSA.



## From Energy Vision to Vision 2030:



KSA attempts to diversify its economy from energy production via "Vision 2030 plan" and Chinese companies are set to get benefit from huge infrastructure contracts. A Chinese firm has already build Makkah's Light-Rail System, 18-km line, to help hundred of thousands of pilgrims in the holy city. Chinese construction firm won the contract to build 28-km long railway high speed tunnel to NEOM, a under-construction smart city on Red Sea.

Several Middle Eastern countries have signed up for infrastructure projects linked to China OBOR, the new silk road, which aims to boost trade between Asia and rest of the world.

## Iran - Saudi Reapproachment: A Turning Point

In March, China demonstrated its growing clout in Middle East by brokering a deal between Iran and Saudi Arabia, after many years of hostility towards each other.

The end of hostility also led to the restoration of ties between KSA and Syria.

## Sino-Saudi Ties As Big Blow To US :

US is no longer the biggest importer of Middle East oil, China influence is increasing due to greater demand. In 2022, KSA and Russia - China's ally - were on the same page to cut down the hydrocarbons production, while US wants to increase the hydrocarbon production to meet energy demands of Europe.

Similarly, China eased the tensions between KSA and Iran, was the proof that China has stolen the spotlight. In a further embarrassment to US, Palestinian leader Mahmud Abbas visited Beijing after Chinese expressed readiness to help facilitate long-stalled peace talks between Israel and Palestinians. US-Saudi relations have deteriorated since 2018, the murder of Jamal Kashoggi, a US resident, inside Saudi consulate in Istanbul. They worsened after Joe Biden took the office in 2021 and released military assessment by accusing Saudi Crown prince Muhammad Bin Salman for approving killing of journalist. US has also criticized KSA for its human rights records in different conflicts.



# SWOT Analysis of Implications of Sino-Saudi Ties for Pakistan:

## Strengths

1. "Strong" friendly ties with Saudi Arabia.  
2. Sacred and Holy place.  
3. Religious ties  
4. China is common bilateral partner of both KSA and Pakistan.

## Weaknesses

1. Political instability in Pakistan  
2. Security threats (rise of terrorism, insurgency and foreign involvement)  
3. Economic conditions are

## Opportunities

1. Attraction for Arab investments in CPEC related projects.

2. Job opportunities through easing of VISA

3. Enhancement of CPEC based trade between China and Arab countries.

4. Chance for more projects investments like **LIMS** (Land Information and Management System)

5. Meeting the Labour demands for KSA.

## Threats

1. Security threats in the territorial limits

2. Proxy rivalries in the region (India)

3. An effective foreign policy formulation by new government.

4. Establishment of effective political system after new elections.

Saudi Arabia and other Gulf countries are expanding their economy through diplomatic relations with all major powers are welcome developments and will also be beneficial for Pakistan. Gulf countries deeper ~~and deeper~~ BRT-friendly relations with China will also be helpful for Pakistan in attracting Arab countries investments for CPEC based projects.

### Conclusion :

In the past decade, China's strategy has become more mindful and intentional i.e. the diversification of economic ties. It wants to maximize the regional potential as a market for Chinese goods and services and embed itself in economic futures of countries through investments and long-term collaborations. China is developing a regional strategy with shared visions and economic future. This is in stark contrast to the constant shift in US's geo-political focus. The challenge for US is tremendous. With Sino-Middle East deepening ties, it will be more difficult for US to juggle among different geopolitical priorities i.e. Ukraine, Indo-Pacific and China. Moreover, China's deepening strategic engagement offers room to Middle East to navigate. The availability of options and alternative is a reminder for Washington that the region does not have to follow American principles and guidelines.

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